



TOYO-THAI CORPORATION PUBLIC COMPANY LIMITED

ANNUAL REPORT 2011

 Abu Dha Bi

 Myanmar

 Vietnam

 Thailand

 Malaysia



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VISION

TTCL is to be a "High Efficiency
International Engineering Company"

JOY OF ENGINEERING AND ACHIEVEMENT

TTCL aims to be a company where everybody
works with joy of engineering and achievement

Toyo-Thai Corporation Public Company Limited (TTCL), the First All-Round Engineering Company in Thailand, was incorporated in 1985 by the joint venture of Italian-Thai Development Public Company Limited, one of the largest contractors in Thailand, and Toyo Engineering Corporation, a leading international engineering company in Japan.

TTCL is the integrated contractor who provides integrated design and engineering, procurement of machines & equipment, and construction (integrated EPC) for turnkey projects, mainly petroleum, petrochemical, and energy industries.

In 1997, TTCL has expanded its international business and has been entrusted to build plants in United States of America, China, Bangladesh, Vietnam, Malaysia, United Arab Emirates and etc. In conjunction with its strong global network and alliances, TTCL has also set up its own subsidiaries in Vietnam, Malaysia, Myanmar and United States of America, to serve the increasingly demand for process plants design and construction in overseas market.

In 2009, TTCL became a listed company in the Stock Exchange of Thailand with registered capital THB 480 million (approximately USD 16 million) and fully paid-up.

In 2010, its business network and alliances were strengthened for having Chiyoda Corporation, the Second Largest Engineering Contractor in Japan, as one of its major shareholders.

In 2011, the stock was qualified and added into SET100 index in late 2011.

Through 27 years of experiences and strong commitment, TTCL has undertaken more than 190 projects of the process plants and facilities and earned solid reputation for quality, safety, and on-time delivery. TTCL aims to continue serving all clients to promote economically and environmentally safe engineering for community.

TTCL is proud to be the first successful Thai EPC company who has proved its competence and competitiveness to any other leading foreign companies.

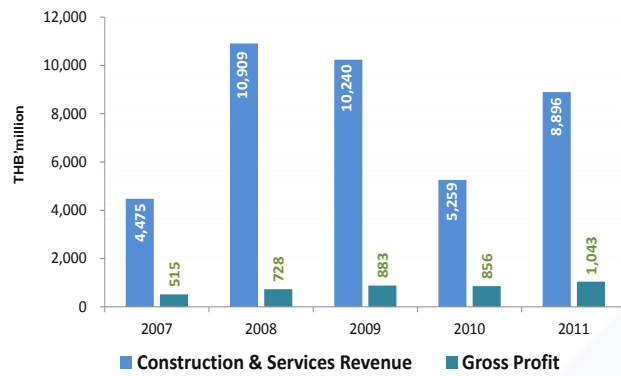


Financial Highlights

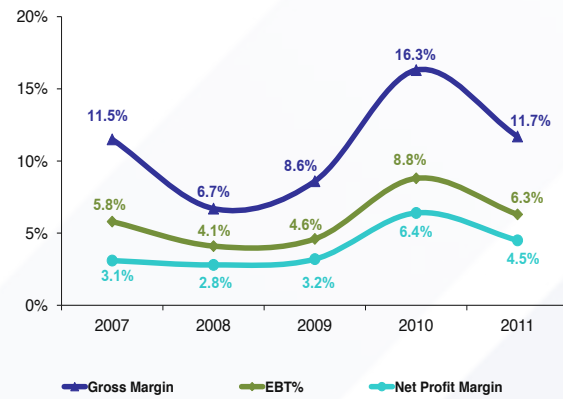
(Currency : THB' million)

Year Ended Result	2011	2010	% Change
Construction and Service Revenues	8,896.43	5,258.66	69.18%
Total Revenues	8,995.13	5,318.14	69.14%
Gross Profit	1,043.24	856.30	21.83%
Gross Profit Margin	11.73%	16.28%	(27.99%)
Net Profit	403.67	337.83	19.49%
Net Profit Margin	4.49%	6.35%	(29.36%)
Return on Assets (ROA)	5.85%	9.19%	(36.39%)
Return on Equity (ROE)	24.00%	22.00%	9.10%
Earnings Per Share (EPS) (Baht Per Share)	0.83	0.70	18.57%

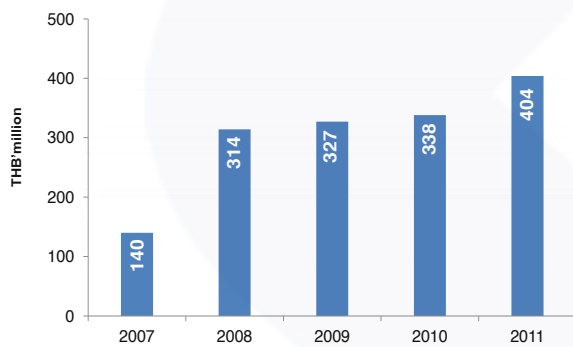
1) Construction & Services Revenue and Gross Profit



2) Profitability



3) Net Profit



4) Earning Per Share



Dear Shareholders

We are proud to report you our successes and achievements in 2011 as a result of our 2-pronged business strategy: an International Engineering, Procurement, and Construction Contractor & Project Co-Investor.

We have set our new business directions to diversify more on international EPC markets and, at the same time, sought business opportunities for jointly investment in selected attractive projects to secure and stabilize long-term revenue. We are delighted that responses from international markets are positive. Two of sizable overseas projects awarded in the 2nd half of 2011 in Malaysia and Vietnam amounting USD 300 million in aggregate evidenced our successes. Additionally, we have now set up new subsidiaries in Malaysia, Myanmar and the USA to support TTCL future growth while our Vietnam subsidiary has also reported for stronger business results. And we believe this trend shall continue in 2012 and our business plan for having half of revenue generated from overseas regions by 2015 is no longer a distant reality.

Another development was achieved in late 2011 for having new business alliance, Korean Midland Power Co., Ltd. or KOMIPO, a leading international Thermal Power company from South Korea providing Operation and Maintenance services to power generation plants worldwide. Two joint-investment domestic projects are on the line; Navanakorn Electric's 110MW Combined Cycle Gas Turbine Power Plant and Siam Solar Power's 8MW Photovoltaic Electrical Plant. This is considered as a starting point, though, as we expect more businesses from our co-operations both in Thailand and overseas in the near future.

TTCL's stock price has grown steadily and now being qualified for SET100 index. On behalf of the management, I would like to express my sincere gratitude to all stakeholders for all supports contributing to the Company's successes. Strong commitment to our businesses is non-negotiable and our "Joy of Engineering and Achievement" concept will be pursued and continuously enhance our shareholders' values.

Best Regards



Mr. Hironobu Iriya,
President & CEO

Dear Shareholders

The Audit Committee was appointed by a resolution from the Extraordinary General Meeting of Shareholders on Jun 30, 2008 and composed of three independent directors of whom Mr.Sivaraks Phinitcharomna was appointed as the chairman, Mr.Gumthorn Utarnwuthipong and Mr.Ryuzo Nagaoka were appointed as committee members. Mr. Kobchai Thanasukarn, General Manager - Finance Department of the Company is the secretary to Audit Committee.

In 2011, the Audit Committee conducted 7 meetings to consider and provided opinions on the following issues.

1. Reviewed quarterly and yearly financial statements before presentation to the Board of Directors to insure proper control and preparation of accurate and complete financial statements, including adequate disclosure in accordance with generally accepted accounting principles. The Audit Committee also met independently with the external auditor without management attending once every year.

2. Reviewed internal control systems and followed up corrective actions through the annual year risk base audit plan that covered risks and all activities of the Company which prioritized audit frequency by high risk areas. The Audit Committee found that management had taken corrective actions in accordance with audit recommendations and in keeping with internal audit plan. The Audit Committee follow up audit results, audit development and audit methodology to increase efficiency and effectiveness.

3. Review the result of risk management to ensure that sufficient and proper attention is paid to managing risks. The Company's management established a risk management committee, and the reports from the committee show that the Company's risk management activities are sufficient and continuously being improved. .

4. Reviewed whether the Company complied with rules and regulations of the Stock Exchange of Thailand, Security and Exchange Commission and other official rules and regulations related to the Company's activities.

5. Reviewed and provided opinions on connected transactions and those that might have conflict of interests complied with rules, fairness and adequacy of disclosure.

6. Reviewed auditor independence and recommended annual appointment as well as compensation.

7. Provide opinion on Internal Audit Manager regarding appointment, assignment and performance evaluation.



8. The Audit Committee conducted self-evaluation on its performance for the year 2011 and was satisfied with its performance. The results of self-evaluation were reported to the Board of Directors.

The Audit Committee had unlimited access to the company information. The Audit Committee could request advice and discussed matters with management, internal and external auditor and outside consultant without restriction. The Audit Committee received reports from related management, internal independent auditors that the Company maintains and adheres to good corporate governance principles, and as such, finds that the financial statements were accurate and completed per principle of materiality in accordance with the generally accepted accounting principles; that the Company disclosed information adequately, and that the Company's internal control systems are sufficient with no significant weaknesses. The Audit Committee also finds that the rules and regulations of the Security Exchange Commission and Stock Exchange of Thailand were properly complied with, as well as other related laws. Connected transactions that might lead to conflict of interest were reviewed whether they were normal course of business or not, must be undertaken with careful consideration of appropriateness and benefit to the company. The company has continuously developed and improved on its good corporate governance.

