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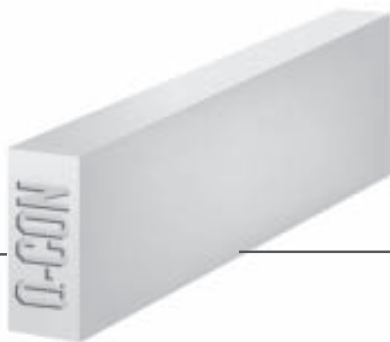
รายงานประจำปี 2552 ANNUAL REPORT 2009



บริษัท ควอลิตี้คอนสตรัคชันโปรดักส์ จำกัด (มหาชน)
QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED



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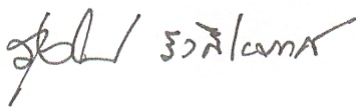
Message from Board of Directors

In 2009, the overall autoclaved aerated concrete (AAC) industry faced a slowdown due to the economic slump in Thailand. Construction activity and public and private investments continued to shrink as a result of the world economic crisis. During the year, AAC consumption totaled 15 million square meters. There were 6 manufacturers in the industry, with a combined production capacity of 27 million square meters, indicating competition was still intense.

As a result of these factors, the Company and its subsidiaries booked total revenue of 883.06 million baht in 2009, down from 1,036.43 million baht in 2008. However, due to cost-cutting measures, the Company turned a net profit again in 2009, with earnings of 21.37 million baht compared to a net loss of 30.35 million baht in 2008.

In 2010, Thailand's economy showed signs of recovering. Public investment and measures promoting investment are expected to revive the growth of local industries including the AAC industry. The Company will focus on improving the quality of its products and services, increasing distribution channels, educating customers, and managing the business and costs cautiously and prudently to maximize efficiencies. The goal is to enhance the Company's competitiveness on the basis of good corporate governance principles which highlight transparency and accountability.

The Board of Directors would like to take this opportunity to thank our shareholders, all groups of customers, trade partners, as well as the executives and all levels of employees who have always had confidence in the Company and strongly supported its operations. We pledge to continue operating the business in compliance with good corporate governance principles and are determined to expand the business for the maximum benefits of the shareholders and all stakeholders.



Mr. Roongrote Rangsiyopash
Chairman



Mr. Thaworn Wichaicum
Managing Director



Report from the Chairman of the Audit Committee

Dear Shareholders,

The Audit Committee of Quality Construction Products Plc. consists of three independent directors, with Mr. Prathip Wongnirund acting as chairman and Dr. Karoon Jantaransu and Mr. Pipop Veerapong as members.

In 2009, the Audit Committee met 5 times to perform its duties within the scope of responsibilities laid down by Stock Exchange of Thailand and the Board of Directors. The Audit Committee also attended meetings with high-ranking executives, the accounting manager, auditors and the managers responsible for the issues discussed under each agenda item. The results of the meetings were reported to the Board of Directors regularly and could be summarized as follows:

1. Reviewed the credibility of the Company's quarterly and annual financial statements and gave opinions on the financial statements whether they were accurate and comprehensive and whether essential information was adequately and promptly disclosed according to accounting standards and related regulations.
2. Reviewed and monitored to ensure effective and efficient internal control and audit system through the help of Pitisevi & Company (a licensed auditor). During the year, the auditor reported to the Audit Committee that it was satisfied with the internal control and audit system of the Company.
3. Reviewed the connected lists or transactions with potential conflicts by adhering to the principles of transparency and adequate disclosures in line with good corporate governance principles.
4. Reviewed to ensure that the Company complied with the guidelines for listed companies announced by the Stock Exchange of Thailand and with the laws and regulations related to its business by making a list of what needed to be done and regularly updating it.
5. Considered, selected and recommended the nomination of auditors and their remuneration. In 2009, the Committee proposed the nomination of Office of DIA International Auditing as the Company's licensed auditor, along with its remuneration, to the Board of Directors to be approved by the shareholders later.
6. Held meetings with the Company's auditors without the executives. The resulting advice and suggestions were satisfactory and the Audit Committee summarized them to be submitted to the Board of Directors for acknowledgement and further action.

The Audit Committee performed its duties comprehensively in essential areas as stipulated under the Audit Committee Charter, and as assigned by the Board of Directors to the best of its knowledge and capabilities and with utmost efficiency.



(Prathip Wongnirund)

Chairman of Audit Committee

March 25, 2010

General Information

Name	: The Quality Construction Products Public Company Limited
Location	: Bangpain Industrial Estate, 144 Moo 16, Udomsornayuth Road, Bangkrasun, Bangpain, Ayutthaya 13160
Type of Business	: Manufactures and distributes autoclaved aerated concrete block, wall panel, floor panel, and lintel for use of construction purposes under the trade mark "Q-CON" with technology support from HEBEL, Germany.
Registration Number	: 0107546000121
Telephone Number	: 0-3522-1271, 0-3525-9134
Fax Number	: 0-3522-1270, 0-3522-1273
Homepage	: www.qcon.co.th
Number and type of shares Outstanding	: common shares of 400,000,000 (four hundreds million) shares at a par value of 1 baht/share
Auditor	: Mrs. Vilairat Rojnakarín CPA No. 3104 DIA Auditing Office Co., Ltd. 316/32 Soi Sukhumvit 22, Sukhumvit Road, Klongtoey, Bangkok 10110 Tel. 0-2259-5300-2 Fax 0-2260-1553, 0-2259-8956
Registrar	: Thailand Securities Depository Company Limited The Stock Exchange of Thailand, 7 th Floor, 62 Ratchadaphisek Road, Klongtoey, Bangkok 10110 Tel. 0-2229-2800 Fax 0-2359-1262-3



Highlights of Financial Performance

The Quality Construction Products Public Company Limited

Balance Sheet

As of December 31, 2007, 2008, and 2009

Unit: thousands baht

	As of Dec. 31, 2007		As of Dec. 31, 2008		As of Dec. 31, 2009	
	Amount	%	Amount	Amount	%	Amount
Assets						
Current Assets						
Cash and bank deposits	72,850	3.23%	34,890	1.63%	167,235	8.28%
Fixed deposit	18	0.00%	18	0.00%	18	0.00%
Trade account receivables and bill of exchange - net	133,382	5.91%	171,308	8.01%	100,279	4.97%
Account receivables of related companies	21,807	0.97%	51,819	2.42%	29,785	1.47%
Inventory - net	91,079	4.04%	100,426	4.70%	102,758	5.09%
Machine spare parts	23,793	1.05%	25,308	1.18%	25,411	1.26%
Other current assets	2,988	0.13%	7,064	0.33%	3,373	0.17%
Total current assets	345,917	15.33%	390,833	18.27%	428,860	21.24%
Non-current assets						
Property, plant, equipment - net	1,910,209	84.63%	1,745,082	81.59%	1,585,993	78.54%
Intangible assets - net	0	0.00%	0	0.00%	1,971	0.10%
Other assets	1,035	0.05%	3,019	0.14%	2,436	0.12%
Total assets	2,257,161	100.00%	2,138,934	100.00%	2,019,260	100.00%

The Quality Construction Products Public Company Limited

Balance Sheet (Cont.)

As of December 31, 2007, 2008, and 2009

Unit: thousands baht

	As of Dec. 31, 2007		As of Dec. 31, 2008		As of Dec. 31, 2009	
	Amount	%	Amount	Amount	%	Amount
Liability and Shareholders' equity						
Current liabilities						
Bank overdraftsand short-term loans from financial institutions	100,000	4.43%	100,000	4.67%	100,000	4.95%
Trade account payables	60,454	2.68%	91,190	4.26%	57,184	2.83%
Assets payable	3,220	0.14%	3,353	0.16%	2,976	0.15%
Current portion of Long-term loan	291,328	12.91%	96,786	4.52%	120,584	5.97%
Accrued expenses	21,989	0.97%	26,637	1.25%	23,560	1.17%
Deferred deposits of product charges	28,135	1.25%	2,278	0.11%	2,292	0.11%
Other current liabilities	21,215	0.94%	24,202	1.13%	17,461	0.87%
Total current liabilities	526,341	23.32%	344,446	16.10%	324,057	16.05%
Long-term loan	440,800	19.53%	535,600	25.04%	415,600	20.58%
Account payable-hire purchase, assets	1,847	0.08%	1,061	0.05%	292	0.02%
Other liabilities	361	0.02%	361	0.02%	474	0.02%
Total liabilities	969,349	42.95%	881,467	41.21%	740,423	36.67%
Shareholders' equity						
Issued and paid up capital	400,000	17.72%	400,000	18.70%	400,000	19.81%
Premium on share capital	653,769	28.96%	653,769	30.57%	653,769	32.37%
Retained earnings						
Appropriated – legal reserve	29,810	1.32%	29,810	1.39%	31,266	1.55%
Unappropriated	204,233	9.05%	173,888	8.13%	193,802	9.60%
Minority interest	0	0.00%	0	0.00%	0	0.00%
Total shareholders' equity	1,287,812	57.05%	1,257,467	58.79%	1,278,838	63.33%
Total liabilities and shareholders' equity	2,257,161	100.00%	2,138,934	100.00%	2,019,260	100.00%

The Quality Construction Products Public Company Limited

Income Statement

As of December 31, 2007, 2008, and 2009

Unit : thousands baht

	2007		2008		2009	
	Amount	%	Amount	Amount	%	Amount
Revenues						
Sales revenue	888,174	98.39%	1,027,513	99.14%	873,072	98.87%
Other revenues	14,534	1.61%	8,918	0.86%	9,984	1.13%
Total revenues	902,707	100.00%	1,036,431	100.00%	883,056	100.00%
Operating expenses						
Cost of sales	751,714	83.27%	796,184	76.82%	648,247	73.41%
Selling and administrative expenses	195,196	21.62%	222,989	21.51%	170,600	19.32%
Loss on evaluation of inventories	981	0.11%	(7,305)	-0.70%	2,093	0.24%
Total expenses	947,891	105.00%	1,011,868	97.63%	820,940	92.97%
Profit (loss) before interest paid	(45,184)	-5.00%	24,563	2.37%	62,116	7.03%
Interest paid	(62,445)	-6.92%	(54,908)	-5.30%	(40,745)	-4.61%
Profit (Loss) of minority interest	(107,630)	-11.92%	(30,345)	-2.93%	21,371	2.42%
Minority interest	0	0.00%	0	0.00%	0	0.00%
Net profit (loss)	(107,630)	-11.92%	(30,345)	-2.93%	21,371	2.42%

The Quality Construction Products Public Company Limited

Statement of Cash Flow

As of December 31, 2007, 2008, and 2009

Unit : thousands baht

	2007	2008	2009
Net cash received (payment) from operating activities	190,014	66,085	237,573
Net cash received (payment) from investing activities	(9,230)	(3,517)	(8,258)
Net cash received (payment) from financing activities	(142,058)	(100,528)	(96,970)
Net (decrease) increase in and cash and cash equivalents	38,726	(37,960)	132,345
Opening balance of cash and cash equivalents	34,124	72,850	34,890
Ending balance of cash and cash equivalents	72,850	34,890	167,235



The Quality Construction Products Public Company Limited

Financial Ratios

As of December 31, 2007, 2008, and 2009

	As of Dec. 31, 2007	As of Dec. 31, 2008	As of Dec. 31, 2009
Liquidity Ratio			
Liquidity ratio (times)	0.66	1.13	1.32
Quick liquidity ratio (times)	0.43	0.75	0.92
Account receivables turnover (times)	5.41	5.43	4.94
Days receivables collection period (days)	67	66	73
Inventory turnover ratio (times)	10.23	14.38	10.54
Days sale outstanding (days)	35	25	34
Account payable turnover (times)	10.76	10.50	8.74
Days payable outstanding (days)	33	34	41
Cash Cycle (days)	68	57	66
Profitability Ratio			
Gross profit margin ratio (%)	15.36%	22.51%	25.75%
Operating profit margin ratio (%)	-6.72%	1.52%	5.97%
Net profit ratio (%)	-11.92%	-2.93%	2.42%
Return on equity ratio (%)	-8.02%	-2.38%	1.69%
Efficiency Ratio			
Return on assets (%)	-4.52%	-1.38%	2.42%
Return on fixed assets (%)	5.08%	7.58%	1.69%
Financial Policy Ratio			
Debt to equity ratio (times)	0.75	0.70	0.58
Interest coverage ratio (times)	4.04	2.20	6.83
Overall cashflow coverage ratio (times)	1.25	0.63	2.27
Dividend ratio (%)	0.00%	0.00%	0.00%

Overview of the Company's Business

The Company is the manufacturer and distributor of autoclaved aerated concrete products, consisting of Q-CON blocks, Q-CON wall panel, Q-CON floor panel, Q-CON stair, Q-CON counter and Q-CON lintel for construction uses under the trademark "Q-CON" with technology support from HEBEL, Germany. The Company also manufactures and distributes adhesives and rendering materials to be used as adhesive mortar and rendering mortar for autoclaved aerated concrete products. The Company also distributes various tools and accessories for the manufacturing of autoclaved aerated concrete products. As at end of 2009, the Company has 4 factories, 3 factories located at the Bangpa-in Industrial Estate, Ayutthaya, 1 factory located at the Amata city Industrial Estate, Rayong and with a manufacturing capacity of autoclaved aerated concrete products consisting of block, wall panel, floor panel, and lintel at a highest of approximately 12 million square meters per year and a manufacturing capacity of adhesives and rendering materials at a highest of approximately 180,000 tons per year. In 2009, all the Company's products are distributed locally. The Company's distribution channels include direct sales and selling agents.

The Company's products can be classified into 3 groups according to their usage as follows:

1. Autoclaved aerated concrete products comprise of

- Q-CON block is used both in interior and exterior wall construction of building and residential house. The Q-CON block is manufactured in various sizes in term of width, length, and thickness to support various demand of the customers. The width is 20 centimeters, the length is 60 centimeters, and the thickness starts from 7.5 centimeters upward at an increasing thickness of 2.5 centimeters on each layer until the maximum of thickness at 30 centimeters.

- Q-CON wall panel, Q-CON floor panel, Q-CON stair, Q-CON counter and Q-CON lintel are used in the construction of building and general resident house or even public utility projects. These products are manufactured in various sizes in term width, length, and thickness to support various demands. Regarding the construction in which an area of 1 square meter carries weights of about 50-1,000 kilograms, these products can be reinforced with steels to support such weights.

2. Adhesives mortar and rendering mortar products manufactured especially for autoclaved aerated concrete products for construction of building and resident house that requires short construction period, strength, beauty, and economical cost.

3. Tools and accessories for autoclaved aerated concrete products such as sanding float, stirrer, hand router, mallet, hand saw, square, and metal strap etc.





Manufacturing technology and technical assistance

The manufacturing of Q-CON block, wall panel, floor panel, stair, counter and lintel have received the technology support from HEBEL, Germany, which is the technology that has been accepted worldwide for more than 80 years. Currently, the Company is the first and the only company in Thailand and in South East Asia, which was granted manufacturing license from HEBEL, Germany. The Company has entered into contract with HEBEL, Germany to receive technical assistance and right of trademark of HEBEL on June 23, 1994, February 28, 2003, January 13, 2004 and May 14, 2004 respectively. Since the year 1924 until present, HEBEL still maintains its leadership in the manufacturing of high quality autoclaved aerated concrete products and has always been highly accredited in international standard. The fact that the Company receives technology support and technical assistance from HEBEL has enhanced the ability to manufacture high quality autoclaved aerated concrete products and achieve international standard.

Revenue Structure

Revenue structure	2007		2008		2009	
	Million baht	%	Million baht	%	Million baht	%
1. Sales revenue	888.17	98.39	1,027.51	99.14	873.07	98.87
2. Other revenues	14.54	1.61	8.92	0.86	9.98	1.13
Total revenue	902.71	100.00	1,036.43	100.00	883.05	100.00

Objective

The objective of the Company is to maintain its leadership in the manufacturing and distribution of autoclaved aerated concrete blocks, wall panel, floor panel, stair, counter and lintel under high level of manufacturing technology to support new series of demand in construction in which most customers require materials and equipments that enhance the construction period to become shorter. Not only that, these materials and equipments must also be strong, beautiful, and economical, which will replace the conventional under-standard construction block. The Company also has the objective to expand its production capacity of autoclaved aerated concrete block, wall panel, floor panel, and lintel at a highest of approximately 3 million square meter per year to approximately 6 million square meter per year by mid of 2004, and approximately 9 million square meter per year by the year of 2005. However, by the year of 2006, the Company has capacity to approximately 12 million square meter to support the increasing demand of quality autoclaved aerated concrete block, wall panel, floor panel, and lintel.



Overview of marketing and competition

Competitive strategies



Quality of products

The Company places emphasis in the manufacturing of quality autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel up to the HEBEL standard by using modern manufacturing technology and machines. Therefore, the Company's products achieve the international standard of HEBEL and are widely accepted by the customers. The Company's products have been granted the Thai International Standard, TIS No. 1505-2541 and TIS No. 1510-2541 from the Thailand Industrial Standards Institute, Ministry of Industry and 4 factories have been granted the International Standard ISO 9001:2008 of all system from UKAS England.

The Q-CON block, the Q-CON wall panel, the Q-CON floor panel, Q-CON stair, Q-CON counter and Q-CON lintel have the following distinguished product qualities:



1. Energy saving – provides 4 times better insulation than the previously conventional under-standard construction block, do not absorb heat, maintain consistent interior temperature, cost-saving from reduction in air-conditioning size and electricity bill of about 30%.



2. Light weight and efficient movement when compared to previously conventional under-standard construction block or normal concrete board, which assist in reducing cost in term of reduction in the scale of construction structuring, foundation, and foundation pile.



3. Easier and quicker construction than constructing with the conventional under-standard construction block due to the exact size of every block and thinner rendering mortar, which result in cost saving both in term of materials and labors.



4. Fire resistant and protection against fire at 1,100 degree Celsius longer than 4 hours without collapsing. This product resists fire 2-4 times longer than the conventional under-standard construction block, which assists in limiting fire area and reduces loss and damage from fire, which will further increase safety in life and assets.



5. Noise resistant as a result of small air bubbles in an autoclaved aerated concrete.



6. Long life, non-toxic, strong, highly resisted from both top and side exertive pressure. This product is non-toxic to users when in touch. Insects such as pests, rats, and insects do not bite. It is well resistant under every degree of climate.

❖ Price

Due to the fact that the Company utilizes modern manufacturing technology, plans on raw material management, manages product line efficiently in order to be able to control manufacturing cost. The Company, therefore, is able to assign appropriate price to its products. Even though the price of autoclaved aerated concrete products is higher than the clay blocks and other heavy concrete products, but the shorter construction period will assist in cost saving of labor. Beside, the fact that autoclaved aerated concrete is light in weight but high in compressive strength also assists in cost saving of foundation material. The product's other special characteristics such as thermal insulation properties, cost saving, fire resistant, and easy to work with also assist in gaining popularities in modern construction because it is worthwhile both in short and long term.

❖ Service

The Company places importance in punctuality of delivering products to customers and receiving purchase order from customers. The Company always keeps good relationship with customers and selling agents by providing quality teamwork and personnel to take care of the service provided.

The company established the Q-CON TRAINING CENTER at the Bangpa-in Industrial Estate, Ayutthaya and at the Amata city Industrial Estate, Rayong for support to selling and marketing. The company has prepared the seminar both theory and practice for architect, engineer, project owner, worker, construction contractor and dealer for increase to the information and marketing continuously.

Type of customers and target customers

❖ The Company's customers and target customers can be classified mainly into 5 groups:

1. **Customers that are also major shareholders of the Company**, which include the Land and Houses Plc. / the Quality House Plc., (directly holds shares in the Company and holds indirectly through the Q.H.International Co., Ltd.) and the Asian Property Development Plc. This customer group also includes the subsidiary companies of the above 3 major shareholders of the Company namely the subsidiary companies of the Land and Houses Plc., which comprise of the Land and Houses Northeast Co., Ltd. / the LH Muangmai Co., Ltd. / the L.H. Real Estate Co., Ltd. / the L.H. Assets Co., Ltd. and the Pacific Real Estate Co., Ltd. The associated company of the Land and Houses Plc. are the Home Products Center Plc. The subsidiary companies of the Quality House Plc. are also included namely the CASA Ville Co., Ltd. The subsidiary companies of / the Asian Property Development Plc. are also included namely the Asian Property Co., Ltd. The associated company of the Asian Property Development Plc. are the Pre-built Plc. The customer in this group also operates property development business. Therefore, the Company's products are demanded for their business operation. The Company receives consistent demand from this group of customer.



- ❖ 2. **Private sectors**, whose purchase the Company's product for construction of their projects for further sale or rent. Customers in this group consist of property development company and construction contractor. The Company's products are purchased by these customers to construct the residential housing project, residence condominium project, office building project etc.
- ❖ 3. **Government authorities** such as; the Government, Hospital, Scholl etc.
- ❖ 4. **Selling agents** such as; the customers to sale of the Company's products.
- ❖ 5. **Export customers** In 2009, the Company exports its products to South East Asia.

The Company places emphasis in product sales to every group of customers. The company also has the policy to maintain good relationship with various groups of customers by manufacturing standardized products and keeping the delivery time punctual.

Distribution and distribution channel

Currently, all the Company's products, which include autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel are distributed locally via 2 distribution channels:

- ❖ 1. **Direct sales to customers**, The Company's marketing and sales team is responsible for contacting directly with the customer. The customers with direct purchase from the Company include the owner of the house who buys the products for his own construction, property developer, large-scale construction contractor, and general customers.
- ❖ 2. **Sales through the Company's selling agents**, These selling agents operate whole sale and retail trading of complete construction materials store.

Industry Overview

Competition

The property industry recovered steadily in 2009, as reflected by the proportion of employment by the sector, which rose to 13% of all employment. One of the drivers was the quick economic recovery in East Asia, especially China. The government's economic stimulus policies such as an income tax deduction of up to 300,000 baht for buyers who bought properties and had them transferred within 2009. Interest rate cuts by commercial banks and government megaprojects such as new subway lines also helped accelerate demand.

The most popular type of residential units was condominiums along mass transit lines although their demand dropped over the past two years because consumers were increasingly attracted to townhouses priced below 2 million baht. On the other hand, the home construction business thrived considerably, with orders doubling or growing by 10% from the level seen in 2008. More consumers placed orders to build houses in the 5-million-baht price range.

The resilience of the property sector helped improve the overall AAC industry only slightly in 2009 compared to 2008. Apart from the fast economic recovery, AAC became more popular and markets were expanded to the provinces. Moreover, constructors, users and contractors had a better knowledge and understanding of the products. In terms of competition, manufacturers resorted to discounts and promotional campaigns with extras in their bids to compete for customers. In 2009, the Company raised product prices by 3-5%, resulting in an improved profit although revenue dropped compared to the 2008 levels.

Competitor

In 2009, there were six commercial manufacturers and distributors in the local AAC market, the same number as in the previous year. Together, they had a maximum production capacity of 25-27 million square meters a year. With a maximum production capacity of 12 million square meters a year, the Company was the largest producer, commanding a 44-48% market share.

All of the AAC producers expanded their markets by aiming to replace clay brick walls with AAC wall products. The use of clay bricks for walls has decreased steadily both in terms of production and applications while the popularity of AAC products has increased, especially among repeat customers.



Risk Factors

Risk in Business Operation

❖ Risk from dependency on specific customer groups

The Company manufactures autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel as construction materials. As at December 28, 2009, the Company's 3 major shareholders operating property development business are namely the Land and Houses Plc./ the Quality House Plc. and its subsidiary, the Q.H. International Co., Ltd. / the Asian Property Development Plc. These 3 major shareholders hold total shares in the Company of 72.16%. In 2009 The Land and Houses Plc. and its subsidiary / associated company, the Quality House Plc. and its subsidiary, the Asian Property Development Plc. and its subsidiary / associated company have purchased the Company's products for the total amount of 115.98 million baht or 13.28% of the total revenues. The Company incurs risk if there is any change in the major shareholders as these major shareholders may not give much importance in allocating purchase orders to the Company. In such cases, the Company's sales revenue may be decreased and affect the Company's future profitability.

However, the business of manufacturing of autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel has a few direct competitors as the manufacturing process requires high level of technology. The Company's products have its special characteristics that highly support the demand for modern construction and meet the demand of both the Company's major shareholders and other construction contractors in general. The Company's products also shorten the construction time period, which results in various cost saving issues in construction. Beside, the Company also plans to expand its customer base to include new groups of customers such as private sector, government authorities, selling agents, and export customers. The Company plans in expanding its manufacturing capacity by constructing plant no.4. These procedures will alleviate the problem of sales revenue to the Company's major shareholders may be decreased and will increase the proportion of sales to other group of customers.

Manufacturing risks

❖ Risk from receiving technical support service from HEBEL, Germany

The Company manufactures and distributes autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel with technology support from HEBEL, Germany under the trademark of HEBEL. Therefore, if such technical support discontinues, the Company may be suffering from diminishing technology or technology obsolescence.

However, the Company has signed technical support service contract with HEBEL and consistently paid for service and patent fees. As a result, cancellation of such service is unlikely. Moreover, the Company has developed the technology received consistently both in term of selecting appropriate and efficient machines and the continuous development of the efficiency in manufacturing procedures. Not only that, the Company has set up a division to monitor quality, research and development including consistent training of engineers and personnel. As a result, the Company's manufacturing technology for autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel is standardized. The Company's products, therefore, receive a certified industrial standard, TIS No. 1505-2541 and TIS No. 1510-2541 from the Thailand Industrial Standard Institute, Ministry of Industry and 4 factories have been granted the International Standard ISO 9001:2008 of all system from UKAS England.

❖ Risk regarding acquisition of raw materials

The Company manufactures and distributes autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel, which requires cement, sand, lime, gypsum, iron, and foaming agent as vital ingredients. The recovery of the property development business may cause shortage of these ingredients.

However, the Company has always maintained good relationship with its supplier and considered the quality as priority factor in purchasing raw materials. The Company's purchase order of raw material matches the manufacturing demand. The above raw materials excluding the foaming agents can be acquired domestically. The majority of raw materials especially cement has over supply quantity and there are a number of cement suppliers that the Company may consider purchasing. Therefore, the Company never encounters raw materials shortage problem. Should raw material shortage occurs in the future, the Company will use long term purchasing contract to overcome such problem.



❖ Risk regarding new competitors

At present, the autoclaved aerated concrete block manufacturing business has limited competitors, whereas the property development business is still on an up trend. The demand for residential housing project has increased, which results in higher demand for construction materials. These factors attract new entrants to the business of manufacturing of autoclaved aerated concrete block , which may, in turn, affect the market share of the Company.

However, the manufacturing of quality autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel requires modern and efficient machines with high capital investment. The Company has gained advantage on the fact that the capital investment on property, plant, and equipment of the 4 factories to manufacture autoclaved aerated concrete block, wall panel, floor panel, stair, counter and lintel totaled 2,968 million baht, which were mostly imported. Beside, the technology support from HEBEL has enhanced the Company's manufacturing capability. These factors have resulted in more competitive advantages of the Company compared to the new entrants.

Management Risk

❖ Risk of major shareholders holding more than 70% of shares

As at December 28, 2009, the Company's 3 major shareholders compose of the Land and Houses Plc. / the Quality House Plc. and its subsidiary, the Q.H. International Co., Ltd. / and the Asian Property Development Plc. hold the total shares of 72.16% of the outstanding shares. Each of these major shareholders relates to the Company through shareholding or having co-shareholders or co-directors and operating in the same line of business.

Shareholding proportion of these 3 major shareholders is over two-fourth of paid-up capital, which results in the power to control votes and decision making of the Company in every matter that requires approval from the shareholders' meeting. Thus, the other shareholders may be faced with risk of not having enough votes to check and balance the matters proposed by these 3 major shareholders to the shareholders' meeting.

However, considering the management structure of the Company, which composes of the Board of Directors, the Management Committee, and the Audit Committee, it is revealed that the Company's management structure is filled with only qualified and experienced personnel in business operation. The scope, duties and authorities of each of the Committee are defined precisely and transparently. In case of transaction, which relates to the director, major shareholder, the authorized person including any person with possible conflict of interest, these individuals will not be allowed to vote in such transaction.

Financial Risk



Risk of infringement of debt contract

As at December 31, 2009, the Company has received loan from bank and open-end fund for 535.6 million baht to invest in the construction of factories and expansion of the manufacturing capacity. The loan is matured from January 2005 to August 2013 at MLR interest rates. The collateral to these long-term loans are the mortgage of land with building. The fact that the Company's performance always results in net profit and it is highly liquid alleviates the problem of default payment of both the principles and interest.



Exchange rate risk

As at December 31, 2009, the Company has foreign trade creditor for the amount of USD. 134,400. Beside, the Company also has patent fee liability for use of trademark until the year 2022 in which the Company did not prepare any forward contract to prevent against exchange rate volatility as the hedging contract would cost the Company extra expenses. The Company expects no dramatic change in exchange rates.

Shareholder Structure

Shareholders

The Company's registered capital is 400 million baht, fully paid up. The Company's shares compose of 400 million common shares at a par value of 1 baht per share.

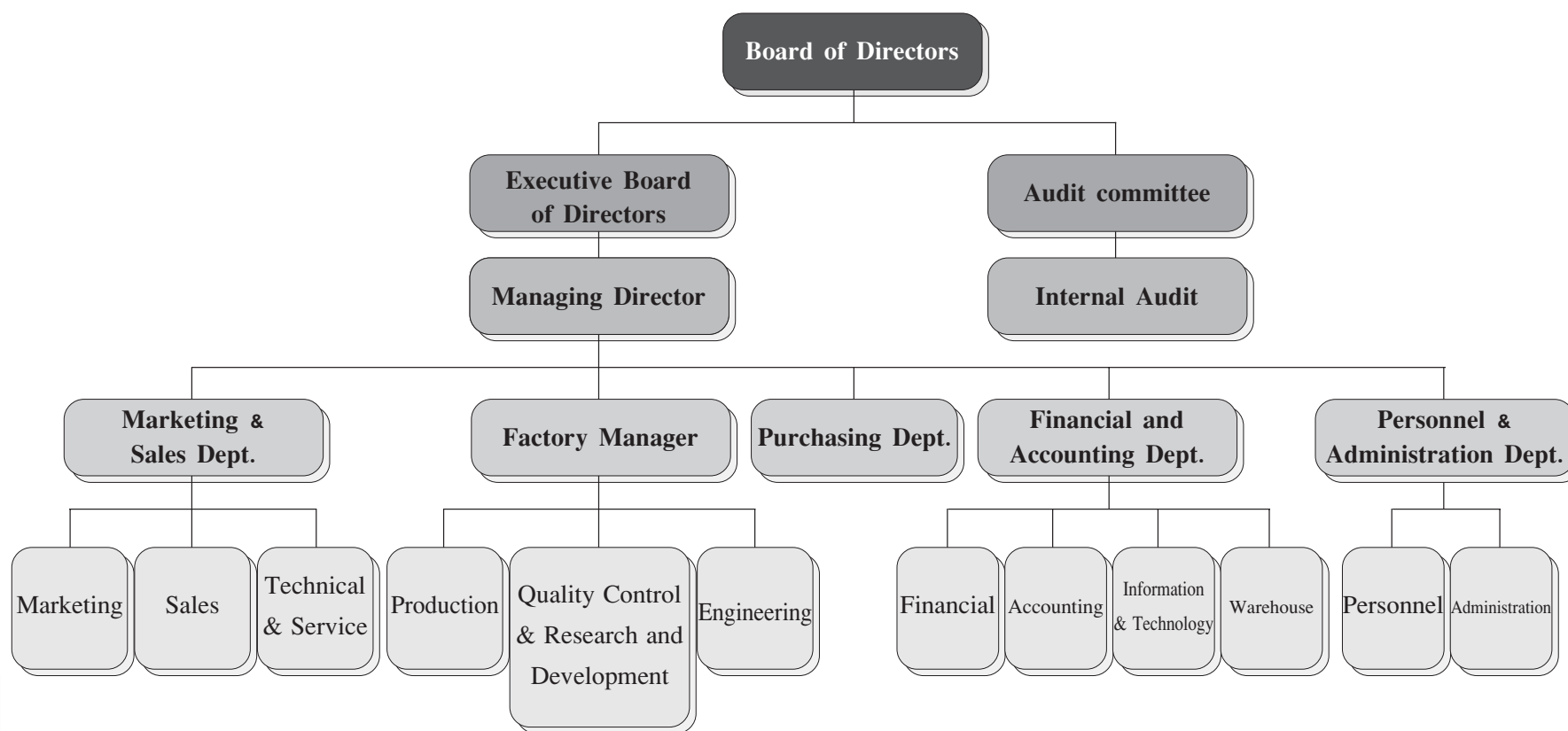
Top ten shareholders and proportion of shares held as at December 28, 2009

Rank	Name of shareholders	No. of shares	%
1	The Land and Houses Public Company Limited	125,624,980	31.41
2	The Quality House Public Company Limited	97,320,000	24.33
3	The Asian Property Development Public Company Limited	59,877,700	14.97
4	Mr. Payont Sakdejayont	11,250,000	2.81
5	The Q.H. International Company Limited *	5,805,000	1.45
6	Mr. Chaiwat Kanokwattanawan	5,200,000	1.30
7	Mr. Ampon Wirojweichapan	3,720,000	0.93
8	Ms. Jintana Karnjanakhamnerd	3,438,600	0.86
9	Dr. Burana Chawalitthamrong	3,200,000	0.80
10	The Thai NVDR Company Limited	2,433,900	0.61
	Total	317,870,180	79.47

Remark: * The major shareholder of the Q.H. International Co., Ltd., as at December 28, 2009, is the Quality House Plc. holding shares of 99.99%.