For the year 2011, the Audit Committee is satisfied with results of independence evaluation and appropriateness of the Auditor. Therefore, the Audit Committee proposed to the Board of Directors to appoint PricewaterhouseCoopers ABAS Limited, to be the Company's auditors for another year with the annual fee increasing 10% from 1.8 million Baht to 1.98 million Baht due to the audit coverage that expands in both domestic and oversea businesses, and to propose this matter at the general shareholder meeting for approval.

On behalf of the Audit Committee



(Mr. Sivaraks Phinicharomna)
Chairman of the Audit Committee
23 February 2012

Dear Shareholders

To align with corporate governance guidelines for listed companies, the Board of Directors has appointed a Nomination and Remuneration Committee on November 15, 2010 consisting of at least three directors from either the Board of Directors or the Board of Management, most of whom must be independent Director and none of whom is to be the Chairman of the Board of Director or the CEO.

The committee deliberates selection and nomination of people qualified to become directors by defining a procedure and selection criteria for the benefit of transparency and fairness. The Committee followed the process of proposing names for the Board's consideration before submitting them to the Annual General Meeting. As regards the appointment of directors to fill vacancies by resignations during the years, the committee nominated people for the Board's approval. Details have been disclosed in this annual report for transparency of examination.

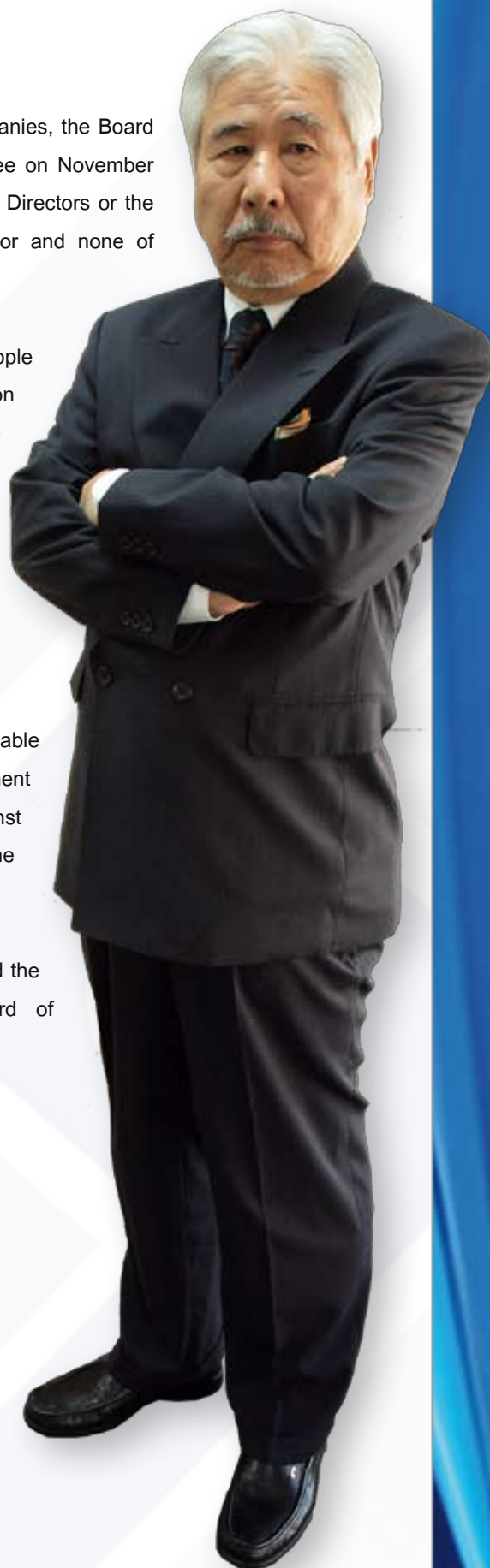
The Committee also consider on a fair and reasonable compensation for the Board of Directors and the Board of Management on criteria linking compensation to TTCL's overall performance against listed companies of the same business group before tabling them to the shareholders' meeting for approval.

For transparency of examination, the Committee has disclosed the compensation details of the Board of Directors and the Board of Management in this annual report.



Mr. Ryuzo Nagaoka

Chairman of the Nomination & Remuneration Committee



Report of Risk Management Committee

Dear Shareholders

There were five times of Risk Management Committee meeting in 2011. The name list of attendance is as follows:-

Name & Position	Attend	Not attend
1.Mr.Gumthorn Utarnwuthipong Chairman	5	-
2.Mr.Saneh Poorisat Member	5	-
3.Mrs.Suratana Trinratana Member	4	1
4.Mr.Wanchai Ratinthorn Member	2	3
5.Mr.Kobchai Thanasukarn Member	4	-
6 Ms.Thippawan Chansuwan Secretary	5	-

To efficiently and effectively carry our risk management as the policy and objectives of company, the risk management committee has appointed the executives and managers to be "the working group". "The working group" will monitor the risk factors and try to reduce the risk that may effect to the shareholders and submit its report to the Board of Director in order to be continuously improved.

To consider the improvement criteria of impact evaluation to the company

The working group proposed to consider the improvement criteria of impact evaluation to the company in operation and in accordance with law, rules, regulations and compliance that may not be appropriated to the company business. The working group mostly agreed that the above mentioned criteria was appropriated to the operation of company business so the company should comply with the criteria.

To consider the improvement of likelihood consideration

The secretary of working group proposed that the main principle to consider for the likelihood should be done to cover 3 significant aspects:

- Probability
- Detectability
- Control

Therefore, the likelihood consideration should be marked in all 3 aspects and calculated for the average. Its result shall represent the value of likelihood. The working group agreed to do as proposed view and will add it in QP-810 Event Identification & Risk Assessment. This also submit to announce as the Company Procedure accordingly.

The risk management committee submit the following risk evaluation to the company for acknowledgement and consideration:

1. Risk of revenue from petroleum and petrochemical industrial cycle
2. Risk from taken bigger project, both domestic and international
3. Risk from changing of the cost. i.e. machines, equipments and materials
4. Risk form currency exchange
5. Risk from delayed handover of the project to customer
6. Risk from loss human resources
7. Risk on decision making of investor considering to impact on environment and healthy
8. Risk from the impact of European crisis
9. Risk from insufficient of human resources
10. Risk from the worst flooding
11. Risk on project which has no experience before
12. Risk from labor shortages
13. Risk on project which has short time frame
14. Risk of income from joint venture
15. Political Uncertainty
16. The Risk of Asean Economic Community
17. The Risk of Earthquakes and Tsunami

To consider the improvement of Company Risk Profile

The committee considered on the likelihood that may occur and effect to company in the future in Strategy, Operation, Finance and Compliance such as political uncertainty, impact of ASEAN (AEC), impact of Earthquakes and Tsunami

To consider the improvement of Risk Treatment Plan

As discussed on Company Risk Profile that agreed to consider the likelihood in all 3 aspects such as Risk from the worst flooding increase to be "M" level. The head of working group informed that the executives has already instructed to every projects to strictly implement as Project Execution Policy including the Protection Plan setting and the insurance to cover the mentioned risk.

As for other items of risk and new identified risk has determined the document on process of regular implementation in order to control risk.

The risk in M and H level, the working group has already determined risk treatment plan.

The performance of risk management committee is part of the corporate governance that cause a successful operation of company as defined in financial statement reported to the shareholders in the annual meeting in 2011.



(Mr.Gumthorn Utarnwuthipong)
Chairman of Risk Management Committee

Nature of Business

EPC Contractor

Services provided to clients for each project can be classified into 3 principal areas, i.e. Engineering Design, Procurement of Machinery & Equipment, and Construction. Works can be separately provided to client upon requirement. However, in general, clients prefer to employ for a full set of services, which is also known as the "Integrated EPC", for quality, cost, and time effectiveness controlling and transfer these duties under contractor's responsibility. The Company is the first Thai engineering contractor who is capable in providing Integrated EPC services. Mostly, the areas of expertise and experiences the company is engaging in are energy industrial, petrochemical and petroleum-related industries both domestic and overseas. The Company can act as main contractor or, as the case may be, jointly co-operate with other contractors, either Thai or foreign partners, in form of joint-venture or consortium. Details for each area of 3 principal service lines, EPC, are described as follows:

1. Engineering Design

In providing the Engineering Design services, the Company's engineering team, consisting of all necessary engineering disciplines such as civil, mechanical, electrical and chemical, is in capable of designing the whole industrial plant both in civil structures and utility systems (electricity, water, air conditioning, solid and wastewater treatment system, storage tanks, production processes, especially petroleum, petrochemical and chemical plants, including measurement and control system required for the plant. Equipped with complete areas of engineering discipline is an important strong point of the Company. This allows the Company to perform integrated services to the clients, costs-saving for additional design works and, yet, closely cooperation between design team and construction team. This advantage will enable the Company to control overall cost of the project in the highest effectiveness.

In the engineering design steps, work is begun with the client's objective and requirement analysis in every dimension before performing design works in full details. Key factors that are needed to take into considerations areas:

- Plant's Safety both in Overall Scope and each Separate Unit.
- Environmental Issues.
- Maximum Quality Output from Production Processes.
- Highest efficiency of production steps both in terms of Heat Balance and Material Balance to Achieve the Lowest Cost of Production Level.
- Reliability of Manufacturing System, Machines and Equipment.
- Lowest Cost for Maintenance or Future Renovation.
- Analysis for Foreseeable Obstacles during Construction Processes and Adjustment Plan for Risk Mitigation.
- Optimal Point of Technology Employed and Project's Costs.