Management Structure

Organization Chart of Quality Construction Products Public Co., Ltd. on December 31, 2009



Management Structure

The Management

The Company's committees comprise of the Board of Directors, the Management Committee, the Audit Committee, the Independent Director and the Management Officer with details as follows:

The Board of Directors

Comprises of 10 persons namely :

- | | |
|------------------------------------|---|
| 1. Mr. Anant Asavabhokhin | Chairman |
| 2. Mr. Pong Sarasin | Director |
| 3. Mr. Naporn Soonthornchitcharoen | Director |
| 4. Mr. Joompol Meesook | Director |
| 5. Mr. Suang Chaisurote | Director |
| 6. Mr. Chaiyarat Thampeera | Director |
| 7. Mr. Payont Sakdejayont | Director |
| 8. Mr. Pratip Wongnirund | Director, Independent Director, Chairman of Audit Committee |
| 9. Dr. Karoon Jantaransu | Director, Independent Director, Audit Committee |
| 10. Mr. Pipop Veerapong | Director, Independent Director, Audit Committee |

Ms. Rachada Pratheappornsak is the secretary to the Board of Director.

Authorized Directors

The Company's authorized directors compose of Mr. Anant Asavabhokhin or Mr. Payont Sakdejayont, or Mr. Naporn Soonthornchitcharoen or Mr. Joompol Meesook or Mr. Chaiyarat Thampeera or Mr. Suang Chaisurote. Two of these six directors jointly sign on behalf of the Company with the Company's seal affixed.

Scope of Authority and Duties of the Board of Directors

1. Review that the Company's business operation conforms to the laws, objectives, articles of association, and the resolution of the shareholders' meeting with honesty, trustworthiness, and always bring utmost benefits to the Company.

2. Appoint the objectives, strategy, policy, business plan, and budget of the Company. The duty of the Board of Directors is also to monitor that the management and operation of the Management Committee follow the assigned policy except the following matters, which require the approval resolution of the shareholders' meeting such as increase or decrease in registered capital, issuance of debenture, sale or transfer all or material sections of the Company's business operation to other persons or purchase or being transferred of ownership of other company to belong to the Company, and amendment of the Company's letter of memorandum or articles of association.

3. Appoint a number of directors as seen appropriate to be the Management Committee to be responsible for the duties assigned by the Board of Directors and appoint one of the Management Committee to be the Chairman of the Management Committee. The Management Committee is eligible for the remuneration and pension approved by the Board of Directors, which do not affect the right of the Management Committee to receive remuneration and other benefits as directors or employees of the Company.

4. May appoint any other person to operate the business of the Company under the directors' supervision or may assign authorities to the said person to be authorized as approved within a certain time period. The Board of Directors may cancel, dismiss, or amend these authorities.

The Management Committee

Comprises of 4 persons namely :

- | | |
|------------------------------------|--------------------------------------|
| 1. Mr. Payont Sakdejayont | Chairman of the Management Committee |
| 2. Mr. Naporn Soonthornchitcharoen | Management Committee |
| 3. Mr. Chaiyarat Thampeera | Management Committee |
| 4. Mr. Joampol Meesook | Management Committee |

Scope of Authority and Duties of the Management Committee

1. Plan and appoint the Company's policy, mission, strategy, business plan, organization structure and core management structure to conform to the economic situation and market competition to propose to the Board of Directors for approval.

2. Plan and appoint the business plan, yearly budget, and management authority in each management level to propose to the Board of Directors for approval. The Management Committee is also responsible to approve the allocation of the yearly budget including an amendment or an increase in the yearly budget in case of emergency to propose to the Board of Directors for approval.

3. Monitor that the business operation conforms to the Company's policy and strategy efficiently.

4. Monitor the performance of the Company to assure that it follows the approved business plans.

5. Consider and review the Company's major investment projects to propose to the Board of Directors for approval.

6. Authorize to appoint or discharge the Company's employees only the position ranking lower than the Chairman.

7. Approve and enter into bidding project with government authorities or other persons.

8. Operate other duties as assigned by the Board of Directors and authorize to approve the following financial operations:

8.1 The Management Committee is eligible to operate any duty as approved by the Board of Directors in the business plan or the yearly budget.

8.2 In such case beside (1), the Management Committee is eligible to approve any financial transaction within a limit of 50 million baht / transaction. Such authority of financial approval includes approval of expenses under normal business operation, loan granted, loan borrowed, credit line approved, or issuance of debenture, etc.

8.3 The Management is eligible to approve collateral of loan or credit within a limit of 50 million baht / transaction.

However, the Management Committee may sub-authorize the management level employee to approve any single or many financial transactions as approved by the Management Committee

The approval of above transaction must not enhance the Management Committee or sub-authorized person to be eligible to approve counter-parties or conflict of interest transactions (according to the Company's articles of association and approved by the SEC) with the Company or its subsidiary (if any).

Scope of Authority and Duties of the Chairman of the Management Committee

1. Monitor the business operation of the Management Committee and arrange the Management Committee's meeting to consider various matters as seen appropriate.

2. Sign the cheque, payment order of the Company, accounting document, and financial matters under the limit as assigned by the Board of Directors.

3. Monitor the overall operation of the Company as assigned by the Board of Directors. However, the authority and duty of the Chairman of the Management Committee do not include the authority to approve any counter-parties or conflict of interest transactions between the Chairman (according to the Company's articles of association and as stated in the notification and regulation of the SEC) and the Company or its subsidiary (if any). An exemption includes transaction that conforms to the policy and criteria approved by the Board of Directors including inter-company transaction or an acquisition or sale of material assets of the Company or its subsidiary, which require approval from the shareholders according to the regulations of the Stock Exchange of Thailand regarding this particular matter.

4. Appoint, transfer, discharge, or dismiss the management level employee.
5. Operate business with honesty and bring utmost benefits to the Company.

Scope of Authority and Duties of the Managing Director

1. Manage and control the overall business operation of the Company.
2. Perform duty as assigned by the Board of Directors or the Management Committee
3. Appoint, transfer, discharge, dismiss, appoint employment rate, grant awards, increase salary, remuneration, and bonus to every employee ranking lower than the management level and also appoint the representative of an employer in the Company's Provident Fund.
4. Approve or sub-authority to approve payment for purchase of asset or service for the benefit of the Company including an approval of financial transaction within the limit of 20 million baht / transaction.
5. Appoint and issue the Company's order, notification, and circulation to assure that the operation conforms to the policy and results in utmost benefits of the Company to maintain maximum organization's discipline except matter regarding employees' welfare.
6. Authorize to act on behalf of the Company to outsider regarding matters relating and beneficial to the Company.
7. Appoint consultants necessary for the Company's operation.
8. Operate any other duties as assigned by the Board of Directors or the Management Committee

The authority and duties of the Managing Director do not include authority in which the Managing Director can approve counter-parties or conflict of interest transactions (according to the Company's articles of association and as stated in the notification and regulation of the SEC) between the Managing Director and the Company or its subsidiary (if any).

The Managing Director directly reports to the Chairman of the Management Committee. The Managing Director must perform duties as assigned by the Management Committee.

The Audit Committee

Comprises of 3 persons namely :

- | | |
|--------------------------|---------------------------------|
| 1. Mr. Pratip Wongnirund | Chairman of the Audit Committee |
| 2. Dr. Karoon Jantaransu | Audit Committee |
| 3. Mr. Pipop Veerapong | Audit Committee |

Ms. Rachada Pratheappornsak is the secretary to the Audit Committee

Mr. Pratip Wongnirund Chairman of the Audit Committee as the acknowledge and experiences in review that the Company's financial statements and qualify by the SET.

Scope of The Authority and Duties of the Audit Committee

1. Review that the Company's financial statements are correct and adequate.
2. Review that the Company's internal control system and internal audit is sufficient and efficient.
3. Review that the business operation of the Company conforms to the Securities and Exchange Act, laws and regulations of the Stock Exchange of Thailand, and any other related laws.
4. Select, propose for appointment, and propose the remuneration of the Audit Committee.
5. Review that the information disclosed by the Company in case of inter-company transaction or conflict of interest transaction are correct and adequate.
6. Prepare the Audit Committee report signed by the Chairman of the Audit Committee and disclose in the Company's annual report.
7. Perform any other duty as assigned by the Board of Directors and approved by the Audit Committee.

The Independent Directors

Comprises of 3 persons namely :

- | | |
|--------------------------|----------------------|
| 1. Mr. Pratip Wongnirund | Independent Director |
| 2. Dr. Karoon Jantaransu | Independent Director |
| 3. Mr. Pipop Veerapong | Independent Director |

The Company defined the term "independent director" to be in line with the principles of good corporate governance and guidelines laid down by the Securities and Exchange Commission and the Stock Exchange of Thailand to help bolster confidence among investors and to maintain a good management balance.

The definition stipulates that an “independent director” is a director who has no managerial role in the Company, its subsidiaries, or associated companies. He is therefore independent from the management and shareholders who have the controlling power and does not have any business relationship with the Company in a manner that may restrict his expression of opinions.

The Company adopted the following criteria in selecting its independent directors, who must have the following qualifications:

1. holding shares not exceeding 1% of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director (the term “related persons” as defined under Section 258 of the Securities and Exchange Act).
2. neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to being appointed independent director (executive director means the director who holds an executive position, takes responsibilities equivalent to those taken by an executive and is a signatory director unless proven that the signing is made in line with the lists previously approved by the Board of Directors and in conjunction with other directors)
3. not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
4. neither having or having had a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of being appointed independent director.

The term ‘business relationship’ aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the applicant or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

5. neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the date of being appointed independent director;
6. neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of being appointed independent director;
7. not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the company's major shareholder;
8. not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as independent director with qualifications complying with the criteria under 1 to 8, the independent director may be assigned by the board of directors to take part in the business decision of the company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest on the condition that such decision must be a collective one.

The selection procedure of independent directors

The Company's Board of Directors selects persons with suitable qualifications to become the independent directors and propose their names to the meeting of the Board of Directors and/or the shareholders' meeting of the Company to be considered and appointed as the independent directors.

The Management Officer

Comprises of the following:

- | | | |
|-----|------------------------------|---|
| 1. | Mr. Payont Sakdejayont | Managing Director |
| 2. | Mr. Kitti Soontornmanokul | Vice President - Marketing and Sales |
| 3. | Ms. Rachada Pratheappornsak | Vice President - Finance and Accounting |
| 4. | Mr. Jirasak Rakdech | Factory Manager |
| 5. | ML. Sruangsri Artit | Manager of Marketing Department |
| 6. | Mr. Suebpong Leelavai | Manager of Sales Department |
| 7. | Mr. Natthakit Wongwichien | Manager of Production Department |
| 8. | Mr. Somchai Kanpetchrangkool | Manager of Quality Control and Product Development Department |
| 9. | Ms. Rattana Lapdilokkul | Manager of Information Technology Department |
| 10. | Mr. Issaret Paengsapa | Manager of Finance and Accounting Department |

Recruitment of the Directors and the Management

❖ Recruitment of the Directors and the Management

Currently, the Company does not have any recruitment committee. The criteria in recruiting the directors and management are as follows:

The Company's Board of Directors

1, The Company's Board of Directors composes of at least 5 directors. The shareholders' meeting appoints the Board of Directors by using majority vote under the following criteria and methods:

1.1 Each shareholder shall have a number of votes equaling the number of shares held. One share equals one vote.

1.2 Each shareholder may exercise all the votes he has under 1.1) to elect one or several persons as director or directors. The shareholder may not allot his votes to any person in any number.

1.3 After the vote, the candidates shall be ranked in order of descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director's positions are filled. Where the votes cast in descending order are tied, which would otherwise cause the number of directors to be exceed, the Chairman of the meeting will make final decision.

2, In the ordinary shareholders' meeting, one-third of the directors shall resign from the office. If the number of directors cannot be divided into exactly three parts, they shall retire by the number closest to one-third.

The above directors that resign from the office may be selected to resume the office again. For the directors having to retire from office in the first year and the second year after the registration of the Company, lots shall be drawn to decide who will retire, while in further years, the directors having been in office for the longest period shall be the person retiring from the office.

Management's Remuneration

❖ Monetary Remuneration

❖ Remuneration to the directors (only remuneration as a director)

Directors	Remuneration to the Directors – Meeting Allowance	
	Year 2008 (million baht)	Year 2009 (million baht)
1. Mr. Anant Asavabhokhin	0.30	0.30
2. Mr. Pong Sarasin	0.18	0.18
3. Mr. Naporn Soonthornchitcharoen	0.18	0.18
4. Mr. Joompol Meesook	0.18	0.18
5. Mr. Chaiyarat Thampeera	0.18	0.18
6. Mr. Suang Chaisurote	0.18	0.18
7. Mr. Payont Sakdejayont	0.18	0.18
8. Mr. Pratip Wongnirund	0.42	0.42
9. Mr. Karoon Jantaransu	0.30	0.30
10. Mr. Pipop Veerapong	0.30	0.30
Total	2.40	2.40

❖ Remuneration to the Management (remuneration to the management with the name stated as management officer)

	Year 2008		Year 2009	
	No. of persons	Total (million baht)	No. of persons	Total (million baht)
Salary	10	15.65	10	16.76
Bonus	10	2.37	10	2.61
Other remunerations such as traveling expenses and communication expenses	10	0.40	10	0.41
Total	10	18.42	10	19.78

❖ Other remuneration (non-monetary)

The Company and the employees have established the provident fund in which the Company pays 3%-5% of salary. The Company has started paying money to the provident fund in October 2003.

Details of the Company's Directors and Management

1. **Mr. Anant Asavabhokhin** Age 59 Years
Chairman

Education

Bachelor of Engineering (Civil) Chulalongkorn University

M.S. Industrial Engineering Illinois Institute of Technology, Chicago, USA

MBA, Thammasat University

Training Course Institution of Director (IOD)

DCP Program No. 52/2004

Percentage of shares As at December 30, 2009 (%)

None

Personal relationship among the management

None

5 years experiences background

Listed company

1994 - present	Chairman	Quality Construction Products Plc.
1988 - present	Managing Director	Land & Houses Plc.
1985 - present	Chairman	Land & Houses Plc.
1983- present	Director	Quality House Plc.
1995 - present	Director	Home Products Center Plc.
2004 - present	Director	Bangkok Chain Hospital Plc.

Non – Listed company

2004 - present	Chairman	Q-CON Eastern Co., Ltd.
2006 - present	Director	Land & Houses Retail Bank Plc.
1993 - present	Director	Siam Thani Real Estate Co., Ltd.
1990 - present	Director	Siam Thani Property Co., Ltd.
1988 - present	Director	Atlantic Real Estate Co., Ltd.
2000 - present	Director	Asia asset Advisory Co., Ltd.

2. Mr. Pong Sarasin

Age 82 Years

Director

Education

Honorary Doctor of Business Administration Chulalongkorn University

Training Course Institution of Director (IOD)

-

Percentage of shares As at December 30, 2009 (%)

0.25% (includes spouse's shares)

Personal relationship among the management

None

5 years experiences background

Listed Company

1994 - present	Director	Quality Construction Products Plc.
1990 - present	Director	Asian Property Development Plc.
1990 - present	Director	Crown Seal Plc.
1995 - present	Director	Home Products Center Plc.
1994 - present	Director	Sammakorn Plc.
1994 - present	Director	Rojana Industrial Park Plc.
1994 - present	Chairman Emeritus	Charoong Thai Wire & Cable Plc.
1996 - present	Chairman	Chienggrila Hotel Plc.

Non – Listed company

2004 - present	Director	Q-CON Eastern Co., Ltd.
2000 - present	Chairman	Thai Namthip Co., Ltd.
2000 – present	Chairman	Honda Automobile (Thailand) Co.,Ltd.
1996 - present	Director	Thararom Enterprise Plc.
1993 - present	Director	Bangkok Glass Industry Co., Ltd.
1992 – present	Chairman	Subhapruek Co.,Ltd.
1991 - present	Director	Bangkok Can Manufacturing Co., Ltd.
1991 – present	Chairman	Construction Accessories Co.,Ltd.
Present	Chairman Emeritus	The Federation of Thai Industries
Present	Chairman	The Education and Public Welfare Foundation
Present	Chairman	Rajpruek Club
Present	Advisory Board Member	Sasin Graduate Institute of Business Administration of Chulalongkorn University

3. **Mr. Naporn Soonthornchitcharoen**

Age 51 Years

Director

Education

Bachelor of Engineering (Civil) Chiangmai University

MBA, Thammasat University

National Defence College of Thailand (Wor Por Or. 2549)

Training Course Institution of Director (IOD)

DCP Program No. 53/2005

Percentage of shares As at December 30, 2009 (%)

0.000005%

Personal relationship among the management

None

5 years experiences background

Listed Company

1994 - present Director Quality Construction Products Plc.