2. Procurement of Machinery and Equipment

In providing procurement services, the Company sources all necessary machines and equipment for the project from both domestic and overseas vendors/manufacturers. The Company also negotiates for price, purchase and delivery conditions, inspecting quality and specification of machines and equipment to be conformed to the engineering design and project schedule as a whole.

From the Company's experiences, most of its clients are in the petroleum and petrochemical business which have obtained promotion privileges from the Board of Investment ("BOI"). This leads the Company to be acquainted and familiar in the process of procurement and import of the equipment from overseas for clients to comply with the requirements of the Board of Investment. Moreover, from worldwide network extended from its major shareholders like Toyo Engineering Corporation and Chiyoda, this advantage additionally equips the Company with the flexibility in procurement, inspection, and expedition from overseas vendors.

3. Construction of Plant

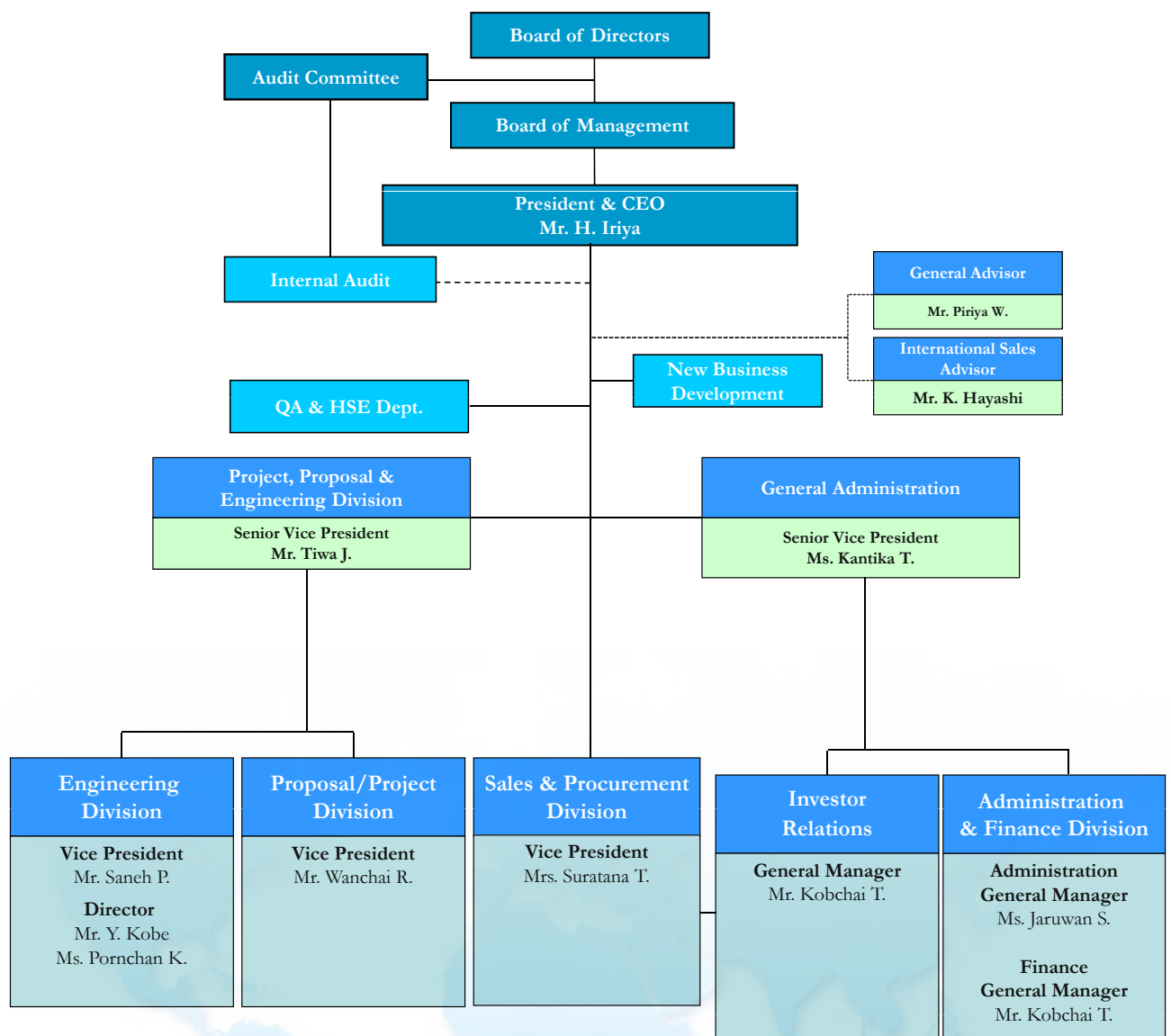
In providing construction service, the Company will assign appropriate engineering team that best-fit with each project for operation. Each project team will be consisted of a project manager and project engineers and lead engineers from various disciplines. All engineers in project team will work jointly and be responsible jointly in executing the project since the beginning of planning, executing and coordinating with client or client's representative, subcontractors, manufacturers and vendors of equipment and materials and the design engineers. Project team will control and inspect the construction work to be assured that quality and timeline are met with the project schedule including budgetary and safety control.

Throughout the process of engineering design, procurement and construction execution, the Company has set up Quality Control Department in its organization consisting of expert in specific field to inspect and follow up quality of work in every stages to ensure that the work in each detail having the efficiency in line with the required quality. For the inspection, the Company will coordinate with client's representative to conduct the inspection.

Generally, in a project which the Company provides the integrated EPC services, the value of engineering design is approximately 30% of the total contract price of the project, the value of procurement of equipment and materials is 40% of the total contract price of the project and the value of construction work is approximately 30% of the contract price of the project. The proportion may be varied due to the complication of project & equipment cost.

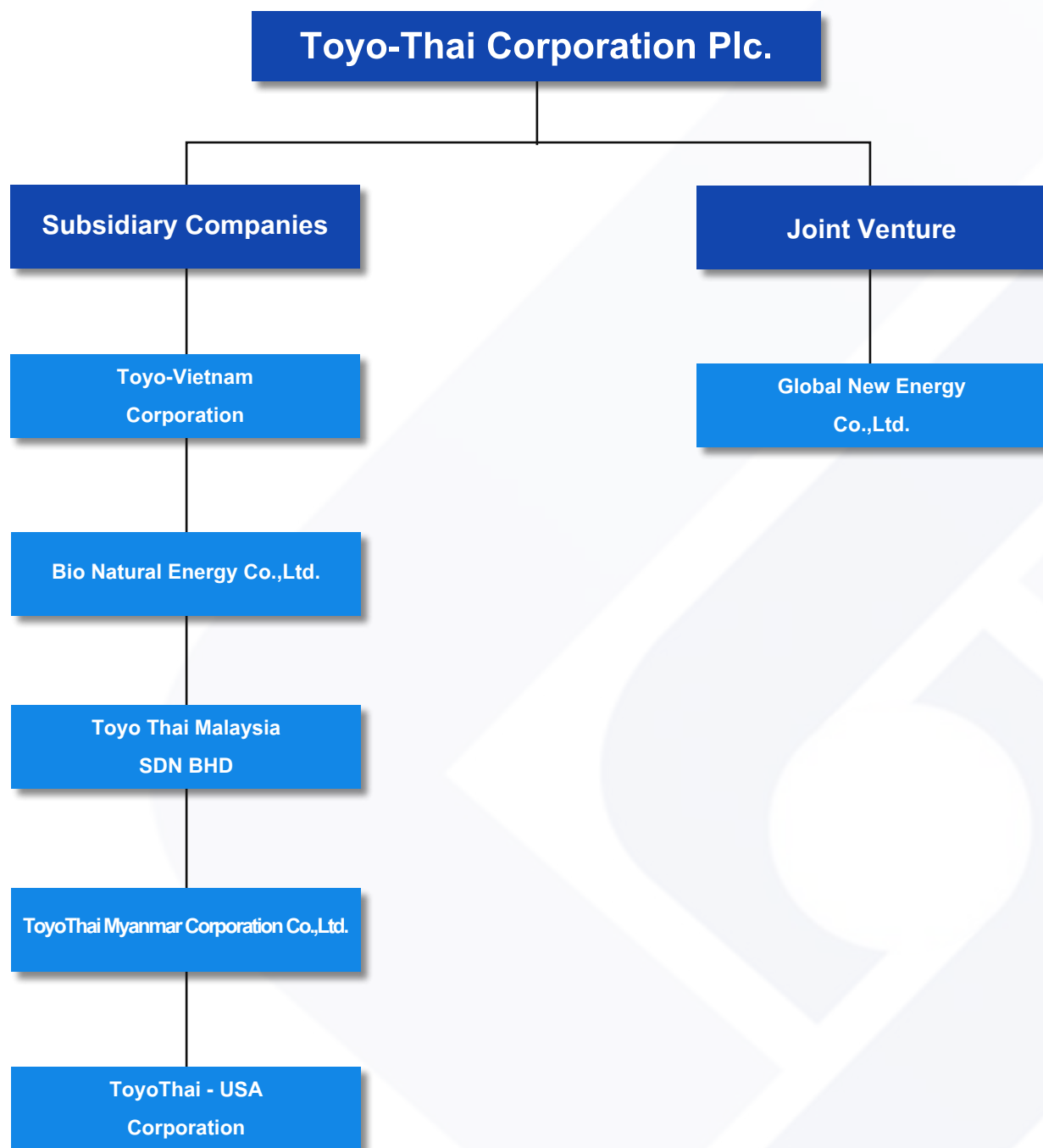


Organization





บมจ. โตโย-ไทย คอร์ปอเรชั่น
Toyo-Thai Corporation Plc.