2002 - present Deputy Managing Land & Houses Plc.

Director Operation

1995 - present Director Home Products Center Plc.

1994 - present Director Bangkok Chain Hospital Plc.

Non – Listed Company

2004 - present Director Q-CON Eastern Co., Ltd.

2005 - present Director Land & Houses Retail Bank Plc.

1995 - 2004 Director Assets Plus Plc.

2005 – present Director Muang Mai Guthrie Plc.

1995 - present Director Land & Houses Northeast Co., Ltd.

1995 - present Director Land & Houses North Co., Ltd.

1995 - present Director LH Muangmai Co., Ltd.

2004 – present Director LH Real Estate Co.,Ltd.

2004 – present Director LH Asset Co.,Ltd.

2005 – present Director Phuket Future Plan Co.,Ltd.

2005 – present Director Double Three Co.,Ltd.

4. **Mr. Joompol Meesook**

Age 60 Years

Director

Education

BS. ARCH, F.E.U., Philippines

BS. CE, F.E.U., Philippines

MBA, Thammasat University

Training Course Institution of Director (IOD)

DAP Program No. 11/2004 and DCP Program No. 100/2008

Percentage of shares As at December **30, 2009 (%)**

None

Personal relationship among the management

None

5 years experiences background

Listed Company

1994 - present	Director	Quality Construction Products Plc.
1993– present	Director	Quality Houses Plc.
1995 - present	Director	Home Products Center Plc.

Non – Listed Company

2004 - present	Director	Q-CON Eastern Co., Ltd.
1993 - present	Director	Casa Ville Co., Ltd.
1997 - present	Director	Q.H. International (BVI) Co., Ltd.
1992 - present	Director	Q.H. Management Co., Ltd.
1992 - present	Director	Center Point Management Co., Ltd.
1997 - present	Director	Harbor View Co., Ltd.
1995 - present	Director	Q.H. International (BVI) Co., Ltd.

5. **Mr. Suang Chaisurote**

Age 54 Years

Director

Education

Bachelor of Engineering (Civil) Chiangmai University

MBA, Thammasat University

Executive Education Program, Stanford University

Training Course Institution of Director (IOD)

DAP Program No. 11/2004 and DCP Program No. 100/2008

Percentage of shares As at December **30, 2009 (%)**

None

Personal relationship among the management

None

5 years experiences background**Listed Company**

2003 - present Director Quality Construction Products Plc.

1999 - present Director Quality Houses Plc.

Non – Listed Company

1995 - present Director Casa Ville Co., Ltd.

2003 - present Director Siam Retail Development Co., Ltd.

2001 - present Director Q.H. International (BVI) Co., Ltd.

2002 - present Director Center Point Management Co., Ltd.

1998 - present Director Q.H. Management Co., Ltd.

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6. **Mr. Chayarat Thampeera**

Age 53 Years

Director

Education

Bachelor of Business Administration Ramkhamhaeng University

Bachelor of Laws Chulalongkorn University

Master of Business Administration Angelo State University, Texas, USA

National Defence College of Thailand (Por Ror Or.17)

Training Course Institution of Director (IOD)

FN. Program No. 8/2004, DAP Program No. 45/2005 and RCP Program No.16/2007

Percentage of shares As at December 30, 2009 (%)

None

Personal relationship among the management

None

5 years experiences background

Listed Company

2001 - present	Director	Quality Construction Products Plc.
2004 - present	Vice Chairman and Chief Executive Officer	Prebuilt Plc
1999 - present	Director	Asian Property Development Plc.

Non – Listed Company

2004 - present	Director	Q-CON Eastern Co., Ltd.
2009 - present	Director	Built Land Co., Ltd.
2007 - present	Director	C R assets Co., Ltd.
2003 - present	Director	Asian Property(Krungthep) Co., Ltd.
2002– present	Director	Asian Property (Ladphrao) Co., Ltd.
2002 – 2006	Director	CitiSmart Service Co.,Ltd.
1994 - present	Director	Pathumwan Asset Co., Ltd.
1993 - present	Vice Chief Executive Officer	Asian Property Co.,Ltd.
1993 – 2004	Managing Director	Wave Development co.,Ltd.
1993 - 2006	Managing Director	Asian Cuisine Co.,Ltd.
2000 - present	Director and Chief Executive Officer	PCM Construction Material Co.,Ltd.
2001 - present	Director	Asian Property Holding Co.Ltd.
2004 - present	Director	Signature Advisory Partner Co.,Ltd.
2004 - present	Director	Asian Property(Ratchavipa) Co.,Ltd.
2004 - present	Director	Trillion Development Co., Ltd.
2004 - present	Director	Peeranont Co., Ltd.
2001 - present	Director	Siam Retail Development Co., Ltd.
2001 - present	Director	Scarlit Plaza Co.,Ltd.

7. Mr. Payont Sakdejayont

Age 64 Years

Director and Managing Director

Education

Bachelor of Engineering (Civil) Chulalongkorn University

MBA, Thammasat University

Training Course Institution of Director (IOD)

DAP Program No. 27/2004 and DCP Program No. 58/2005

Percentage of shares As at December 30, 2009 (%)

2.8125%

Personal relationship among the management

None

5 years experiences background**Listed Company**

2000 - present	Managing Director	Quality Construction Products Plc.
2003 - present	Director	Asian Property Development Plc.
1983 - 2008	Director	Land & Houses Plc.

Non – Listed Company

2004 - present	Managing Director	Q-CON Eastern Co., Ltd.
1993 - present	Director	Mayland Co., Ltd.
2001 - present	Director	LH Muangmai Co., Ltd.

8. **Mr. Pratip Wongnirund**

Age **75** Years

Independent Director and Chairman of Audit Committee

Education

Certificate of Accountancy School of Commerce,
Sydney Technical College, New South Wales, Australia

Training Course Institution of Director (IOD)

RCM Program 2000 and DCP Program No. 36/2003

Percentage of shares As at December 30, 2009 (%)

None

Personal relationship among the management

None

5 years experiences background

Listed Company

2003 – Present Independent Director Quality Construction Products Plc.
and Chairman of Audit Committee

2000 – present Independent Director Land & Houses Plc.
and Chairman of Audit Committee

2000 – present Independent Director Christiani & Nielsen (Thai) Plc.
and Chairman of Audit Committee

1998 – present Chairman Inthara Insurance Plc.

9. **Dr. Karoon Jantaransu** Age **60** Years
Independent Director and Audit Committee

Education

Bachelor of Engineering (Honored) (Civil) Chulalongkorn University

M.S.(Civil Engineering), Ohio State University,Columbus, Ohio, U.S.A.

Ph.D, Ohio State University,Columbus, Ohio, U.S.A.

Training Course Institution of Director (IOD)

DCP Program No. 59/2005

Percentage of shares As at December 30, 2009 (%)

None

Personal relationship among the management

None

5 years experiences background

Listed Company		
Present	Independent director and Audit Committee	Quality Construction Products Plc.
Non – Listed Company		
Present	Director	K.C.S. CONSULTING ENGINEER CO.,LTD.
Present	Chairman	K.C.S.& ASSOCIATES CO.,LTD.
Present	Director	Board of National Earthquake
Present	Chairman	Etiquette of the engineer council
2006 – 2009	Director	The engineer council
2006 – 2007	President	Association of Engineering Institute of Thailand under the Royal Patronage of H.M. the King
2001 – 2004	Representative	House of Representatives
2001 – 2003	President	Association of Engineering Institute of Thailand under the Royal Patronage of H.M. the King
2001 - 2003	Arbitrator	Thai Arbitration Institute, Office of the Judiciary

10. **Mr. Pipop Veerapong**

Age 47 Years

Independent Director and Audit Committee

Education

Bachelor of Laws (Honored) Chulalongkorn University

Barrister-at-Law

Certificate on International Taxation, LL.M, Harvard University, U.S.A.

Master Degree of LL.M., Harvard University, U.S.A.

Master Degree of LL.M.(Taxation), Boston University, U.S.A.

Training Course Institution of Director (IOD)

-

Percentage of shares As at December **30, 2009 (%)**

None

Personal relationship among the management

None

5 years experiences background

Listed Company

present	Independent Director	Quality Construction Products Plc.
	and Audit Committee	

present	Director	Bangkok Chain Hospital Plc.
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Non – Listed Company

2005 - 2008	Director	Land & Houses Retail Bank Plc.
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2002 - present	Director	Law Alliance Co., Ltd.
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11. Mr. Kitti Soonthornmanokul

Age 48 Years

Vice President – Marketing and Sales

Education

Bachelor of Architecture Chulalongkorn University

Master of Business Administration (Marketing) Alankato State University, U.S.A.

Percentage of shares As at December 30, 2009 (%)

None

Personal relationship among the management

None

5 years experiences background

1997 – present Vice President – Quality Construction Products Plc.
Marketing and Sales

12. Ms. Rachada Pratheappornsak

Age 48 Years

Vice President – Finance and Accounting

Education

Bachelor of Business Administration (Accounting) Ramkamhaeng University

Master Program of Business Administration Kasetsart University

Training Course Institution of Director (IOD)

CSP Program No. 28/2008 and EMT Program No. 12/2008

Percentage of shares As at December 30, 2009 (%)

None

Personal relationship among the management

None

5 years experiences background

1996 – present Vice President – Quality Construction Products Plc.
Finance and Accounting

13. Mr. Jirasak Rakdej

Age 48 Years

Factory Manager

Education

Bachelor of Engineering in Metering King Mongkuts Institute of Technology Ladkrabang

Percentage of shares As at December **30, 2009 (%)**

None

Personal relationship among the management

None

5 years experiences background

2005 - present Factory Manager Quality Construction Products Plc.

2000 - 2005 Production Manager Quality Construction Products Plc.

14. ML. Sruangsri Artit

Age **40** Years

Marketing Manager

Education

Bachelor of Business Administration (Marketing) Kasetsart University

Master of Business Administration National Institute of Development Administration

Percentage of shares As at December **30, 2009 (%)**

None

Personal relationship among the management

None

5 years experiences background

2005 – present Marketing Manager Quality Construction Products Plc.

15. Mr. Suebpong Leelawai

Age 44 Years

Sales Manager

Education

Certificate of Accounting Kroek University

Percentage of shares As at December **30, 2009 (%)**

None

Personal relationship among the management

None

5 years experiences background

1997 – present Sales Manager Quality Construction Products Plc.

16. Mr. Natthakit Wongwichien Age 40 Years
 Production Manager

Education
 Bachelor of Science (Chemical) Prince of Songkhla University (Hat Yai)

Percentage of shares As at December **30, 2009 (%)**
 0.00125%

Personal relationship among the management
 None

5 years experiences background
 2005 – present Production Manager Quality Construction Products Plc.

17. Mr. Somchai Kanpetchrangul Age 41 Years
 Quality Control and Product Development Manager

Education
 Bachelor of Engineering in Material Science-Expolymers Chulalongkorn University

Percentage of shares As at December **30, 2009 (%)**
 0.0075%

Personal relationship among the management
 None

5 years experiences background
 1995 – present Quality Control and Product Development Manager Quality Construction Products Plc.

18. Ms. Rattana Lapdilokkul

Age 39 Years

Information Technology Manager

Education

Bachelor of Business Administration (Information System) Rajamongkol Institute of Technology (Klong Hok)

Master of Science Program in Computer Science National Institute of Development Administration

Percentage of shares As at December **30, 2009 (%)**

None

Personal relationship among the management

None

5 years experiences background

2005 – present Information Technology Quality Construction Products Plc.

Manager

19. Mr. Issaret Paengsapa

Age 39 Years

Finance and Accounting Manager

Education

Bachelor of Business Administration (Accounting) (Honored) Ramkhamhaeng University

Master of Accounting (Managerial Accounting) Chulalongkorn University

Percentage of shares As at December **30, 2009 (%)**

0.005%

Personal relationship among the management

None

5 years experiences background

2005 – present Finance and Accounting Quality Construction Products Plc.

Manager

Corporate Governance

Recognizing the importance of sustainable, efficient business growth, the Board of Directors laid down a policy related to good corporate governance by focusing on the internal controls and internal audit system. Its objective is to monitor and supervise the management to implement policies efficiently for the long-term benefits of shareholders within the framework of the stipulations of related laws and business ethics. It also emphasizes transparency in business operations, disclosures and appropriate risk management.

As a result, the Company has abided by the 2006 principles of good corporate governance for listed companies of the Stock Exchange of Thailand, the details of which are as follows:

1. Rights of shareholders

The Company recognizes and values the rights of shareholders and has strived to encourage them to exercise their fundamental rights and protect them. It also facilitates the exercise of the shareholders' rights that they are entitled to indiscriminately. Among them are the rights to adequate information about the Company and to vote on important issues, including the approval of dividends. The Company vows not to do anything that violates or restricts the shareholders rights.

In 2009, the Company held one shareholders' meeting, the 2009 annual ordinary shareholders' meeting, on April 27, 2009. In preparing it, the Company published in advance the invitation letter in both Thai and English, along with the documents related to each agenda item, on its website at www.qcon.co.th so that the shareholders could have adequate time to study the information on each agenda item before receiving the hard copies of the same documents. The Company assigned Thailand Securities Depository Co., Ltd. to send the hard copies of the same documents by mail 14 days ahead of the meeting date. The invitation letter contained the details of each agenda item and related documents, as well as the opinion of the Board of Directors on it, voting method and the documents they needed to bring with them on the meeting date. In cases where the shareholders were unable to attend the meetings, the Company arranged for the independent directors to be authorized to act on their behalf. Proxy forms approved by the Commerce Ministry and the biographies of the independent directors assigned to act as proxies were also sent to the shareholders so that the shareholders who could not attend the meeting could authorize anyone or the independent directors to represent them at the meeting.

In recognition of the importance of shareholders' meetings, the Company called the meeting at the place and time most convenient for the shareholders to attend. Appropriate and ample time was also allocated.

On the meeting date, the Company asked the shareholders to register at least one hour in advance and assigned registration officials to provide convenience for the attending shareholders and proxies. A computer registration program with the ability to search shareholders by name, family name or identification number was also deployed to speed up the registration process. The shareholders would then receive a voting ticket for each agenda item. Vote counting was also done electronically by scanning the barcodes on the voting tickets, making vote-

counting accurate and speedy whereby the shareholders could view the result of each agenda item immediately after casting the votes.

At the shareholders' meeting, the Chairman of the Board of Directors acted as the chairman of the meeting and the directors also attended the meeting. Before the meeting began, the chairman of the meeting explained the voting method, vote counting, the use of voting tickets and the disclosure of the vote-counting result for each agenda item to ensure transparency. The shareholders were also given an equal opportunity to express their opinions and proposals and to ask questions. They were also given comprehensive information and ample time for debates.

The 2009 ordinary shareholders' meeting was attended by nine out of 10 directors. They were the chairmen of the Board of Directors and the Audit Committee, one independent director, two executive directors and four non-executive directors. The Company's independent auditors were also invited to the ordinary shareholders' meeting. All shareholders present were granted equal rights at the meeting.

As for the minutes of the meeting, the Company recorded comprehensive details, including the names of the attending directors, questions brought up at the meeting and significant explanations on each agenda item. The minutes were sent to the various units within 14 days after the meeting date. They were subsequently sent to the shareholders for endorsement at the next shareholders' meeting.

2. Equal treatment of shareholders

To protect the fundamental rights of shareholders, the Company has made it its policy to support and value equal and indiscriminate treatments toward them. compensated. As a result, the Company has resolved to adopt the following measures:

1. At shareholders' meetings, each agenda item will be strictly followed in the order published in the invitation letters. No additional agenda item shall be added without advance notice to the shareholders. The measure is to ensure that the shareholders have enough time to study relevant information before making decisions.

2. Three independent directors is proposed as a choice of proxies for the shareholders. The proxy forms are also in line with the forms recommended by the Commerce Ministry, with the formats that allow the shareholders to dictate the direction of his votes. The measure is to encourage the shareholders to exercise their rights to attend the meetings and vote on each agenda item.

3. At shareholders' meetings, after the Chairman of the meeting explains the details of each agenda item, all shareholders are given equal rights to scrutinize the Company operations by asking questions, express opinions and make proposals and suggestions before the votes are cast and counted. All shareholders can vote equally. The Company also recorded important questions, explanations and opinions in its minutes.

4. The Company promotes the use of voting tickets for all agenda items for transparency and accountability by printing them separately for each major issue. The shareholders can therefore vote as they deem appropriate. The voting tickets will be kept in the meeting rooms so that they may be counted and added to the votes cast in advance in the proxy forms before announcing the result of the voting in the meeting room.

5. The Company allows the shareholders to exercise their right to elect directors individually to replace those whose terms expire each year.