Board of Directors & Board of Management

Board of Directors



- | | | |
|----|-----------------------------|--|
| 1. | Mr. Hironobu Iriya | Chairman President & CEO |
| 2. | Mr. Piriya Wongphayabal | Vice Chairman |
| 3. | Mr. Makoto Fusayama | Director |
| 4. | Mrs. Nijaporn Charanachitta | Director |
| 5. | Mr. Tiwa Jaruke | Director |
| 6. | Mr. Manabu Mitani | Director |
| 7. | Mr. Sivaraks Phinicharomna | Independent Director and Chairman of Audit Committee |
| 8. | Mr. Gumthorn Utarnwuthipong | Independent Director |
| 9. | Mr. Ryuzo Nagaoka | Independent Director |

Board of Management



- | | | | |
|----|---------------|----------------|--|
| 1. | Mr. Hironobu | Iriya | Chairman , President & CEO |
| 2. | Mr. Tiwa | Jaruke | Senior Vice President , Project, Proposal and Engineering Division |
| 3. | Ms. Kantika | Tanthuvanit | Senior Vice President , General Administration |
| 4. | Mr. Saneh | Poorisat | Vice President , Engineering Division |
| 5. | Mrs. Suratana | Trinratana | Vice President , Sales and Procurement Division |
| 6. | Mr. Wanchai | Ratinthorn | Vice President , Proposal and Project Division |
| 7. | Mr. Yukio | Kobe | Engineering Director , Engineering Division |
| 8. | Ms. Pornchan | Katejulasriroj | Engineering Director , Engineering Division |

Audit Committee, Nomination & Remuneration Committee, and Risk Management Committee



The Audit Committee

1. Mr. Sivaraks Phinicharomna Chairman of Audit Committee
2. Mr. Gumthorn Utarnwuthipong Committee Member
3. Mr. Ryuzo Nagaoka Committee Member



Nomination and Remuneration Committee.

1. Mr. Ryuzo Nagaoka Chairman
2. Mr. Gumthorn Utarnwuthipong Committee Member
3. Mr. Tiwa Jaruke Committee Member



Risk Management Committee.

1. Mr. Gumthorn Nagaoka Chairman
2. Mr. Saneh Poorisat Committee Member
3. Mrs. Suratana Trinratana Committee Member
4. Mr. Wanchai Ratinthorn Committee Member
5. Mr. Kobchai Thanasukarn Committee Member

Shareholders and Number of Shares Held by TTCL Directors & Management

10 Major shareholders as at January 17, 2012:

Name of Major Shareholders	Holding as at January 17, 2012	
	Number of shares	% of shares
1. TOYO ENGINEERING CORPORATION	124,800,000.00	26.00
2. THAI NVDR COMPANY LIMITED	43,072,300.00	8.97
3. CHIYODA CORPORATION	33,600,000.00	7.00
4. GLOBAL BUSINESS MANAGEMENT COMPANY LIMITED	32,000,000.00	6.67
5. ITALIAN-THAI DEVELOPMENT PUBLIC COMPANY LIMITED	18,400,000.00	3.83
6. MR.HIRONOBU IRIYA	12,806,300.00	2.67
7. HSBC (SINGAPORE) NOMINEES PTE LTD	12,091,500.00	2.52
8. BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH	10,600,000.00	2.21
9. CHASE C.S. CEBTRAL NOMINEES LIMITED 24	8,482,800.00	1.77
10.MR.PREMCHAI KARNASUTA	8,320,000.00	1.73

Number of Shares Held by TTCL Directors and Board of Management

As at January 17, 2012

Name	Position	Share Amount	Change during the year Increase / (Decrease)
1. Mr. Hironobu Iriya	Chairman of Board of Director President & CEO	12,806,300	-
2. Mr. Piriya Wongphayabal	Vice Chairman of the Board of Director	4,961,600	-
3. Mrs. Nijporn Charanachitta	Director	4,110,000	390,000
4. Mr. Tiwa Jaruke	Director Board of Management	6,349,600	130,000
5. Mr. Manabu Mitani	Director	-	-
6. Mr. Makoto Fusayama	Director	-	-
7. Pol. Lt. Sivaraks Phinicharomna	Director, Independent Director and Chairman of Audit Committee	100,000	-
8. Mr. Gumthorn Utarnwuthipong	Director, Independent Director and Audit Committee	100,000	-
9. Mr. Ryuzo Nagaoka	Director, Independent Director and Audit Committee	100,000	-
10. Mr. Saneh Poorisat	Board of Management	1,887,600	-
11. Mrs. Suratana Trinratana	Board of Management	5,403,600	-
12. Mr. Wanchai Ratinthorn	Board of Management	1,716,600	-
13. Mr. Yukio Kobe	Board of Management	1,327,400	-
14. Ms. Pornchan Katechulasriroj	Board of Management	1,205,500	-
15. Ms. Kantika Tanthuvanit	Board of Management Company Secretary	5,405,600	130,000

Directors & Management Remuneration

REMUNERATION OF BOARD OF DIRECTORS FROM YEAR 2009 – 2011

	2009		2010		2011	
	Item	Total Amount	Item	Total Amount	Item	Total Amount
Remuneration	9	4,600,000.00	9	4,600,000.00	9	4,600,000.00
Special Bonus	9	1,104,000.00	9	1,472,000.00	9	1,842,511.00
Total	9	5,704,000.00	9	6,072,000.00	9	6,442,511.00

REMUNERATION OF BOARD OF MANAGEMENT FROM YEAR 2009 - 2011

	2009		2010		2011	
	Item	Total Amount	Item	Total Amount	Item	Total Amount
Salary	12	35,804,000.00	11	38,960,000.00	9	38,893,200.00
Bonus	12	8,326,750.00	11	7,588,750.00	9	10,288,500.00
Remuneration	12	6,000,000.00	11	5,500,000.00	9	4,470,000.00
Special Bonus	12	1,440,000.00	11	1,760,000.00	9	1,802,457.00
Total	12	51,570,750.00	11	53,808,750.00	9	55,454,157.00

The remuneration paid to the Director and Management members conforms to the policies and the Board resolutions. Special bonus is reflected from previous year of Management Operation Performance of which the Nomination & Remuneration Committee proposed to the Board for consideration and approval.

Achievements in 2011

- January 2011** • TTCL awarded an EPC Contract for Caustic Soda and Chlorine Plant in Rayong, Thailand from AGC Chemical (Thailand) Company Limited.
- April 2011** • TTCL awarded an EPC Contract for Two Photovoltaic Electrical Plants for Plant No. 1 (SPP3) with capacity 8 MW and Plant No. 2 (SPP4) with capacity 6 MW in Srisaket, Thailand from SunEdison Energy Engineering Company Limited.
- May 2011** • TTCL awarded an EPCm Contract for Vinyl Chlorine Monomer (VCM) and Chlorine Plant in Rayong, Thailand from Vinythai Public Company Limited.
- June 2011** • TTCL awarded an EPCm Contract for Butene-1 and Butadiene Plant in Rayong, Thailand from PTT Chemical Public Company Limited.
- August 2011** • World's largest Hydrogen Peroxide (HP) Plant has successfully started production
On August 21, 2011, the Hydrogen Peroxide (HP) Plant, Engineering, Procurement and Construction Management has been performed by TTCL, under supervision by Solvay Project Team. Construction was started in March 2009 and achieved 7 million hours without lost time.
- September 2011** • TTCL & Toyo-Thai Malaysia Sdn. Bhd.(TTML) awarded an EPC Contract for LampsUp-MY Project from Lynas Malaysia Sdn. Bhd. in Malaysia.
- September 2011** • TTCL received a Letter of Intent for EPC Contract for Solution Polymerization Styrene-Butadiene Rubber (S-SBR) Plant from JSR BST Elastomer Company Limited (a subsidiary of Bangkok Synthetics Company Limited).
- December 2011** • TTCL and its Partners awarded an EPC Contract for Diammonium Phosphate Plant No.2 Project in Vietnam from VINACHEM JSC. (a subsidiary of Vietnam National Chemical Group).



HPPO₂ HP Project



Lynas LampsUp-MY Project



Rung Tawan Project



Diammonium Phosphate Plant No.2 Project

1. Strategy

Giving unique characteristic in EPC businesses, its high value of investment, period of construction, approximately 2-3 years per project, involving in industrial and manufacturing especially in Petroleum, Petrochemical, Energy, etc., owned by state-owned enterprise or international conglomerate, these factors substantially differentiate its nature of businesses to general construction. Decision making for contractor selection will not be solely based on Price issue. Other factors dominate for such decision making include contractor's past experiences, engineering expertise, project management capability, flexibility and efficiency operation, and commitment.

For the above-mentioned reasons, in setting the strategy for competition and business operation policy, the Company aims to enhance its ability in long term competition by setting the strategy as follows:-

- The first Thai company providing Integrated EPC services.