6. The Company has laid down measures to strictly prevent the use of insider information, especially data related to the Company's financial position which must be scrutinized by authorized auditors and approved at the Audit Committee's meeting before being presented to the Board of Directors or the Stock Exchange of Thailand or publicized.

Furthermore, The Company has measures to prevent the use of insider information in writing by including it in the section on the supervision of the use of insider information. Executives must disclose their gains and losses and those of their related persons to the Board of Directors when there is a connected list. At present no director stands to gain or lose from the Company's transactions. As for reports on equity holding, the directors and executives must report any change in their equity holdings to the Board of Directors every time. In other words, if a director or executive reports their equity holding to the Stock Exchange of Thailand, he is required to always report it to the Board of Directors at the meeting in the same month.

3. Rights of stakeholders

The Company values the rights of all groups of all groups of stakeholders both inside and outside the Company. They include the employees and executives of the Company and its subsidiaries, as well as trading partners, the public sector, the society, communities and the environment to ensure their fundamental rights are well protected and recognized based on the laws and related rules and regulations. The Company has also laid down the framework on morality and business ethics and refrained from any act that violates the rights of its stakeholders, which has constituted a great deal to its long-term success. The details are as follows:

❁ Employees

The Company regards its employees as a major element of its success and has treated its employees indiscriminately and equally both in terms of remuneration and welfare which are appropriate and fair. The employees are encouraged to receive training in courses that benefit their respective scope of duties in all departments and their career development as follows:

- The Company set up a provident fund for its employees
- An annual physical checkup is held for the employees.
- Group life and accident insurance and group health insurance (for in-patients) are provided.
- An orientation is organized for new employees so that every one of them is aware of the policies and information on the Company's corporate structure as well as data on the execution of duties in his line of work and benefits such as income and welfare he is entitled to.
- Development of all levels of teams so that the employees can improve their potential in working effectively as a team.
- Others



Trading partners

The Company has laid down business ethics to become a guideline on appropriately treating its trading partners. In purchasing goods and services from its trading partners, the Company has complied with trading terms and fulfilled its contractual obligations honestly and transparently without taking advantage of its trading partners based on free and fair competition among them and nature of businesses. It also strives to forge good relationships to maximize mutual benefits without tarnishing the Company's name and violating laws, scruples, morality, culture and good traditions.



Creditors

The Company has strictly complied with the terms of loan contracts and has never committed any act that violates the terms, or concealed any information or facts that potentially cause damages to its creditors. These practices have created confidence among its creditors. The Company has committed to treating financial institutions honestly by promptly repaying its loans and interest and complying with the conditions specified in the loan contracts and other agreements. Furthermore, the Company has complied with the good corporate governance policy. Over the last three years, the Company has never had problems missing its payments.



Customers

The Company is determined to improve the quality of its products and services to meet standards and maintain the confidentiality of its customers. To acknowledge the problems and demands of its customers, it set up a dedicated unit for customer contacts and to listen to their suggestions or opinions. The information is then used to improve its products and services to maximize customers' confidence and satisfaction.

The Company has skillful technical units with expertise in helping and looking after customers on issues regarding product usage and technical services for all of its products.

The Company set up the Q-CON Training Centers in both Bang Pa-in Industrial Estate, Ayutthaya, and Amata City Industrial Estate, Rayong. Interested customers and parties such as architects, engineers, project owners, constructors, contractors and material construction shop owners can participate in the trainings to enhance their knowledge on the usage of Q-CON AAC products both in theory and in practice. They can register for the trainings at the Company's website at www.qcon.co.th.

The Company publishes the quarterly Q-CON News journal, which is sent to all customers to keep them updated on the Company's news and developments.



Competitors

The Company has emphasized on conducting its businesses within the framework for competition with high morality, professionalism and transparency and within the rule of law. It does not violate the secrets or trade secrets of its rivals illegitimately. Over the past three years, the Company was not involved in any dispute with its rivals.



Communities and the society

The Company has always recognized its responsibilities towards the environment of communities and the society and has therefore regularly organized various activities for the society. In 2009, it held the following social activities:

- donated its products to religious places in communities
- trained students from vocational institutions and universities to allow them to gain hands-on work experiences

4. Disclosure and transparency

Aware of the importance of adequate, accurate, inclusive, timely and transparent disclosure, the Company publishes its important information including financial and non-financial data on the website of the Stock Exchange of Thailand (SET) at www.set.or.th and of the Security and Exchange Commission (SEC) at www.sec.or.th according to the criteria laid down by the SET and SEC.

- The financial statements disclosed to stakeholders must be approved by the Audit Committee and the Board of Directors of the Company.
- The Company has provided details on the roles and duties of the Board of Directors and other committees, as well as the remuneration of the directors and executives under the Management Structure

Recognizing the importance of its relationships with shareholders, general investors, stock analysts and potential investors, the Company has set up an investors' relations unit to represent the Company in communicating with shareholders, investors and stock analysts. The Investors' Relations Office can be contacted at Tel: 035-221-271 extension 420 or e-mail: fin-acc@qcon.co.th.

In 2009, the Company disclosed information and made notifications to the shareholders, investors and stock analysts as follows:

❖	Opportunity Day	4 times/year
❖	Company visit	1 time/year

5. Responsibilities of Directors

Structure of Board of Directors, Sub-Committee and remuneration of Directors and Management has disclosed under article of The management. For role and responsibilities of Board of Directors as consist of :

1. Leadership and Vision

The Board of Directors is responsible to appoint the Company's vision, mission, strategy, objective, business plan, and budget including to monitor that the operation of the Company conforms effectively and efficiently to the assigned business plan and budget in order to reach highest economic value to the Company and to provide maximum security to the shareholders

2. Business Ethics

The Company has a policy on business ethics of the Board of Directors, the management, and employees to ensure these related parties operate business in conformity to the Company's mission with honesty and fairness toward the Company, all groups of stakeholders, the public, and the communities. The related parties have acknowledged, signed, and agreed to follow. The Company has continually communicated with the employees and closely monitored that the operation is strictly followed. The Company also appoints the disciplinary penalty.

3. Conflict of Interest

To prevent conflict of interest, the Board of Directors does not allow any authorized person to approve any transaction in which this person may have conflict of interest. After the Company has been listed in the Stock Exchange of Thailand, the Company will conform to the regulations of the Stock Exchange of Thailand regarding inter-company transactions or the purchase and sale of the asset of the listed company, whichever case.

The Company also has the policy to appoint the strategy to prevent the management or related persons from using the Company's internal information for personal benefits.

- Transaction with conflict of interest: the Board of Directors has acknowledged the conflict of interest transaction and has carefully considered every transaction. The price and criteria are similar to the business deal with outsiders.

4. Balance of Powers for Non-Executive Directors

The Company's Board of Directors comprises of 10 persons namely:

- Management directors 4 persons
- Non-management directors 3 persons
- Independent directors 3 persons

Therefore, the Company has 3 independent directors or 30% of the Board of Directors.

5. Aggregation or Segregation of Position

The Chairman has no relationship with the management and is not the managing director in order to clearly separate the duties between assigning policies and regularly managed the operation.

6. Remuneration for Directors and Management

Remuneration to the Board of Directors : the remuneration to the Board of Directors has been established in a transparent manner and competitive in the same industry. The remuneration provided has been approved by the shareholders' meeting and is high enough to attract qualified personnel to work with the Company. The director that has been assigned as the Audit Committee will be granted higher remuneration for higher responsibilities.

Remuneration to the management : the remuneration to the management follows the criteria and policy assigned by the Board of Directors, which relate to the Company's performance and personal performance of each management. Currently, the Company has no remuneration subcommittee.

7. Board of Directors' Meeting

The Board of Directors must arrange a meeting at least once every quarter. Extra meeting may be arranged as required. Beside, the Company has the policy to arrange the meeting of the Management Committee every month. The Company's secretary will deliver an invitation letter together with agenda and important documents 7 days prior to the meeting to give the Board of Directors enough time to investigate each matter thoroughly prior to attending the meeting. Normally, each meeting will last about 2 hours. In 2009, the Board of Directors has arranged 10 meetings. Each meeting has a written minute approved by the director. The minutes are well arranged and are always prepared for the directors' and related parties' investigation.

The numbers of meetings held by the Board of Directors and the numbers of meeting attended by each director in the year 2008 and year 2009

Name	Position	Number of meetings attended / total number of meetings (times)	
		Year 2008	Year 2009
1. Mr. Anant Asavabhokhin	Chairman of the Board of Directors	9 / 9	10 / 10
2. Mr. Pong Sarasin	Director	2 / 9	0 / 10
3. Mr. Naporn Soonthornchitcharoen	Director	8 / 9	10 / 10
4. Mr. Joopool Meesook	Director	9 / 9	9 / 10
5. Mr. Chaiyarat Thampeera	Director	9 / 9	10 / 10
6. Mr. Suang Chaisurote	Director	8 / 9	8 / 10
7. Mr. Payont Sakdejayont	Director	9 / 9	10 / 10
8. Mr. Pratip Wongnirund	Director, Independent Director, Chairman of the Audit Committee	9 / 9	9 / 10
9. Dr. Karoon Jantaransu	Director, Independent Director, Audit Committee	9 / 9	8 / 10
10. Mr. Pipop Veerapong	Director, Independent Director, Audit Committee	8 / 9	9 / 10

8. Self-assessment of the Board of Directors

The Company has a policy to have the Board of Directors to evaluate its own performances at least once a year in order to improve its operations.

9. Supporting Committee

The Company's Board of Directors has appointed the supporting committee to monitor the corporate governance as follows:

The Audit Committee: established on April 25, 2003 with a 3-year term.

The Remuneration Committee: the Company has no remuneration committee. However, the Company has appropriate procedures in appointing remuneration by relying on the Company's performance, the remuneration of the company in the same industry and with similar size to be proposed to the shareholders' meeting for final approval.

10. Company secretary

At its meeting No. 6/2551 on August 20, 2008, the Board of Directors resolved to nominate Ms Rachada Pratheappornsak as Company Secretary, with the following roles and duties:

Prepare and keep the following records

directors' registers

invitation letters for board meetings, minutes of the Board of Director's meetings and annual reports

shareholders' meeting invitation letters and minutes of shareholders' meetings

Maintain stakeholders' reports by the directors or executives

Other duties as determined by the Capital Market Supervisory Board

11. Internal Control System and Internal Audit

Internal control system and internal audit : the Company recognizes the importance of an efficient internal control system and internal audit at both the management and the operational levels. Therefore, the Company has written assignment regarding the duties and authority of both the management and the operator. The Company also monitors the use of the Company's assets for the utmost benefit. The duties of the operator, the supervisor, and the appraiser are clearly identified in order to appropriately check and balance the role of each person. Beside, there is also an internal control on the financial system as the Company requires that the financial statements must be reported to the direct supervisor. The internal control system of the Company is also audit by an approved auditor of the office of the Securities and Exchange Commission namely the Pitisevi Office. The result of an audit is reported to the Audit Committee.

Risk management : The Company's Board of Directors has given high importance to the risk management policy. The Company has appointed and appraised the risk of operation and has also appointed the criteria to prevent and minimize risk, which includes risks that affect the Company's operation as stated in No. 1 of "Risk Factors" of the registration statement to offer securities.

12. Directors' Reporting

The Company's Board of Directors is responsible to the financial statements and financial information as disclosed in the annual report. The financial statements are prepared based on the generally accepted accounting principles in Thailand. The Company has selected appropriate accounting policy and practiced consistently. They are also based on prudent discretion and most reliable projection with adequate disclosure of key information in notes to financial statements.

13. Relations with Investors

The Company's Board of Directors realizes that both the financial and non-financial information affect the decision of the investor and stakeholders. Therefore, the Company emphasizes on disclosing information adequately, precisely, trustworthy, consistently, and punctual.

Supervision of the use of insider information

The Company has laid down measures to prevent its executives and employees from using insider information to seek personal gains as follows:

1. All are informed of their role and duty to report and disclose their holdings of the Company's shares and those of their spouses and children who have not come of age. They are also made aware of the requirement to report changes in such holdings to the Securities and Exchange Commission and the Stock Exchange of Thailand under Section 59 of the Act on Securities and Stock Exchange B.E. 2535 (1992) within 3 working days after the dates of purchase, sale, transfer or accept the transfer of the shares. They are also reminded of this requirement at every Board of Directors' and Executive Directors' meeting. In addition, the directors and executives of the Company are aware of their duties and responsibilities, as well as the penalties punishable under the Act on Securities and Stock Exchange B.E. 2535. For its part, the Company prohibits the executives with access to information from acting in any way that violates Section 241 of the act, as well as other related rules and regulations.
2. The Board of Directors and the management including their spouse and their children under 21 years of age are not allowed to use internal information to buy, sell, transfer, or accept the transfer of the Company's securities prior to disclosing the internal information to the public especially during the following period: from April 15 to date of public disclosure of the 1st quarter's financial statements / from July 15 to date of public disclosure of the 2nd quarter's financial statements / from October 15 to date of public disclosure of the 3rd quarter's financial statements / and from February 1 to date of public disclosure of annual report. Moreover, after the internal information has been publicized, the persons referred to above should avoid buying or selling the securities of the Company until the public has been given sufficient time period for review (15 days after public disclosure of information).

The Company will administer disciplinary punishment as appropriate as follows:

First offend	written notice
Second offend	reduction of salary / suspension
Third offend	Dismiss without compensation

Internal Audit

The Board of Directors approved the Audit Committee's opinions on the audit results and recommendations and regularly asked the Management about them. In summary, the Company's overall internal control was good, with no significant flaws. The internal control consists of organization and environment, risk management, checks and balances of the Management, information technology and communications systems, as well as the monitoring system.

In addition, the licensed auditors commented on the accounting internal controls that: "No significant flaw is found in the accounting internal control that may substantially affect the opinions on the financial statement as of December 31, 2009."

Inter-company Transactions

The transactions with persons with potential conflicts of interest as at 31 December 2009

Persons with potential conflicts of interest	Relationship	Transaction	Transaction Value (thousands baht)	Remark
1. Land and Houses Plc. (LH)	<ul style="list-style-type: none"> ❖ LH is the Company's major shareholder holding 31.41% (as at December 28, 2009) ❖ The Company and LH have co-directors namely Mr. Anant Asavabhokhin, Mr. Payont Sakdejayont, Mr. Naporn Soonthornchitcharoen, and Mr. Pratip Wongnirund (as Audit Committee of LH and Audit Committee of the Company) 	<p>Sales of products</p> <p>Trade account receivables</p>	<p>41,178</p> <p>8,943</p>	<ul style="list-style-type: none"> ❖ The products' price and conditions sold to LH is the price and conditions sold in general to other customers ❖ Payment condition is normal and similar to other customers
2. Quality House Plc. (QH)	<ul style="list-style-type: none"> ❖ QH is the Company's major shareholders holding 25.78% (as at December 28, 2009). QH directly holds shares in the Company for 24.33% and indirectly through the subsidiary company, the Q.H. International Co., Ltd. for 1.45%. ❖ The Company and QH have co-directors namely Mr. Anant Asavabhokhin, Mr. Joampol Meesook and Mr. Suang Chaisurote. 	<p>Sales of products</p> <p>Trade account receivables</p> <p>Advance for goods</p>	<p>30,018</p> <p>7,618</p> <p>67</p>	<ul style="list-style-type: none"> ❖ The products' price and conditions sold to QH is the price and conditions sold in general to other customers ❖ Payment condition is normal and similar to other customers ❖ The transaction as a normal business and it was reasonable

Persons with potential conflicts of interest	Relationship	Transaction	Transaction Value (thousands baht)	Remark
3. Asian Property Development Plc. (AP)	❖ AP is the Company's major shareholders holding 14.97% (as at December 28, 2009).	Sales of products	9,054	❖ The products' price and conditions sold to AP is the price and conditions sold in general to other customers
	❖ The Company and AP have co-directors namely Mr. Pong Sarasin, Mr. Payont Sakdejayont, and Mr. Chaiyarat Thampeera	Trade account receivables	4,422	❖ Payment condition is normal and similar to other customers
4. Land and Houses Northeast Co., Ltd. (LHNE)	❖ LHNE is the subsidiary company of LH and LH is the major shareholder of the Company holding 31.41% (as at December 28, 2009) ❖ The Company and LHNE have co-directors namely Mr. Naporn Soonthornchitcharoen.	Trade account receivables	57	❖ Payment condition is normal and similar to other customers
5. Pacific Real Estate Co., Ltd. (PF)	❖ PF is the subsidiary company of LH and LH is the major shareholder of the Company holding 31.41% (as at December 28, 2009) ❖ The Company and PF have co-directors namely Mr. Naporn Soonthornchitcharoen.	Trade account receivables	73	❖ Payment condition is normal and similar to other customers