For the petroleum and petrochemical project at the scale US Dollars 300-500 million, The Company is the one of its kind that capable to provide Integrated EPC service to clients without having to rely on the parent company in overseas or other company to work jointly in the project. The Company is difference from other contractor who need to obtain assistance from the parent company in the engineering work or assistance in joint-bidding in the project bigger than its capacity or with project that such Company no previous experience. As a real Integrated EPC Contractor, the Company has gained the advantage in matter of operation cost, ability and flexibility of operation, the maintain of good quality of work, the readiness and capability in acceptance of large scale project will enable the Company gaining the benefit of economy saving from the economy of scale.

- The experience of project management team.

Other than the ability in project management of the Company, our executives have proven their ability in steering the Company out of the economic crisis of Thailand in 1997. Our executives have experience of work from engineer before they are entrusted by the Company in the Management Level. Several of them have joined the Company since the Company is established or for more than 27 years, therefore, they have a very good knowledge in various functions of the Company especially in the engineering part, They also use their experience to help in inspection and auditing the works and provide advice to engineer in the level of project manager and other engineer level. As the higher level executives have the experience jointly with the Company in the same long period , it makes executive team have a good understanding to the cultures of the Company and the changes happened in the past along the way.

The Company has the policy to support and develop its employees especially for employees who are engineers which are the most important resource of the Company. In order to develop the efficiency in the project execution for up holding our ability to compete with other, the Company has the plan to develop knowledge and level of capability of engineer continually in both specific technology and the principal of project management and plan to support joint working team to exchange idea and opinion and the knowledge in engineer from the engineers in the team.

- Efficient Operation and Administrative Management

As mentioned earlier, the uniqueness of EPC businesses in its value and long construction timeframe, contractor's efficiency and capability play a key role in project cost and planned production schedule. The Company's Project Team is equipped with a full range of all engineering disciplines and work closely and efficiently in each area of responsibility. As of December 31, 2011, the Company employs 851 engineers out of the total 1,400 personnel and is suffice for operational efficiency.

The Company has set up the policy of procurement in order to build up the transparent performance and the competition between the vendors who sell various of equipment and materials including the procurement of subcontractors by way of bidding every times in order to assured that the original cost of the Company will impact to the cost of the clients in an appropriate level.

The Company has the policy to develop the work system and the central administration continually to enhance the work efficiency and develop the ability in responding to client's requirement and enhance the reliability to the Company by the client in domestic and overseas for example, we set up the quality standard system in accordance with the quality management system in accordance with ISO 9001:2008 and receive ISO certificate from The Engineering Institute of Thailand (EIT) and Energy & Environmental Accredited Quality Assessment of England (EAQA) in 2002.

From its solid financial status, high liquidity and net cash position, with no interest-bearing liabilities, and in conjunction with the Company's long-term commitment with business partners and financial institutions for more than 27 years, the Company is considered as credit-worthiness entity and, thereby, obtains with flexible trade term and special offers. These factors all contributes to the Company's low operation costs.

- Proven track record of project experiences

Since there is limited operators in the petroleum and petrochemical business in the country, therefore, our clients in this group are most the acquainted clients who expand their investment. In the 27 years long period, the Company uses strategy to keep or maintain relation with our clients with the good quality of work in the project and the engineering services to satisfy the requirement of the clients. The Company has success in this strategy which we could evidence from the trust and relying given to us by the clients in the past when they need our services, for example, PTT Group, SCG Chemicals Group, Bayer Thai Co., Ltd., AGC Chemical (Thailand) Co., Ltd. (former name: THASCO Chemical Co., Ltd.), Thai Central Chemical Public Company Limited, Bayer Polyurethane (Shanghai) (China), Shin-Etsu Engineering (Japan) and Solvay SA (Belgium). Other than assigning the additional projects to the Company, they also recommended the Company to the new customers. Therefore, the Company has a principal policy in keeping the quality of project to be in line with the engineering standard, to uphold the honesty to the engineering profession, to execute the project to be complete on time required; to take care of the benefit of the project as if the Company be the joint owner of the project with the clients and provide after sale service to the clients.

- Relationship with the vendors who supply equipment and materials and subcontractors.

In executing the project and delivery of a quality work to the client in each project within the project schedule, the Company has to rely on the manufactures and vendors of equipment and material and subcontractors for its qualification, readiness, expertise and responsibilities. Maintaining a good relationship with these service providers will help the Company to uphold its ability to compete with other and reduce the risk of being unable to procure good quality of equipment and material and good quality work from subcontractor for the new project in the future.

- Utilize of up-to-date technology to perform design work.

Since the construction of petroleum and petrochemical plant has a very complicated design, the Company therefore, brings the up-to-date design technology into the system design of the Company such as the Plant Design System (PDS) which make the design accurately and reduce the error. Engineer can check the design from the plant model in 3 dimensions which like enter to the real plant. Moreover, PDS program can also help the client's personnel to operate and maintenance the plant area conveniently and safety.

- Safety in the project execution

Safety is treated as the most important policy of the Company toward the employees of the Company and subcontractors. The Company deems that any accident if occurred, it will be a loss because of impact the cost and the time will be increased and it also impact the moral of the concerned personnel. Therefore, the Company chooses to compliance with the OHSAS 18001 standard for keeping safety in every part of the Company and we are in the process of applying for the certification of OHSAS 18001:2007. In each project, the Company will arrange to have the accident protection equipment for its employees. Other than this, the Company will analyze and find out the possibility of accident happening in every aspect in order to design the protection of loss and to contain its wild spread to the nearby vicinity. Other than this the Company has a good record in keeping safety and is acceptable to clients as evidence by certificates received from client during 27 years of the Company's business operation.

2. Outlook for Petroleum and Petrochemical Industries in Thailand

Due to the diversification of its business expansion plan in overseas market, global economic outlook plays a major role and dictates for the Company's direction. Global GDP in 2012 is forecasted to grow 2% - 3% from 2011 and the major concern will be focused on the public debt crisis in European countries and the U.S economic recovery situation. The main drive will come from Asian countries, especially China, India, and Emerging countries which are expected to grow 8% and 6% respectively. This growth reflects demand for Petroleum, Petrochemical, and Energy sectors which all have a close co-relationship with the economic growth. This forecast is evidenced by investment plan in Propylene and Polypropylene plants or Methanol-to-Olefins (MTO) plant in China, production capacity expansion for Polyoxymethylene (POM) in Malaysia, 43 plants expansion in Petrochemical Complex in Taiwan, Ethylene Cracker plan expansion and Polypropylene in Indonesia, Hi and Low Density Polyethylene plants and Polypropylene plant in Saudi Arabia, etc..

Thailand's economy is expected to grow 4% in 2012, though, the country is still in recovery period from flooding last year. The main drive for growth is stemmed from the Government measures and public

policy for domestic spending stimulation. The overall picture for Petrochemical industry in 2012 can be continuously grown when considering 2 facts; 1. From BOI information as at the end of Quarter 3 2011, investment in Chemical and Plastic industries was ranked the third largest amounted THB 51,500 million from the Total THB 274,000 million awarded from BOI's promotion privileges, and 2. According to Thai Customs Department, import and export value for products from both Hi- and Low-End Petrochemical industries in 2011 remained grow at sustainable rate, 60% and 30% respectively from last year.

3. Status of Competition

The competition of Integrated EPC Contractor in nowadays is not severe due to the capability of each company in providing service is limited by its engineering workload which is the important factor in providing service. According to the expected new demand for petrochemical and petroleum projects in next two years, while it still has limited contractors; the reason of most of the contractor have projects in hand and nearly reach the full capacity of their ability; and the reason of most of the petrochemical and petroleum plant, owners prefer to assign its project execution to the Integrated EPC Contractor so that the whole project work will not be separated, therefore, these reasons will make the contractor who intend to bid for the project, must carefully consider about its capability before bidding as the Integrated EPC Contractor who require a lot of engineers for the whole process in the project. Thus, the Company views that in next two years the demand of EPC service will be more than the supply and will make the competition in bidding the project become less severe and may not cut their price to compete like other construction industry.

Besides having strategic business alliances with major shareholders like TOYO ENGINEERING CORPORATION (TEC), CHIYODA CORPORATION (CHIYODA), and ITALIAN-THAI DEVELOPMENT (ITD), all of which are leading and prominent contractors in Thailand and Japan, in late 2011, the Company has signed a memorandum of understandings with Korea Midland Power Co., Ltd. (KOMIPO) to explore business opportunities and collaboration relating to Power business in Thailand and international markets. KOMIPO is a leading international Power firm, specialized in Operation and Maintenance the Power plants and industrial plants and technical consulting. They also have high experiences in developing sustainable and clean power with their corporate vision is Global Clean Power Company. Currently, they have nearly 10,000 mega watt of electricity capacity, with operations in many countries such as Southeast Asia, the Middle East, India and USA. The company has received an 'A' Credit rating from Standard & Poors and an 'A1' rating from Moodys. This business collaboration will strongly support the Company's plan in expanding into a high-growth Power and Power Plant businesses.

Sale Structure of the company and its subsidiaries

Normally the clients of the company and its subsidiaries can be separated into three industries i.e. Petrochemical & Chemical Industry, Energy Industry and the Others Industry. The proportion of providing services of each industries in 2009 – 2011 are as follows :

Unit : Million Baht

Category	2009		2010		2011	
	Amount	%	Amount	%	Amount	%
Petrochemical and Chemical	10,198.66	99.60	5,257.97	99.99	5,925.56	66.61
- TTCL	10,166.21		5,196.75		4,555.86	
- TVC	32.45		61.22		642.03	
- TTML	-		-		727.67	
Energy					2,852.71	32.06
- TTCL	-		-	0.01	2,852.71	
Others	41.34	0.40	0.69	100.00	118.16	1.33
Total	10,240.00	100.00	5,258.66		8,896.43	100.00

Upon works obtained from the clients for each project, TTCL can undertake not only for a full set services i.e. Engineering Design, Procurement and Construction (Integrated E.P.C.) but also for purely project management service. Generally, the company aware of client's needs and to please owner specification as a priority.

New Business Development Plan

1. TTCL's New Business Model: The 2-Prong Strategy

Since 2010, TTCL Management has set the Strategic Business Direction to expand its businesses beyond its nature of business i.e. Integrated Engineering, Procurement and Construction (EPC), which TTCL has been specializing for almost 30 years. With its strong financial status, TTCL has been able to undertake integrated EPC construction work and simultaneously makes joint-investment upon a mutually agreement with the project owner and justified the return on investment, TTCL is on a prompted-stand to seek these opportunities to utilize its potential and assets at maximum efficiency level. Evidenced in 2011, TTCL has implemented its first joint investment project in Navanakorn Electric Co., Ltd. in which it acts both as the EPC contractor and shareholder for 71% of the capital. NNE's 110MW power plant has entered into a 25-year Power Purchase Agreement with EGAT and TTCL expects its return from investment in form of annual dividend from NNE's operation. This trend shall continue in the following years as the Company's long-term plan for securing its recurring future revenues.

2. TTCL's development in other Industries

Apart from providing Engineering Design, Procurement of machine & equipment and Construction (Integrated E.P.C.) which is TTCL nature of business , TTCL has an intention to expand its business to Joint-Investment (2-Prong Strategy) as explain previously. In the past, TTCL was emphasized in Petrochemical & Chemical Industry, Energy Industry and Related Industry, but in 2012 TTCL has developed its business to the other industries as well i.e. Water Treatment, Waste Water Treatment, Waste Incinerator and etc.

Strategy Risk

1. Risk from the incomes cycle of petroleum and petrochemical industry.

From the Company's emphasizing in providing services to clients in petroleum and petrochemical industry, therefore, the revenue and the financial results of the Company has a direct relation with the petroleum and the petrochemical industry cycle, especially, the investment budget for new plant or expansion of existing facilities. Although the Thai economy in 2012 will continue to grow in line with recovery of Asian economies. The global economy may be entering a slowdown from debt crisis of Europe and vulnerability of the US economic growth. As a result, the growth and investment in petroleum and petrochemical industry have declined by any reason, and the total projects value and revenue of the company decrease in the future. The direction of investment in petroleum and petrochemical.

The Company therefore has set up the policy and the market expansion plan to provide service in the foreign countries, for example in Vietnam, China, Africa and the countries in Middle East, provide service for large scale project in the level of US Dollars 300-500 million from the present level of not exceeding US Dollars 300 million and expand the service to other industrial clients such as chemical, bio-energy or renewable energy industries which is not only to reduce the risk from the cycle of petroleum and petrochemical industry but also to increase the business opportunity of the Company in the future.

2. Risk of investors' decision from Environmental and Health Impact Assessment (EHIA)

At present, Thailand has developed a wide variety of both government and private projects, such as industrial plants, power plant, road, airport, etc. These projects are likely cause an environmental problems and it's even more obvious. Finally, these problems will return to impact the project and affect the economic and social development including the quality of life, and health of the public. So, projects that are to be taken have to establish the environmental impact assessment (EIA) and health impact assessment (HIA) reports. The projects that are subject to do such reports can be divided into 6 groups as following;

- The mining and petroleum development projects. Including, mining and petroleum explorations by drilling method and petroleum production.
- Industrial project such as industrial estates, cement industry, pulp and paper industry, iron or steel industry, the petroleum industry.
- Transportation projects, including expressways, mass transit system using rail, highway or road that pass through sensitive areas.
- The community service projects and residential projects, hotel or residential building with 80 rooms at least or spaces greater than 4,000 square meters.
- The development of agriculture and water resources projects, including dam or reservoir from 100 million cubic meters and the catchment area from 15 square kilometers.
- The energy projects including thermal power plant with a capacity of 10 MW or more, including petroleum and fuel transportation pipelines.

So, both domestic and foreign investors who plan to invest in the new factory or expansion of existing facilities of the industries mentioned above. They need to make an environmental impact assessment (EIA) and health impact assessment (HIA) as well. From these conditions, may cause the investors to postpone their investment or relocate to another country.

For projects in Thailand, most of company's customers are the companies that carry on business in Thailand for a long time and they are well-known in concerning of environmental and health impact assessment. In addition, the company has expanded to take the projects from a various group of customers in many industries and increase the proportion of oversea projects, it will help to reduce the risk of such. For oversea projects, there is no project has an impact on the environment and health significantly. However, the company has followed such situation all the time.

3. Risk of European economy crisis

As the company aims to increase the proportion of income received from abroad up to 50 percent. Therefore as the risk of public debt crisis in Greece has spread out into the euro zone countries and continued to impact the world economy which is also vulnerable to the weak expansion of the U.S. economy and may affect the company. Because various projects of customers, which plans for new construction or expansion of existing facilities, might be suspended to waiting for clarification on this matter, or due to lack of financial support or even encounter foreign currency fluctuations.

At present, oversea jobs which the company handles were not located in the country that directly faced with crisis of public debt therefore did not receive the direct impact. Most of the company oversea jobs are located in Asia which its economy will continue to grow slowly with motivation from China and India. In addition, the company has a risk management committee who will monitor the situation to assess the potential risk.

4. Risk of Mega Flood Situation in Thailand

Mega Flood Situation in Thailand occurred in 2011, it cause enormously damaged to industries and households and also affect to investor's concerns about the risk of flooding in the future. In case of natural disasters, the company would be affected as the construction activities of projects in the affected area that not only come to a halt but also delay in construction and delivery schedule. However, in case of delays in delivery, the company can negotiate and clarify with customer for extend construction period as it is beyond one's capability.

Refer to flooding in last year, the damaged areas were located in the Lower North and Central Region. However, most of the company's projects has been located in the Eastern and has not been directly affected by the flooding except for a 110 MW power plant which is located near Nava Nakorn industrial estate, Pathumthani province. But the company has removed equipment from the area before it was flooded, so this project was not affected in terms of damage to the machine. However, this project was delayed because it was unable to proceed at that time. At present, this project can be continued to execute construction work normally and it is also planned to do soil ridge for future prevention.

The company provides risk management plan to prevent any losses in all aspects. For instance, the insurance covers natural disasters for construction projects and emergency response plan for saving life and property have been provided and prepared for employees. An emergency drill would be conducted yearly. Moreover, the company has conducted environmental field study before starting construction work in order to keep information in case of necessity.

5. Risk of income from joint venture investment

According to company's business development plan to be an EPC contractor along with a joint Investor of the project (EPC & Project investment business), so investment, revenue, and profit have a direct relationship with the investment project. In addition, the amount of money to invest may affect the liquidity of the company. In the beginning of the project, there is no income from the project part, but due to the company is also EPC contractor of the project. Then, the company still gains revenue from construction work and when the project was completed the company will receive project execution income which also recognized as the company's long-term revenue in the following years.

The company has taken the risk of income from investment project into account in term of stability and continuity. So, the company has carefully studied feasibility and potential of the project, industrial type, product of project, and investor's experience before making decision to invest. In addition, the company has also evaluated projects to assess the liquidity of the company as well.

For project which invested by the company, is a small power plant 110 MW of Nava Nakorn Electric Co., Ltd. (NNE) with approximately value of 4,000 million bahts, which has a long-term contract to sell electricity to EGAT for 25 years. Furthermore, the company also hold the preferred stock of Nava Nakorn Electric Co., Ltd., then the company has gained income in the form of dividends throughout the contract.

In January 2012, the company has invested in small power plant projects with a capacity of 8 MW of Siam Solar Power Co., Ltd. as a joint venture between the SSG Group, TTCL and KOMIPO ratio of 55%, 35% and 10% respectively.

Operation Risk

6. Risk from receiving large scale projects in Thailand and overseas.

From the Company's policy to expand its capability to receive the large scale projects in Thailand and overseas, the financial status of the company will have a certain impact due to any error from such large scale projects, especially, the risk of operating business in the foreign countries. To operate business in foreign country, the Company will have more risk factors from acquainting to do business with local partner, comply with local culture and local political situation in such country.

Before bidding for large scale project, the Company will analyze the risk factors concerned with the said project. The Company will endeavor to minimize risk factors as much as possible, for example at the technology side, the Company has the policy to work jointly with other contractors who are specialized and have experiences in the design and construction such category of plant in the form of consortium to prevent the risk of technology in constructing the factory which required such higher level of technology. For example Methly Methacrylate (MMA) for Thai MMA Co.,Ltd., a joint venture company of SCH Chemicals Co.,Ltd. and Mitsubishi Rayon Co.,Ltd., Ethane Cracker Project of PTT Polyethylene Company Limited. the Company has jointly worked with Toyo Engineering Corporation (Japan) who is the expert for design and construction of ethylene plant.