Persons with potential conflicts of interest	Relationship	Transaction	Transaction Value (thousands baht)	Remark
6. LH Assets Co., Ltd. (LA)	<ul style="list-style-type: none"> ❖ LA is the subsidiary company of LH and LH is the major shareholder of the Company holding 31.41% (as at December 28, 2009) ❖ The Company and LA have co-directors namely Mr. Naporn Soonthornchitcharoen. 	Trade account receivables	48	<ul style="list-style-type: none"> ❖ Payment condition is normal and similar to other customers
7. Home Products Center Plc. (HMPRO)	<ul style="list-style-type: none"> ❖ HMPRO is the associated company of LH and LH is the major shareholder of the Company holding 31.41% (as at December 28, 2009) ❖ The Company and HMPRO have co-directors namely Mr. Pong Sarasin, Mr. Anant Asavabhokhin, Mr. Naporn Soonthornchitcharoen and Mr. Joampol Meesook. 	<p>Sales of products</p> <p>Trade account receivables</p>	<p>1,391</p> <p>800</p>	<ul style="list-style-type: none"> ❖ The products' price and conditions sold to HMPRO is the price and conditions sold in general to other customers ❖ Payment condition is normal and similar to other customers

Persons with potential conflicts of interest	Relationship	Transaction	Transaction Value (thousands baht)	Remark
8. Land and Houses Retail Bank Plc. (LH BANK)	<p>❖ LH BANK is the associated company of LH and QH, and LH is the major shareholder of the Company holding 31.41% (as at December 28, 2009) and QH is the major shareholders of the Company holding 25.78% (as at December 28, 2009).</p> <p>❖ The Company and LH BANK had co-directors namely Mr. Anant Asavabhokhin, Mr. Naporn Soonthornchitcharoen, Mr. Joampol Meesook, Mr. Suang Chaisurote and Mr. Pipop Veerapong.(as Audit Committee of the Company)</p>	Savings deposit	427	❖ The deposit to LH BANK is the practice in general to other customers
9. Pre-Built Plc. (PREB)	<p>❖ PREB is the associated company of AP and AP is the major shareholders of the Company holding 14.97% (December 28, 2009)</p> <p>❖ The Company and PREB have co-directors namely Mr. Chaiyarat Thampeera</p>	<p>Sales of products</p> <p>Trade account receivables</p>	<p>4,710</p> <p>875</p>	<p>❖ The products' price and conditions sold to PREB is the price and conditions sold in general to other customers</p> <p>❖ Payment condition is normal and similar to other customers</p>

Persons with potential conflicts of interest	Relationship	Transaction	Transaction Value (thousands baht)	Remark
10. CASA Ville Co., Ltd. (CASA)	<ul style="list-style-type: none"> ❖ CASA is the subsidiary company of QH and QH is the major shareholder of the Company holding 25.78% (as at December 28, 2009) ❖ The Company and CASA have co-directors namely Mr. Anant Asavabhokhin, Mr. Joompol Meesook and Mr. Suang Chaisurote. 	<p>Sales of products</p> <p>Trade account receivables</p>	<p>29,624</p> <p>6,948</p>	<ul style="list-style-type: none"> ❖ The products' price and conditions sold to CASA is the price and conditions sold in general to other customers ❖ Payment condition is normal and similar to other customers

The Necessity and Appropriateness of Transactions

The above inter-company transactions are necessary and appropriate to create utmost benefits to the Company. The Auditor has audited the inter-company transactions during 2009 as disclosed in the notes to financial statements, No. 21, of the year 2009. The Auditor has stated that the price and condition of buying or selling products from related companies is the price and conditions generally treated with other customers.

The Audit Committee has also audited the inter-company transactions during 2009 and agreed that these transactions are normal and similar to the transactions treated to other customers.

Criteria or steps in approving inter-company transactions

The inter-company transactions have to be approved by the Board of Directors and the shareholders' meeting. The Board of Directors or any authorized person assigned by the Board of Directors is not eligible to approve any transaction with conflict of interest with the Company and the subsidiary. The Company must conform to the laws of the SEC. In such case where the company is being listed in the Stock Exchange of Thailand, the company must conform to the rules, notifications, and regulations of the Stock Exchange of Thailand including the disclosure of the inter-company transactions and acquisition or disposition of assets.

Policy or tendency for future inter-company transaction

In the future, the inter-company transaction will continually occur. The Company will assign the procedures similar to normal business operations, which can be compared to the transactions with outsider. The Company will appoint the Audit Committee or the Auditor or an independent specialist to consider, review, and give opinion on the appropriateness of the price and the reasonableness of inter-company transactions in the future.

Explanation and Analysis of the Company's Financial Status and Performance

Performance

For the Company's operating results in 2009, revenue fell from the level in 2008 due to political uncertainties, impacts from the global financial crisis and a continued slowdown in public and private investment. In 2009, the Company booked total revenue of 883.06 million baht, comprising sale revenue of 873.07 million baht and 9.98 million baht in other incomes. Compared to total revenue of 1,036.43 million baht—sale revenue of 1,027.51 million baht and other incomes of 8.92 million baht—total revenue dropped 14.80%.

Sales costs in 2009 improved from 2008. In 2009, sales costs totaled 648.25 million, or 73.41% of total revenue, compared to 796.18 million baht or 76.82% of total revenue in 2008. Gross profit margin therefore rose to 25.75% in 2009 compared to 22.51% in 2008. The improvement was largely due to efficient cost management and the slower increases in raw material and oil prices than in 2008.

The selling and administrative expense of the year 2009 has decreased from the year 2008. In the year 2009 the Company has the selling and administrative expense of 170.60 million baht, which is compared to the year 2008 the Company has the selling and administrative expense of 222.90 million baht, Because of the selling and administrative expenses control efficiency.

The Company's has expansion of the manufacturing capacity. Therefore the Company has repayment loan every year. As a result, the interest expenses has decreased, in the year 2009 the interest paid of 40.74 million baht, which is compared to the year 2008 the Company has the interest paid of 54.91 million baht.

Regarding the above of the Company's performance as a result net profit in the year 2009 has 21.37 million baht, which is compared to the year 2008 the Company has net loss of 30.34 million baht increased 170.43%, therefore the net profit ratio of the year 2009 has 2.42%, which is compared to the year 2008 the Company has the net loss ratio at 2.93%.

Financial Status

Assets

The Company has total assets at end of the year 2009 and 2008 of 2,019.26 million baht and 2,138.93 million baht respectively. The company's operating business of manufacturing autoclaved aerated concrete products requires high level of technology and equipment. Therefore, the majority of the Company's investment capital is to invest in property, plant, and equipment to manufacture autoclaved aerated concrete. Most of the Company's assets are in property, plant and equipment. As at end of the year 2009 and 2008, the property, plant and equipment – net were 1,585.99 million baht and 1,745.08 million baht respectively.

Quality of assets

The Company's net trade account receivables, note receivables, account receivables of related companies at the end of the year 2009 and 2008 are 130.06 million baht and 223.13 million baht respectively. The trade account receivable classified according to credit term are as follows :

Credit term of Trade account receivables	As of December 31, 2008 (million baht)	As of December 31, 2009 (million baht)
More than 6 months – 9 months	4.34	1.58
More than 9 months – 12 months	1.71	3.36
More than 12 months	44.17	53.44
Total	50.22	58.38

The Company has set aside allowance for doubtful accounts by estimating from non-collectible account receivables in the past and according to the financial status of the creditors, which were 54.77 million baht in the year 2009 and 45.56 million baht in the year 2008.

The average credit term granted to the trade account receivables was 30-60 days. The Company's number of days collection outstanding for the year 2009 decrease from 66 days of the year 2008 are 73 days. However the Company's policy is to collect account receivables according to the planned period by relying on employees who has direct experiences and possessed customers' profile. For the past, the Company has no difficulties in collecting account receivables.

Liquidity

The cash flow from operating activities in the year 2009, the Company has net profit of 21.37 million baht with cash flow from operating activities of 237.57 million baht. In the year 2008, the Company has net loss of 30.34 million baht with cash flow from operating activities of 66.08 million baht.

The cash flow used in investing activities in the year 2009 of 8.26 million baht. For the year 2008, the cash flow used in investing activities of 3.52 million baht

The net cash flow from financing activities in the year 2009 of 96.97 million baht. In the year 2008, the net cash flow from financing activities of 100.53 million baht.

The liquidity ratio and quick liquidity ratio in the year 2009 and 2008 have increased. The liquidity ratio of the year 2009 has 1.32 times compared to the year 2008 at 1.13 times. And the quick liquidity ratio of the year 2009 has 0.92 times compared to the year 2008 at 0.75 times.

Source of capital

The Company's shareholders' equity at the end of the year 2009 was a positive of **1,278.84** million baht with the un-appropriated retained earnings of **193.80** million baht, which is due to the Company's has net profit of 21.37 million baht. The Company's shareholders' equity at the end of the year 2008 was a positive of 1,257.47 million baht with the un-appropriated retained earnings of 173.89 million baht, which is due to the Company's has net loss of 30.34 million baht.

The debt to equity ratio at the end of year 2009 has decreased to 0.58 times compare to the year 2008 at 0.70 times.

Liability

The Company total liabilities as at the end of the year 2009 and 2008 were **740.42** million baht and 881.47 million baht respectively as a result from the repayment of long-term loans.

Factors which may affect the Company's future performance and financial status

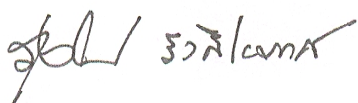
The Company's core business is the manufacturer and distributor of autoclaved aerated concrete products consisting of autoclaved aerated concrete block, wall panel, floor panel, and lintel including adhesives mortar and rendering mortar for autoclaved aerated concrete. The Company's products are used in the construction of building and residential house. The Company's business is, therefore, directly related to the economy and the situation of property and construction industry. In the situation where the economy and the situation of property and construction business are on the up trend, the demand of the Company's products will also increase. Therefore, the performance and financial status of the Company will also improve. However, on the reverse condition where the economy and the situation of property and construction business are on the down trend, the Company's performance will also be affected. Moreover, in order to continually improve the Company's performance, the manufacturing capacity must be expanded. The manufacturing efficiency must also be improved by improving manufacturing technology, expanding the customer base and increasing its competitiveness. The Company has continually planned and adjusted its operation in order to maintain the effectiveness and efficiency in operation. The Company's operation must be based on strong financial status.

The Responsibility for the Financial Reporting of the Board of Directors

The Board of Directors of Quality Construction Products Public Company Limited is responsible for the financial statement of the Company and its subsidiary which have been prepared in accordance with generally accepted accounting standards in Thailand, notification of the Securities and Exchange Commission regarding the preparation and presentation of financial statement and in line with the Stock Exchange of Thailand. The accounting policies pursued are deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements.

The Board has appointed an Audit Committee, which consists of independent members to provide effective overseeing on finances and internal control system to ensure that accounting records are accurate, complete and timely, to prevent fraud and material irregular operations. The opinion of the Audit Committee are reported in the Audit Committee's report in the Company's annual report.

The Board is confident that the internal control system of Quality Construction Products Public Company Limited and its subsidiary presents the financial position, operational results and cash flows accurately.



Mr. Roongrote Rangsiyopash
Chairman



Mr. Thaworn Wichaicum
Managing Director

AUDITOR'S REPORT

To The Shareholders of

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED

I have audited the consolidated balance sheets of QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the balance sheets of QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED as at December 31, 2009 and 2008, the related consolidated statements of income and statements of income, consolidated statements of changes in owners' equity and statements of changes in owners' equity, and consolidated statements of cash flows and statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated financial statements and the financial statements referred to above present fairly, in all material respects, the consolidated financial position of QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the financial position of QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED as at December 31, 2009 and 2008, the results of their and its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Office of D I A International Auditing



(Mrs. Vilairalt Rojnuckarin)

C.P.A. (Thailand)

Registration No. 3104

February 18, 2010

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

Assets	Note	Consolidated (Baht)		Separated (Baht)	
		2009	2008	2009	2008
Current assets					
Cash and cash equivalents	7	167,234,728.13	34,889,670.89	102,762,566.61	10,274,677.90
Fixed deposits		18,988.89	18,485.61	18,988.89	18,485.61
Accounts receivable - net	8	100,279,606.39	171,308,039.22	84,747,531.55	140,062,145.48
Accounts receivable to related companies	21	29,784,747.48	51,818,668.88	31,154,446.02	54,127,270.12
Inventories - net	9	102,757,902.23	100,426,532.88	78,964,464.82	75,409,506.63
Machinery spare parts - net	10	25,411,287.49	25,308,102.75	20,663,623.47	20,608,859.73
Other current assets		3,373,304.65	7,063,626.35	3,121,566.66	6,841,276.86
Total current assets		428,860,565.26	390,833,126.58	321,433,188.02	307,342,222.33
Non-current assets					
Investment in subsidiaries	11	-	-	790,999,720.00	790,999,720.00
Property, plant and equipment - net	12	1,585,992,808.12	1,745,082,438.84	1,027,861,251.92	1,144,753,968.33
Intangible assets - net	13	1,971,021.22	-	1,971,021.22	-
Other non-current assets		2,436,062.09	3,018,757.78	1,821,927.45	2,220,130.00
Total non-current assets		1,590,399,891.43	1,748,101,196.62	1,822,653,920.59	1,937,973,818.33
Total assets		2,019,260,456.69	2,138,934,323.20	2,144,087,108.61	2,245,316,040.66

Notes to financial statements are parts of these financial statements.

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS (Cont.)
AS AT DECEMBER 31, 2009 AND 2008

Liabilities and owner's equity	Note	Consolidated (Baht)		Separated (Baht)	
		2009	2008	2009	2008
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	14	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00
Accounts payable		57,183,512.82	91,189,821.36	50,367,029.89	76,803,486.12
Assets payable		2,975,761.95	3,353,408.77	2,237,511.95	2,615,158.77
Short-term loan from related company	15, 21	-	-	55,000,000.00	55,000,000.00
Current portion of long-term loans	16, 17	120,584,484.00	96,786,066.00	120,584,484.00	96,616,278.00
Other current liabilities					
Accrued expenses		23,559,808.72	26,636,994.27	21,286,451.14	23,547,186.66
Advance for goods		2,292,533.21	2,277,535.43	2,137,718.27	2,047,418.39
Other payables		10,902,707.62	15,121,470.27	8,181,398.62	13,284,355.36
Others		6,557,917.60	9,080,690.28	12,310,060.45	12,058,710.74
Total current liabilities		324,056,725.92	344,445,986.38	372,104,654.32	381,972,594.04
Non-current liabilities					
Hire purchase payable - net	16	292,242.00	1,060,663.00	292,242.00	876,726.00
Long-term loans - net	17	415,600,000.00	535,600,000.00	415,600,000.00	535,600,000.00
Other non-current liabilities		473,850.00	360,850.00	473,850.00	360,850.00
Total non-current liabilities		416,366,092.00	537,021,513.00	416,366,092.00	536,837,576.00
Total liabilities		740,422,817.92	881,467,499.38	788,470,746.32	918,810,170.04

Notes to financial statements are parts of these financial statements.

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS (Cont.)
AS AT DECEMBER 31, 2009 AND 2008

Liabilities and owner's equity (Cont.)	Note	Consolidated (Baht)		Separated (Baht)	
		2009	2008	2009	2008
Owners' equity					
Share capital					
Authorized share capital					
400,000,000 common					
shares of Baht 1 each		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Issued and paid-up share					
capital 400,000,000					
common shares of					
Baht 1 each		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Premium on share capital		653,768,750.00	653,768,750.00	653,768,750.00	653,768,750.00
Retained earnings					
Appropriated Legal reserve	18	31,266,000.00	29,810,000.00	31,266,000.00	29,810,000.00
Unappropriated		193,802,638.73	173,887,821.08	270,581,612.29	242,927,120.62
Total owners' equity		1,278,837,388.73	1,257,466,571.08	1,355,616,362.29	1,326,505,870.62
Minority interest		250.04	252.74	-	-
Total owners' equity					
and minority interest		1,278,837,638.77	1,257,466,823.82	1,355,616,362.29	1,326,505,870.62
Total liabilities and owners' equity		2,019,260,456.69	2,138,934,323.20	2,144,087,108.61	2,245,316,040.66

Notes to financial statements are parts of these financial statements.