However, for overseas projects, the Company has the policy to work jointly with other contractors in that countries in the form of consortium to reduce the risk factors of not acquaint with the operation of business, local culture and the political stability in that country such as the project in China, the Company jointly works with Toyo Engineering Corporation (China) to build Diphenylmethane Diisocyanate (mMDI) Plant Project and MDA/UAT Project which produce Methylenedianiline (MDA) for Bayer Polyuretane (Shanghai) Co., Ltd.

7. Risk from the delay of delivering the project

In the business of engineering, procurement and construction of petrochemical projects, the contract, generally, will indicate the project completion and delivery schedule in advance, including liquidated damage for delay in case the contractor fails to complete the project on time. Most of the liquidated damage for delay will be a fine to compensate the damage caused by the delay. The liquidated damage for delay of the project is different in each contract and affects the cost of that project to become higher and could cause a loss to the contractor. Besides, the delay of delivery of the project could also damage the contractor's reputation and lead to the lack of trust worthiness from other clients or loss future business opportunity. The delay of delivery of the project which caused the Company a breach of contract and payment for compensation may come from various reasons, for example, ineffective project management of the Company's project team or delay of subcontractor's work, or from the delay of delivery of machine, equipment and construction material by vendors or manufacturers as planned in the project schedule.

8. Risk of losing human resources

In the business of engineering design, procurement and construction services (Integrated EPC) is a business relying on the ability, expertise and experience of human resources in the operation. Especially the engineer in the level of Project Manager, Project Engineer and design engineer of each engineer disciplines such as civil, mechanical, electrical and chemical. The loss of human resources in any of these disciplines will affect the company's operation and ability in the future competition.

The Company also pays more attention to the setting of good human resource management policy by emphasizing the development of personnel ability and responsibility, laying of clear guide line for Career Path of each level of personnel, enhancing the good relationship of personnel in the organization including the appropriate compensation commensurate to the knowledge and ability of the individual and competitive to other business

operators in the same industry. Other than the endeavor of keeping the existing personnel in our organization, the Company also pays more attention to the development of other personnel to enable them to replace any losing personnel that may happen, including recruit new and capable personnel for substitution.

However, in order to alleviate the impact of the unavoidable losing of personnel, the Company set procedures to perform work in standard system including procedure to keep the necessary document in accordance with the quality management system of ISO 9001:2008 so that each personnel can substitute other when needed and in order to reduce the depending on the individual in work.

9. Risk of human resources shortage

Engineering design, procurement and construction services are business that requires knowledge, expertise, personal experience, and engineering skills to control construction and manage project in particularly. At present, demand of engineers in Thailand is increasing due to the growth of large government and private projects and some of Thai engineers are like to work abroad because of higher benefit. In case of the company cannot hire enough engineers or cannot recruit engineers to support the awarded projects, therefore, these factors may affect the operations of the company.

However, most of experienced engineers in level of project manager or supervisor have a good relationship with the company and the company has set a return and benefit for these individuals based on industrial equitable. In Addition, the company also hired engineers to learn and prepare themselves for promoting to project manager in the next future.

During the operation, the company has never suffered a shortage of engineers that impacts on the business significantly.

10. Risk of inexperienced project type

Engineering design, procurement, and construction services are required engineering skill and experience in industry which the company will be undertaken. If our engineers do not well understand the nature of the work to be part of the auction, the company will be negative resulted in such an evaluation in terms of cost. For oversea job, rules of that country are need to be studied such as taxation and fee, environments and cultures of each country. Therefore, if project manager make a mistake to bid, it will impact on revenues, costs and profits of the company.

The company has tried to study project in all aspects such as cost concerned problem, industrial regulations, environmental problems, including other impacts thoroughly in order to reduce problems as much as possible. Even if the company has no experience in some project, the company has a policy to work with other contractors that has knowledge and experience as partners in the consortium. Apart from operation partner, this policy can help the company in terms of technology or others issue which the company have no experienced before.

11. Risk of subcontractors' man power shortage

In company business type, for construction work, the company has subcontract out to subcontractors to take responsible in this function because its need a lot of man powers.

At present the demand manpower is higher because the expand in many large scale projects of both government and private sectors and also the increasing of minimum wage in Thailand. Then in the project which taken by the company, if subcontractors can not hire adequate man power or labor cost increasing cause by the minimum wage increasing may affect to business operations.

However, in the selection of subcontractors. The company has criteria for assess the readiness of subcontractors by considering jobs in hand and available of man power. The company has reviewed the readiness and availability of subcontractors on a regular basis and when the subcontractors are selected to subcontract any such construction work. The company also has the plan to followed up and controlled in order to let them completed their jobs on schedule to avoid the delay of subcontracted work. From entire business operation, the company has not experienced labor shortages that affect the business significantly.

12. Risk of short term projects

For engineering design, procurement, and construction services, general contracts usually indicate a schedule for work completion and handover to the client in advance. The most common penalty if a contractor cannot deliver the completed work on time is to pay a fine to compensate the damage that may be caused by the delay. So what has to be carefully taken is the period for completion. Each project will take the unequal time to execute and sometimes working period may be determined by the project owner. If the Company has been agreed without taking the possibility of the construction into account, it may affect the company by faced delivery delays which the company has to pay penalty and take response for other damages that would affect company's revenues and profits.

The company has realized the damage that may occur due to the short duration of the project. For undertook project, the company has to use data that are evaluated by the project owner and also require experience, knowledge and skills of project managers to assess the duration of the entire operation which consistent with reality.

Financial Risk

13. Risk of changing the cost of machinery, equipment, and construction materials

Proposal Price of engineering and design, procurement construction services, which proposed to the client, is fixed for the whole period from the bid submission date until the project completion. In normal practice, the contract price could not be able to adjust unless there is a condition in agreement clearly stated for the adjustment of price. Moreover, most of the large scale projects received by the Company have the

project schedule more than one year, the change in cost of machinery, equipment, and construction materials estimated at the bidding period would affect and has impact directly to the project and to the company's whole performance.

The Company has set up various measures to manage and control the risks from the change of cost of machinery, equipment, and construction materials, for example, to estimate project cost for every proposal submission, the Company will every time check and request for quotation of machinery, equipment, and construction materials which required in that project from vendors or the manufacturers of the machinery, equipment, and construction materials to ensure that the prices estimation of the company has the highest accuracy at that time. And in case the company is awarded for the contract for the project in the form of "Letter of Intent (LOI)", the company will also issue the LOI to various vendors and manufacturers to express the Company's intent to purchase the required machinery, equipment, and construction materials and at the fixed price in advance immediately before issuing the detailed formal purchase orders. This will shift risk of price fluctuation from the Company to vendors or manufacturers. Moreover, the Company also pays attention to the project management closely to ensure that the advance purchase and delivery schedule is effective and punctual as planned project schedule.

After signing the contract with the client, the Company also has additional measures to control the cost of certain important construction material required in the project and had the tendency of price increase in accordance with the world market price. For example, the Reinforcing Bar and Steel, the Company will purchase these material in advance from the vendors at the agreed price for use in Company's project.

14. Risk from the foreign exchange.

Other than the price change of machinery, equipment, and construction materials, the project cost may also increase by the result of the currency weaken of Thai Baht when comparing with other currencies for the prices of machinery, equipment and construction material.

In order to reduce the risk of volatility of foreign exchange, the Company manages the risk by means of Natural Hedge in setting the prices and the value in the contract. The Company will negotiate with the clients to separate the value of the project in various currencies in line with the cost of machinery, equipment and the construction materials required to import from other countries or required to purchase in foreign currency. In the Company's invoice for each installment of construction cost, the company will separate the cost for each currency incurred. In case it is not convenience for the client to set the contract price in various foreign currencies, the Company will enter into a Forward Contracts with financial institutes to protect the risk of the volatility of exchange of foreign currency. Usually the Forward Contract will have a term of not more than one year.

The Company's Gain(Loss) from Exchange is a result of accounting practices for recording business transactions. Some of them, for example, Account Receivable, Account Payable, Advance Payment, etc., are originated by overseas trade activities. As a result, changing in exchange rate causes the Company reflecting the same into the value of its assets and liabilities in accordance with the generally accepted accounting standards. It will not be realized and has no effect to the Company's cash flow.

Health, Safety & Environment

QUALITY & HSE

CERTIFICATION

TTCL always executes the project with bearing in mind that safety and quality are the most importance aspect of the project. Quality Management System is established in compliance with the requirements of ISO 9001:2008 and Occupational Health and Safety Management System is established in compliance with the requirements of OHSAS 18001:2007.



ISO 9001: 2008 Certificate



OHSAS 18001: 2007 Certificate



SAFETY

Safety and health are the first priority of TTCL. We have taken them into account to make sure that our employees and others concerned will be safe while executing work. TTCL has arranged site HSE training and safety orientation for all employees before starting construction work and also provided properly personal protective equipment.

In addition, TTCL analyzes accident potential in various aspects in order to design suitably preventive measures which will be conducted by safety team at project site. From previous high performance of TTCL safety execution, we have been accepted by clients in having a high safety standard which proven by safety certificates.



ENVIRONMENT

TTCL executes its projects with due consideration for the environment. Project environmental program is established in order to prevent the environmental impact. For example, waste management and environment protection plan is developed in accordance with Project Environmental Impact Assessment (EIA) Study Report. Construction waste are separated by type of waste and the majority of the waste is recycled.

Corporate Social Responsibility Programs & Human Resource Development Programs

Corporate Social Responsibilities (CSR)

Toyo-Thai Corporation Public Company Limited (TTCL) conducts its business with due social responsibility especially concerning environmental issues & surrounding communities and education support.