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Consolidated (Baht)		Separated (Baht)	
	2009	2008	2009	2008
Revenues from sales	873,071,767.53	1,027,513,762.58	746,551,813.34	869,588,131.90
Cost of sales	(648,246,787.79)	(796,184,056.40)	(536,576,422.14)	(666,881,777.54)
Gross profit	224,824,979.74	231,329,706.18	209,975,391.20	202,706,354.36
Other income	9,983,816.72	8,917,743.87	15,853,949.89	14,433,852.83
Profit before expenses	234,808,796.46	240,247,450.05	225,829,341.09	217,140,207.19
Reversal of loss (Loss) on evaluation of inventories	(2,092,814.31)	7,304,679.70	110,985.32	4,877,421.12
Selling expenses	(89,116,728.66)	(118,350,138.19)	(77,994,040.80)	(99,813,362.50)
Administrative expenses	(81,483,458.85)	(104,638,663.83)	(74,770,321.12)	(97,280,293.32)
Total expenses	(172,693,001.82)	(215,684,122.32)	(152,653,376.60)	(192,216,234.70)
Profit before financial cost	62,115,794.64	24,563,327.73	73,175,964.49	24,923,972.49
Financial cost - interest expenses	(40,744,979.69)	(54,908,521.13)	(44,065,472.82)	(57,867,373.85)
Net profit (loss)	21,370,814.95	(30,345,193.40)	29,110,491.67	(32,943,401.36)
Profit (Loss) attributable to :				
Equity holders of the parent	21,370,817.65	(30,345,194.33)	29,110,491.67	(32,943,401.36)
Minority interests	(2.70)	0.93	-	-
Net profit (loss)	21,370,814.95	(30,345,193.40)	29,110,491.67	(32,943,401.36)
Basic earnings per share				
Net profit (loss)	0.053	(0.076)	0.073	(0.082)
Number of common shares	400,000,000	400,000,000	400,000,000	400,000,000

Notes to financial statements are parts of these financial statements.

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN OWNERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Consolidated

(Unit : Baht)

	Issued and paid-up share capital Common shares	Premium on share capital	Retained earnings		Minority interest	Total
			Appropriated Legal reserve	Unappropriated		
Beginning balance as at January 1, 2008	400,000,000.00	653,768,750.00	29,810,000.00	204,233,015.41	251.81	1,287,812,017.22
Net loss	-	-	-	(30,345,194.33)	0.93	(30,345,193.40)
Ending balance as at December 31, 2008	400,000,000.00	653,768,750.00	29,810,000.00	173,887,821.08	252.74	1,257,466,823.82
Net profit	-	-	-	21,370,817.65	(2.70)	21,370,814.95
Legal reserve	-	-	1,456,000.00	(1,456,000.00)	-	-
Ending balance as at December 31, 2009	400,000,000.00	653,768,750.00	31,266,000.00	193,802,638.73	250.04	1,278,837,638.77

Separated

(Unit : Baht)

	Issued and paid-up share capital Common shares	Premium on share capital	Retained earnings		Total
			Appropriated Legal reserve	Unappropriated	
Beginning balance as at January 1, 2008	400,000,000.00	653,768,750.00	29,810,000.00	275,870,521.98	1,359,449,271.98
Net loss	-	-	-	(32,943,401.36)	(32,943,401.36)
Ending balance as at December 31, 2008	400,000,000.00	653,768,750.00	29,810,000.00	242,927,120.62	1,326,505,870.62
Net profit	-	-	-	29,110,491.67	29,110,491.67
Legal reserve	-	-	1,456,000.00	(1,456,000.00)	-
Ending balance as at December 31, 2009	400,000,000.00	653,768,750.00	31,266,000.00	270,581,612.29	1,355,616,362.29

Notes to financial statements are parts of these financial statements.

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Consolidated (Baht)		Separated (Baht)	
	2009	2008	2009	2008
Cash flows from operating activities				
Net profit (loss) before tax	21,370,817.65	(30,345,194.33)	29,110,491.67	(32,943,401.36)
Minority interest	(2.70)	0.93	-	-
Adjustment :				
Depreciation	164,741,331.20	168,951,160.33	122,415,356.09	126,568,855.98
Doubtful accounts	9,212,500.00	25,316,000.00	7,998,000.00	23,100,000.00
Amortised intangible assets	257,673.78	-	257,673.78	-
Amortized usage right of gas pipe	184,493.14	184,493.14	-	-
Gain from sales of assets	(231.23)	(175,110.25)	(231.23)	(175,110.25)
(Reversal of loss) Loss on evaluation of inventories	2,092,814.31	(7,304,679.70)	(110,985.32)	(4,877,421.12)
Interest expenses	40,744,979.69	54,908,521.13	44,065,472.82	57,867,373.85
Gain from operating activities before changes in current investments	238,604,375.84	211,535,191.25	203,735,777.81	169,540,297.10
(Increase) Decrease in accounts receivable	61,815,932.83	(123,265,364.32)	47,316,613.93	(108,082,755.51)
(Increase) Decrease in accounts receivable to related companies	22,033,921.40	30,011,698.78	22,972,824.10	28,689,648.51
(Increase) Decrease in inventories	(4,424,183.66)	(2,042,780.18)	(3,443,972.87)	1,017,937.69
(Increase) Decrease in machinery spare parts	(103,184.74)	(1,515,255.06)	(54,763.74)	(600,170.02)
(Increase) Decrease in other current assets	3,695,890.47	(4,067,193.66)	3,721,444.49	(3,610,975.61)
(Increase) Decrease in other non - current assets	398,202.55	(2,168,130.00)	398,202.55	(2,168,130.00)
Increase (Decrease) in accounts payable	(34,006,308.54)	30,736,213.03	(26,436,456.23)	24,818,097.15
Increase (Decrease) in advance for goods	14,997.78	(25,857,303.99)	90,299.88	(25,127,485.46)
Increase (Decrease) in accrued expenses	(3,077,185.55)	4,647,734.67	(2,260,735.52)	4,076,857.58
Increase (Decrease) in other current liabilities	(6,681,138.60)	7,168,371.10	(8,111,703.43)	7,257,972.91
Increase (Decrease) in other non - current liabilities	113,000.00	-	113,000.00	-

Notes to financial statements are parts of these financial statements.

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Cont.)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Note	Consolidated (Baht)		Separated (Baht)	
		2009	2008	2009	2008
Cash received from (paid for) operating activities		278,384,319.78	125,183,181.62	238,040,530.97	95,811,294.34
Interest paid		(40,805,376.42)	(59,089,920.21)	(40,805,376.42)	(59,089,920.21)
Corporate income tax paid		(6,072.05)	(8,516.73)	(2,237.57)	(7,289.38)
Net cash provided by (used in) operating activities		237,572,871.31	66,084,744.68	197,232,916.98	36,714,084.75
Cash flows from investing activities					
Cash paid for intangible assets		(2,228,695.00)	-	(2,228,695.00)	-
Cash received from sales of assets		1,000.00	627,102.84	1,000.00	627,102.84
Cash paid for purchase of assets		(5,652,469.25)	(4,276,881.69)	(5,523,408.45)	(3,716,185.37)
Increase (Decrease) in assets payable		(377,646.82)	132,983.46	(377,646.82)	570,103.46
Net cash provided by (used in) operating activities		(8,257,811.07)	(3,516,795.39)	(8,128,750.27)	(2,518,979.07)
Cash flows from financing activities					
Cash received from short - term loans from related company		-	-	-	55,000,000.00
Cash paid for long-term loans		(96,000,000.00)	(99,000,000.00)	(96,000,000.00)	(99,000,000.00)
Cash paid for hire purchase payable		(970,003.00)	(1,528,142.00)	(616,278.00)	(852,244.00)
Net cash provided by (used in) operating activities		(96,970,003.00)	(100,528,142.00)	(96,616,278.00)	(44,852,244.00)
Net increase (decrease) in cash and cash equivalents		132,345,057.24	(37,960,192.71)	92,487,888.71	(10,657,138.32)
Cash and cash equivalents at the beginning of the period	6	34,889,670.89	72,849,863.60	10,274,677.90	20,931,816.22
Cash and cash equivalents at the end of the period	6	167,234,728.13	34,889,670.89	102,762,566.61	10,274,677.90

Notes to financial statements are parts of these financial statements.

QUALITY CONSTRUCTION PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009 AND 2008

1. GENERAL INFORMATION

- 1.1 The Company was incorporated as a company limited under the Thai Law and changed its status to be public company limited on May 22, 2003.
- 1.2 The Company is located at 144 Moo 16, Udomsorayuth Road, Tambol Bangkrasan, Amphur Bang pa-in, Ayutthaya.
- 1.3 The Company engaged in business of production and distribution of autoclaved aerated concrete blocks, reinforced wall panels, floor panels, and lintels for construction uses.

2. PREPARATION OF FINANCIAL STATEMENTS BASIS

The consolidated and separate financial statements have been prepared in conformity with generally accepted accounting principles enunciated under the Accounting Professions Act B.E. 2547 and also prepared in accordance with the notification of Department of Business Development by Ministry of Commerce dated January 30, 2009 regarding the condensed form should be included in the financial statements B.E. 2552 and the regulation of the Securities and Exchange Commission regarding to preparation and presentation the financial report under the Securities and Exchange Act B.E. 2535.

The consolidated and separate financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

3. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

The Company invested in subsidiaries in which has shareholding at 99.99%, thus, the Company has prepared consolidated financial statements on the basis as follows :

- 3.1 These financial statements are consolidated by including the financial statements of Quality Construction Products Public Company Limited and its subsidiaries of which controlled by Quality Construction Products Public Company Limited as stated in note 11.
- 3.2 Transactions between the Company and its subsidiaries have been eliminated under the equity method as if the Company owns 100 per cent shareholding in those subsidiaries, and the interest of other shareholders is shown as “Minority Interest”.
- 3.3 The results of operations of subsidiaries are included in the consolidated financial statements from the control date to the selling date.

- 3.4 The consolidated financial statements have been prepared in conformity with the same accounting policy for the accounts and accounting events to the Company and subsidiaries.

4. NEW ACCOUNTING STANDARDS ISSUANCE

The Federation of Accounting Professions the notification No. 86/2551 and No. 16/2552, pertaining to the Accounting Standards announced in the Government Gazette to follow the new Accounting Standards :

- 4.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year
- Framework for Preparation and Presentation of Financial Statements (Revised 2007)
- TAS 36 (Revised 2007) Impairment of Assets
- TFRS 5 (Revised 2007) Non - Current Assets Held for Sale and Discontinued Operations (Formerly TAS No. 54)
- Accounting Treatment Guidance for Leasehold Right
- Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for the period beginning on or after January 1, 2009. The Company's management has assessed the effect of these standards and believes that TFRS 5 (Revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the Company's business, while Framework or Preparation and Presentation of Financial Statements (Revised 2007), TAS 36 (Revised 2007) and Accounting Treatment Guidance for Leasehold Right have no material impact on the financial statements for the current period.

- 4.2 Accounting standards which are not effective for the current year

		Effective date
No. 20	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2012
No. 24	(Revised 2007) Related Party Disclosures	January 1, 2011
No. 40	Investment Property	January 1, 2011

However, the Company applied the accounting standard No. 24 (revised 2007) before the effective date.

The Company's management has assessed the effect of the accounting standard No. 20 and No. 40 is not relevant to the Company's business, while the accounting standard No. 24 (revised 2007) have no material impact on the financial statements for the year in which they are initially applied.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenues and expenses recognition

Revenues and expenses are recorded on an accrual basis.

Revenues from sales of goods are recognized as income when the goods have been delivered after return and discount.

Other income and expenses are recorded on an accrual basis.

5.2 Cash and cash equivalents

Cash and cash equivalents mean cash on hand and deposit at financial institutions which are due within three months and without limit.

5.3 Allowance for doubtful accounts

The Company and subsidiaries provided allowance for doubtful accounts equal to the estimated uncollectible receivable. The estimated loss are based on historical collection experience coupled with a review of the current status of existing receivables as at the balance sheets date.

5.4 Inventories and machinery spare parts valuation

Inventories consist of finished goods, raw materials, supplies, goods in process and machinery spare parts are valued at the lower of cost or net realizable value. Cost is determined by the weighted average method.

5.5 Allowance for damage goods

The Company and subsidiaries provided allowance for damage goods equal to the estimated actual damage goods at the percentage of inventories balance.

5.6 Investment in subsidiaries

Investment in subsidiaries is stated under cost method less provision for investment impairment.

5.7 Property, plant and equipment, and depreciation

Land and land improvement are stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets. Building and equipment are depreciated by the straight - line method over the estimated useful lives of the assets as follows:

Building and improvement	20	Years
Machinery	15	Years
Equipment	5	Years
Furniture and vehicles	5	Years

5.8 Intangible assets

Computer software are stated at cost less accumulated depreciation on a straight - line method over the economic benefit lives of 5 years.

5.9 Impairment of assets

The Company and subsidiaries have considered the impairment of property, plant and equipment whenever events or changes indicate that the carrying amount of an asset exceeds its recoverable value. The Company will consider the impairment for each asset item or each asset unit generating cash flows, whichever is practical.

In case the carry amount of an asset exceeds its recoverable value, the Company will recognize an impairment loss in the statements of income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment as “gain on reversal of impairment of assets”.

5.10 Transactions in foreign currencies

The Company and subsidiaries record its transactions in foreign currencies converting into Thai Baht by using the exchange rates ruling on the transaction dates. The outstanding balances of accounts in foreign currencies as at the balance sheets date are converted into Thai Baht by using the exchange rates ruling on the same date.

Gain or loss on exchange is taken into income or expense as incurred.

5.11 Basic earnings per share

Earnings (Loss) per share presented in the statements of income is the basic earnings (loss) per share which is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year.

5.12 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumption that affected the reported amounts in the financial statements and disclosure in notes to financial statements. Consequent actual results may differ from these estimates.

5.13 Provision for liabilities

The Company and subsidiaries recognize a provision for liabilities when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle obligation and reliable estimate can be made of the amount of the obligation. If some or

all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company and subsidiaries settle the obligation. The amount recognized should not exceed the amount of the provision.

6. ADDITIONAL OF CASH FLOWS INFORMATION

Cash and cash equivalents consist of cash on hand and balance at bank. Cash and cash equivalents in statement of cash flow comprise of the transactions presented in balance sheet as follow :

In 2009	Consolidated (Baht)		Separated (Baht)	
	December 31, 2009	January 1, 2009	December 31, 2009	January 1, 2009
Cash on hand	175,100.00	245,900.00	125,000.00	175,800.00
Current accounts	1,490,263.38	3,139,387.20	692,989.31	2,303,192.77
Savings deposit	165,569,364.75	31,504,383.69	101,944,577.30	7,795,685.13
Total	167,234,728.13	34,889,670.89	102,762,566.61	10,274,677.90

In 2008	Consolidated (Baht)		Separated (Baht)	
	December 31, 2008	January 1, 2008	December 31, 2008	January 1, 2008
Cash on hand	245,900.00	175,900.00	175,800.00	125,800.00
Current accounts	3,139,387.20	462,816.44	2,303,192.77	276,019.81
Savings deposit	31,504,383.69	72,211,147.16	7,795,685.13	20,529,996.41
Total	34,889,670.89	72,849,863.60	10,274,677.90	20,931,816.22

7. CASH AND CASH EQUIVALENTS

	Consolidated (Baht)		Separated (Baht)	
	2009	2008	2009	2008
Cash on hand	175,100.00	245,900.00	125,000.00	175,800.00
Current accounts	1,490,263.38	3,139,387.20	692,989.31	2,303,192.77
Savings deposit	165,569,364.75	31,504,383.69	101,944,577.30	7,795,685.13
Total	167,234,728.13	34,889,670.89	102,762,566.61	10,274,677.90

8. ACCOUNTS RECEIVABLE - NET

	Consolidated (Baht)		Separated (Baht)	
	2009	2008	2009	2008
Accounts receivable	155,051,106.39	216,867,039.22	136,088,531.55	183,405,145.48
Less Allowance for doubtful accounts	(54,771,500.00)	(45,559,000.00)	(51,341,000.00)	(43,343,000.00)
Accounts receivable - net	100,279,606.39	171,308,039.22	84,747,531.55	140,062,145.48

The delinquent accounts receivable separated by aging as follows:

	Consolidated (Baht)		Separated (Baht)	
	2009	2008	2009	2008
Within due	59,864,728.58	89,602,564.19	50,577,512.99	75,569,537.56
Over due :				
Not over 3 months	33,831,565.92	69,668,759.83	27,601,265.34	56,236,543.48
3 months to 6 months	2,975,433.99	7,373,826.18	2,975,433.99	5,447,643.76
6 months to 9 months	1,582,791.83	4,342,204.63	1,582,791.83	2,187,459.39
9 months to 12 months	3,360,417.73	1,705,963.77	3,339,616.93	1,589,248.37
Over 12 months	53,436,168.34	44,173,720.62	50,011,910.47	42,374,712.92
Total	155,051,106.39	216,867,039.22	136,088,531.55	183,405,145.48

9. INVENTORIES - NET

	Consolidated (Baht)		Separated (Baht)	
	2009	2008	2009	2008
Goods	1,109,034.97	1,261,623.52	712,278.28	839,051.60
Finished goods	65,254,750.24	55,432,810.45	46,163,046.18	37,667,984.02
Raw materials	26,216,575.02	29,338,238.86	22,775,559.14	26,213,498.24
Supplies used	21,647,013.50	23,770,517.24	18,579,253.09	20,065,629.96
Total	114,227,373.73	109,803,190.07	88,230,136.69	84,786,163.82
Less Allowance for decline in value of Inventories	(11,469,471.50)	(9,376,657.19)	(9,265,671.87)	(9,376,657.19)
Inventories - net	102,757,902.23	100,426,532.88	78,964,464.82	75,409,506.63

10. MACHINERY SPARE PARTS - NET

	Consolidated (Baht)		Separated (Baht)	
	2009	2008	2009	2008
Machinery spare parts	28,411,287.49	28,308,102.75	23,663,623.47	23,608,859.73
Less Allowance for damage of machinery spare parts	(3,000,000.00)	(3,000,000.00)	(3,000,000.00)	(3,000,000.00)
Machinery spare parts - net	25,411,287.49	25,308,102.75	20,663,623.47	20,608,859.73

11. INVESTMENTS IN SUBSIDIARY

Company	Type of business	(Thousand Baht)		%	
		Paid-up share capital		Percentage of investment	
		2009	2008	2009	2008
- Q-Con Eastern Co., Ltd.	Manufacturer and distributor autoclaved aerated concrete	791,000	791,000	99.99	99.99

12. PROPERTY, PLANT AND EQUIPMENT - NET

(Unit : Baht)

Consolidated	December 31, 2008	Increase	Sales	Transfer in (out)	December 31, 2009
Cost :-					
Land and improvement	205,349,070.05	-	-	-	205,349,070.05
Building	699,177,391.67	-	-	-	699,177,391.67
Machinery and equipment	1,928,010,546.99	-	-	6,927,245.00	1,934,937,791.99
Office equipment	64,467,367.54	737,981.15	(23,000.00)	-	65,182,348.69
Office furniture	5,754,572.03	207,508.10	-	-	5,962,080.13
Vehicles	12,798,828.29	-	-	-	12,798,828.29
Assets under construction	420,217.55	-	-	-	420,217.55
Machinery under installation	2,220,265.00	4,706,980.00	-	(6,927,245.00)	-
Total	2,918,198,259.12	5,652,469.25	(23,000.00)	-	2,923,827,728.37
Accumulated depreciation :-					
Building	217,361,021.69	34,958,869.58	-	-	252,319,891.27
Machinery and equipment	888,319,129.94	122,364,992.64	-	-	1,010,684,122.58
Office equipment	53,167,680.18	5,793,025.95	(22,231.23)	-	58,938,474.90
Office furniture	4,586,967.57	543,137.30	-	-	5,130,104.87
Vehicles	9,681,020.90	1,081,305.73	-	-	10,762,326.63
Total	1,173,115,820.28	164,741,331.20	(22,231.23)	-	1,337,834,920.25
Net book value	1,745,082,438.84				1,585,992,808.12

12. PROPERTY, PLANT AND EQUIPMENT - NET (Cont.)

(Unit : Baht)

Separated	December 31, 2008	Increase	Sales	Transfer in (out)	December 31, 2009
Cost :-					
Land and improvement	145,349,070.05	-	-	-	145,349,070.05
Building	529,063,101.48	-	-	-	529,063,101.48
Machinery and equipment	1,457,028,745.88	-	-	6,927,245.00	1,463,955,990.88
Office equipment	54,535,991.48	613,131.15	(23,000.00)	-	55,126,122.63
Office furniture	4,749,061.25	203,297.30	-	-	4,952,358.55
Vehicles	11,934,276.29	-	-	-	11,934,276.29
Assets under construction	235,532.10	-	-	-	235,532.10
Machinery under installation	2,220,265.00	4,706,980.00	-	(6,927,245.00)	-
Total	2,205,116,043.53	5,523,408.45	(23,000.00)	-	2,210,616,451.98

12. PROPERTY, PLANT AND EQUIPMENT - NET (Cont.)

(Unit : Baht)

Separated	December 31, 2008	Increase	Sales	Transfer in (out)	December 31, 2009
Accumulated depreciation :-					
Building	189,781,255.03	26,453,155.07	-	-	216,234,410.10
Machinery and equipment	809,511,466.30	90,917,181.45	-	-	900,428,647.75
Office equipment	47,611,910.83	3,795,201.44	(22,231.23)	-	51,384,881.04
Office furniture	4,116,841.31	341,422.80	-	-	4,458,264.11
Vehicles	9,340,601.73	908,395.33	-	-	10,248,997.06
Total	1,060,362,075.20	122,415,356.09	(22,231.23)	-	1,182,755,200.06
Net book value	1,144,753,968.33				1,027,861,251.92

As at December 31, 2009 and 2008, building and equipment at book value before less accumulated depreciation which were fully depreciated of Baht 72.95 million and Baht 48.93 million, respectively, but are still being operated.

The Company and subsidiaries used land, factory building and part of machinery as guarantee for overdrafts and loans from financial institution (note 14 and 17).

13. INTANGIBLE ASSETS - NET

	Consolidated / Separated (Baht)		
	December 31, 2009	Increase	December 31, 2008
Computer software	0.00	2,228,695.00	2,228,695.00
Less Amortization	0.00	(257,673.78)	(257,673.78)
Intangible Assets - net	0.00		1,971,021.22

Amortized intangible assets for the year ended December 31, 2009 in amount of Baht 0.26 million.

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

	Consolidated / Separated (Baht)	
	2009	2008
Short - term loans - promissory note	100,000,000.00	100,000,000.00
Total	100,000,000.00	100,000,000.00

The Company has overdrafts line with a financial institution of Baht 20 million, guaranteed by mortgaging land, building with construction and pledging machinery (note 12).

The Company issued promissory note to a financial institution in amount of Baht 100 million with interest rate MLR per annum, redeemed every three months.

15. SHORT - TERM LOAN FROM RELATED COMPANY

As at December 31, 2009 and 2008, the Company has loan from a related company amount of Baht 55 million, documented by promissory note at the interest rate MLR per annum, due at call.

16. HIRE PURCHASE PAYABLE - NET

The Company and subsidiaries have hire purchase payable as follows:

	Consolidated (Baht)		Separated (Baht)	
	2009	2008	2009	2008
Hire purchase payable	876,726.00	1,846,729.00	876,726.00	1,493,004.00
Less Current portion of hire purchase payable	(584,484.00)	(786,066.00)	(584,484.00)	(616,278.00)
Hire purchase payable - net	292,242.00	1,060,663.00	292,242.00	876,726.00

17. LONG - TERM LOANS - NET

	Consolidated / Separated (Baht)	
	2009	2008
Long-term loans	535,600,000.00	631,600,000.00
Less Current portion of long-term loans	(120,000,000.00)	(96,000,000.00)
Long - term loans - net	415,600,000.00	535,600,000.00

The Company has loan from a financial institution at the interest rate MLR. The loan repayment will be made in January 2005 to April 2009, guaranteed by mortgaging land with its construction (note 12). On May 30, 2006, the Company changed term and loan repayment condition to be due in August 2010 under additional revised loan agreement no. 1 and on January 29, 2008, the Company changed term and loan repayment condition to be due in December 2013 under additional revised loan agreement no. 2.

The Company has to comply with the conditions in the loan agreement and will pay dividend whenever it could maintain the financial ratio based on the proportion as agreed.

18. LEGAL RESERVE

Under the provisions of the Public Company Limited Act, the Company is required to appropriate at least 5% of the annual net profit after deduction of the deficit brought forward (if any) as legal reserve until the reserve reaches 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

19. PROVIDENT FUND

The Company and subsidiaries established provident fund by the employees' contribution to the fund at the rate of 3 - 5% of their salaries and the Company also contributed to the fund at the rate of 3 - 5% of employees' salaries. The fund is managed by a fund manager company in accordance with the regulations of Provident fund Act B.E. 2542.

20. EXPENSES ANALYZED BY NATURE OF EXPENSE

Significant expenses analysis by nature of expense as follows :

	Consolidated		Separated	
	2009	2008	2009	2008
Changing in finished goods and work in process	9,669,351.24	2,655,175.90	8,368,288.84	(4,513,399.07)
Purchased of raw material and supplies	321,576,567.59	506,100,267.36	280,486,542.25	448,609,409.78
Salary, wage and other benefit for staff	90,782,004.42	89,150,662.38	77,607,868.22	76,594,228.15
Director and executive director's remuneration	22,183,725.51	20,823,314.19	22,183,725.51	20,823,314.19
Depreciation and amortization	165,183,498.12	169,135,653.47	122,673,029.87	126,568,855.98

21. TRANSACTION WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transaction with persons and related companies. These related transactions are determined on the price and conditions in the normal course of business. The relationship of the Company and related companies are as follows :

Related Companies	Type of Business	Relationship
1. Land and Houses Plc.	Property Development	The Company's shareholder and there are common directors.
2. Asian Property Development Plc.	Property Development	The Company's shareholder and there are common directors.
3. Quality Houses Plc.	Property Development	The Company's shareholder and there are common directors.

21. TRANSACTION WITH RELATED PARTIES (Cont.)

Related Companies	Type of Business	Relationship
4. Land and Houses Northeast Co., Ltd.	Property Development	There are common shareholders and directors
5. Pacific Real Estate Co., Ltd.	Property Development	There are common shareholders and directors
6. LH Real Estate Co., Ltd.	Property Development	There are common shareholders and directors
7. LH Muangmai Co., Ltd.	Property Development	There are common shareholders and directors
8. LH Assets Co., Ltd.	Property Development	There are common shareholders and directors
9. Asian Property Co., Ltd.	Property Development	There are common shareholders and directors
10. Home Product Center Plc.	Construction material distributor	There are common shareholders and directors
11. Pre-Built Plc.	Construction contractor	There are common shareholders and directors
12. Casa Ville Co., Ltd.	Property Development	There are common shareholders and directors
13. Land and Houses Retail Bank Plc.	Bank	There are common shareholders and directors
14. Q-Con Eastern Co., Ltd.	Manufacturer and distributor autoclaved aerated concrete	The Company's subsidiary and there are common directors

21.1 In the balance sheets

Unit : Thousand Baht

	Consolidated		Separated	
	2009	2008	2009	2008
Cash at banks - saving deposit				
Land and Houses Retail Bank Plc.	427	105	427	105
Total	427	105	427	105
Accounts receivable				
Land and Houses Plc.	8,943	19,116	8,943	19,116
Asian Property Development Plc.	4,422	301	4,422	301
Quality Houses Plc.	7,618	10,684	7,618	10,684
Land and Houses Northeast Co., Ltd.	57	84	57	84
Pacific Real Estate Co., Ltd.	73	73	73	73
LH Muangmai Co., Ltd.	-	481	-	481
LH Asset Co., Ltd.	48	48	48	48
Home Products Center Plc.	800	3,199	800	3,199
Pre-Built Plc.	875	1,601	875	1,601
Casa Ville Co., Ltd.	6,948	16,232	6,948	16,232
Q-Con Eastern Co., Ltd.	-	-	1,370	2,308
Total	29,784	51,819	31,154	54,127

21.1 In the balance sheets (Cont.)

Unit : Thousand Baht

	Consolidated		Separated	
	2009	2008	2009	2008
Advance payment				
Q-Con Eastern Co., Ltd.	-	-	-	31
Total	-	-	-	31
Short - term loan				
Q-Con Eastern Co., Ltd.	-	-	55,000	55,000
Total	-	-	55,000	55,000
Advance received				
Q-Con Eastern Co., Ltd.	-	-	-	653
Total	-	-	-	653
Accrued interest payable				
Q-Con Eastern Co., Ltd.	-	-	6,279	2,959
Total	-	-	6,279	2,959
Advance for goods				
Land and Houses Plc.	-	155	-	155
Quality Houses Plc.	67	67	67	67
Total	67	222	67	222

21.2 In the statements of income

Unit : Thousand Baht

	Consolidated		Separated	
	2009	2008	2009	2008
Sales of goods				
Land and Houses Plc.	41,178	72,486	41,178	72,486
Asian Property Development Plc.	9,054	-	9,054	-
Quality Houses Plc.	30,018	44,530	30,018	44,530
Land and Houses Northeast Co., Ltd.	-	544	-	544
Pacific Real Estate Co., Ltd.	-	1,092	-	1,092
L H Muangmai Co., Ltd.	-	3,464	-	3,464
Home Products Center Plc.	1,391	6,275	1,391	6,275
Pre-Built Plc.	4,710	3,938	4,710	3,938
Casa Ville Co., Ltd.	29,624	54,081	29,624	54,081
Q-Con Eastern Co., Ltd.	-	-	4,161	4,144
Total	115,975	186,410	120,136	190,554

21.2 In the statements of income (Cont.)

Unit : Thousand Baht

	Consolidated		Separated	
	2009	2008	2009	2008
Others income				
Q-Con Eastern Co., Ltd.	-	-	7,994	7,201
Total	-	-	7,994	7,201
Interest paid				
Q-Con Eastern Co., Ltd.	-	-	3,320	2,959
Total	-	-	3,320	2,959

In 2009 and 2008, the trading price of goods which dealt between the Company and related companies are the price and repayment conditions in the normal course of business as similar to deal with the other receivables.

22. COMMITMENT AND CONTINGENT LIABILITIES

22.1 As at December 31, 2009 and 2008, the Company and subsidiaries have commitment from bank issuance of letter of guarantee for electricity usage to the Provincial Electricity Authority total amount of Baht 5.10 million, accounts payable of Baht 2 million and Baht 2.55 million, respectively.

22.2 As at December 31, 2008, the Company and subsidiaries have contingent liabilities on opening letter of credit for trade of Baht 2.36 million.

22.3 The Company and subsidiaries have commitment on payment of royalty fee for the using of trade mark to a company in Germany as indicated in agreement until the year 2022.

23. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

23.1 Accounting Policy

The significant accounting policies and method adopted the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes 5.

23.2 Credit Risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. Financial assets shown in balance sheets at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

23.3 Exchange Rate Risk

As at December 31, 2009 and 2008, the Company and subsidiary have liabilities in foreign currencies without entering into exchange rate hedging contract as follows :

	Consolidated		Separated	
	2009	2008	2009	2008
Foreign accounts payable				
US Dollar	134,400.00	67,200.00	134,400.00	67,200.00
Foreign other payable				
EURO	100,000.00	100,000.00	75,000.00	75,000.00

23.4 Fair Value of Financial Instruments

Financial assets shown in balance sheets consist of cash on hand and at bank, fixed deposit, accounts receivable. Financial liabilities shown in balance sheets consist of bank overdrafts and loans from financial institution, accounts payable and other payables.

The book value of financial assets and liabilities in balance sheets as at December 31, 2009 and 2008 are close to their estimated fair value.

24. SEGMENT INFORMATION

The Company and subsidiaries's operations involve virtually a single concrete for using in construction business in geographical segment both in domestic and overseas. The geographical segment of export sales had the amount not over than 10% of total sales, therefore, the financial information by segment was not presented.

25. RIGHT AND PROMOTIONAL PRIVILEGES

The Company and subsidiaries were granted certain right and privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with certification no. 1607(2)/2547 dated July 29, 2004 and no. 1933(2)/2547 dated November 3, 2004 of the Company and no. 2065(2)/2547 dated December 15, 2004 of the subsidiary for autoclaved aerated concrete production business. Under the certain condition in right and privileges include exemption of corporate income tax for net profit derived from promoted business for the period of 7 and 8 years, respectively, from the date of income earnings.

26. CORPORATE INCOME TAX

The Company and subsidiaries were granted the right on taxation as approved by the Board of Investment include exemption of corporate income tax for net profit derived from promoted business.

The Company and subsidiaries recorded income tax by calculating from net profit for the year adjusted by any transactions as prescribed in the Revenue Code.

27. FINANCIAL STATEMENTS APPROVAL

These financial statements have been approved to be issued by the Company's Board of Directors on February 18, 2010.



**แข็งแกร่งคุ้มค่า
ต้องความหนา
7.5 ซม.**

**เลือกอิฐมวลเบาสำหรับผนังบ้าน
เลือกความหนา 7.5 ซม. เดิม**

เพราะเป็น...ความหนาที่ได้รับการรับรองมาตรฐานจาก มอก. ซึ่งมั่นใจได้ในความแข็งแรง ประหยัดงบประมาณ และเวลาในการก่อสร้าง ด้วยเนื้อวัสดุที่หนาเต็ม 7.5 ซม. สามารถฉาบได้ง่าย เพียงขึ้นเดียวจึงประหยัดปูนฉาบ ประหยัดเวลา งานเสร็จเร็วกว่า เลือกผนังอิฐมวลเบาสำหรับบ้านและอาคาร อย่าลืมระบุ **อิฐมวลเบา Q-CON 7.5 ซม.** เท่านั้น คุณภาพและความหนาที่มี มอก. รับประกัน!

*7.5 ซม. เป็นความหนาต่ำสุดของอิฐมวลเบาที่ มอก. รับรอง

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