In addition, TTCL's staffs also participate in CSR activities i.e. fabricates table and chairs from surplus materials from project execution, provides company's ambulance for flood victims by our safety team. These activities are matched with Company's CSR policy.

TTCL's major CSR activities for education support and social responsibilities projects are as below:

Education Support Project

- 2010
- Company donates a 2- stories building, namely "Toyo-Thai Uppathum 2553", to Baan Klong-Sai Primary School.
 - In addition to donation 2- stories building, the company provides tables, chairs and 5 sets of computers to Baan Klong-Sai Primary School.



Grand Opening Ceremony for Toyo-Thai Uppathum 2553 to Baan Klong-Sai Primary School



TTCL provides tables, chairs and 5 sets of computers to Baan Klong-Sai Primary School

- 2011
- Company donates a 2- stories building, namely "Toyo-Thai Uppathum 2554", to Wat Baan Kai Primary School.
 - In addition to donation 2- stories building, the company provides tables, chairs and 5 sets of computers to Wat Baan Kai Primary School.
 - The Company donates 15 computers for "Computers for the Children In Need" through The Stock Exchange of Thailand and Ministry of Information and Communication Technology



Grand Opening Ceremony for Toyo-Thai Uppathum 2554 to Wat Baan Kai Primary School



TTCL provides tables, chairs and 5 sets of computers to Wat Baan Kai Primary School.



TTCL donates 15 computers for “Computers for the Children In Need” through The Stock Exchange of Thailand and Ministry of Information and Communication Technology

The Company intends to continue to support education by donating school building and education facilities in order to support education for Thai children who live in provinces and lack of education facilities compare with the other who lives in the city

Environmental Development Project

To foster children to plant trees around schools in order to reduce global warming effect



Self-Surviving Society Project

- March 2011 Donation to Earth quake & Tsunami Victim in Japan
- April 2011 Donation to Southern Thailand flood victim
- October 2011 Contribute towards flood victim in Central Thailand with Krob Krua Kao 3
- October 2011 Provide Company's Ambulance for flood victim by TTCL Safety Team



Human Resource Development

As experience in business operation, the Company recognizes that Human Resource is the most valuable asset and this is the key success factor of the Company. In order to achieve business target, the Company provide trainings and human resource development programs for long term business substantial growth.

The Human Development Programs are as follows:

- Engineer Orientation with BOM



- Social Security & Public Health for staffs



- Engineering Training Course



- Inter-Department Entertainment



- New Year Staff Party



Auditors' Remuneration

According to the Company's fiscal year, starts January 1 and ends December 31, The Remuneration paid to Auditor for the past five fiscal years are as follows:-

Fiscal Year	Auditor	Remuneration (Baht)
2007	Ernst & Young Office Limited	800,000.00
2008	Ernst & Young Office Limited	1,450,000.00
2009	PricewaterhouseCoopers ABAS Limited	1,375,000.00
2010	PricewaterhouseCoopers ABAS Limited	1,400,000.00
2011	PricewaterhouseCoopers ABAS Limited	1,800,000.00

CONNECTED TRANSACTIONS

Value and Outstanding Amount of Connected Transactions that might lead to Conflict of Interest

For 2010 – 2011, the Company has connected transactions with the related parties as follows:

Unit: Thousand Baht

NAME / BUSINESS	RELATIONSHIP	TYPE	VALUE OF TRANSACTIONS		Outstanding as of		Audit Committee Comments for Transaction Rationality
			2010	2011	31 Dec 2010	31 Dec 2011	
1. Toyo Engineering Corporation – Japan “TEC” / EPC Contractor	TEC is main shareholder in TTCL at 26% of Paid-Up Registered Capital (Jan. 2008 – Jun. 2009 = 39% Holding) with a jointed director, Mr. Makoto Fusayama.	Construction and Service Income	240,009	6,273	-	6,046	For the financial statements Year 2010 and 2011, TTCL's revenue generated from TEC were THB 240 million and THB 6.27 million respectively. In 2010, TTCL entered into Consortium Agreement with TEC during the period for an Ethane Cracker project construction. The transactions were resulted from compensations for the excess amount between actual and projected costs of construction materials and overtime paid to subcontractor for the project prepared and responsible by TEC. Since TTCL's scope of works was under Engineering Design, TEC subjected and was responsible for the construction costs.

NAME / BUSINESS	RELATIONSHIP	TYPE	VALUE OF TRANSACTIONS				Outstanding as of	Audit Committee Comments for Transaction Rationality
			2010	2011	31 Dec 2010	31 Dec 2011		
								For 2011, TTCL realized revenue from providing Machinery Testing and Adjustment for TEC including its associated report for another Ethane Cracker project.
								The Audit Committee considered the transaction was done in a normal course of business practice.
		- Cost of construction and services	3,257	4,185				Cost of the operation in 2011-2012 were engineering service and technical advice provided to the Company
								The Audit Committee considered the transaction was done in a normal course of business practice.
		- Other Account Receivable	-	-	-	350		In 2011, TTCL provided services to TEC for importing and advancing customs duties and VAT for equipment and machinery imports into the kingdom.

NAME / BUSINESS	RELATIONSHIP	TYPE	VALUE OF TRANSACTIONS		Outstanding as of		Audit Committee Comments for Transaction Rationality
			2010	2011	31 Dec 2010	31 Dec 2011	
2. Toyo Engineering & Construction Sdn. Bhd. (Malaysia) / EPC Contractor	TEC is main shareholder in TTCL at 30%	- Services Income	75	10,129	-	-	The Audit Committee considered the service charged was similar to service fees paid to others and carried out in the Company's interest. In 2010 and 2011, the Company provided engineering service control and the professional advice to Toyo Engineering & Construction Sdn.Bhd.THB 0.07 million and THB 10.13 million. The Audit Committee considered the transaction was done in a normal course of business practice.
3. Italian-Thai Development Plc. ("ITD") / Contractor	During 2010 to 2011, ITD and related persons held 10.83% and 3.83% respectively in TTCL's paid-up registered capital. In 2010, one of ITD's major shareholders, Mrs.	- Cost of Construction and Service	14,654	-	-	-	ITD was TTCL's subcontractor for an Ethane Contractor project construction. The work accounted for 7.9% of the total contract value. In selection and awarding subcontractor

NAME / BUSINESS	RELATIONSHIP	TYPE	VALUE OF TRANSACTIONS		Outstanding as of		Audit Committee Comments for Transaction Rationality
			2010	2011	31 Dec 2010	31 Dec 2011	
	Nijaporn Charanachitta, represented one seat of TTCL's board of directors.						for the project, the Company also opened entry for bidding to other contractors for transparency. Three contractors joined the bidding and subcontractor award was given to ITD who offered the lowest price.
							The Audit Committee considered the transaction was done in a normal course of business practice and followed subcontractor selection process.
		- Trade Account Payable			1,663	-	
4. Global New Energy Co., Ltd.	Related party as 40% of its shares was held by the Company.	- Revenue from reimbursement for prepaid expenses the Company made for the Related party.	3,023	5,094	-	-	Global New Energy Co., Ltd. solicits Renewable Energy EPC projects for the Company.
		- Other Account Receivable			4	4	The Company made prepaid expenses for Global New Energy Co., Ltd. in 2010 and 2011.

NAME / BUSINESS	RELATIONSHIP	TYPE	VALUE OF TRANSACTIONS		Outstanding as of		Audit Committee Comments for Transaction Rationality
			2010	2011	31 Dec 2010	31 Dec 2011	
5. CHIYODA CORPORATION(Thailand)	CHIYODA CORPORATION (Japan) held 7% of TTCL's shares.	- Service income	-	50,807	-	101	In 2011, the Company provided engineering control, advices, and procurement services to Chiyoda Corporation (Thailand) amounting THB 50.81 million.
							The Audit Committee considered the transaction was done in a normal course of business practice.

Transaction with Related Parties

Measure and procedure of approval for making connected transaction

The Company will arrange to have a department responsible for transaction verification in relation to reasonableness, general trading terms and conditions, and other details of the transaction to be in the normal course of business. The Company shall proceed as following.

- 1) In case of general trading terms and conditions as well as normal course of business, the board of directors or the person assigned by the board of directors shall proceed with the transactions and shall report those transactions to the Audit Committee quarterly
- 2) In any case other than 1) above, the transaction shall be reviewed and provided with opinions by the audit committee prior to the submission for approval by the board of directors and/or shareholders

After the initial public offering, the board of directors shall manage the Company in accordance with the Stock Exchange of Thailand (SET)'s rules, regulations, instructions, and notifications as well as in compliance with the requirement in information disclosure regarding connected transactions or acquisition/disposition of assets of the Company and its subsidiaries and also in compliance with the Thai Accounting Standard (TAS)

In case of connected transactions, the audit committee shall review and provide opinions in terms of its necessity and reasonableness by considering the conditions to be in line with normal course of business and general trading terms and conditions of the Company. The Company may appoint a professional or the Company's auditor to provide opinions regarding the connected transactions to the audit committee and/or the board of directors and/or shareholders as necessary for the best interest of the Company and transparency of the transactions. The Company shall disclose the connected transactions in the notes to its audited financial statements.

The Company has set up the scope of normal trade transaction for the Company and its subsidiaries, the transaction shall have the nature of normal trade terms and conditions per the following details:

Normal Course of Business shall refer to:

The provision of integrated engineering, procurement and construction services including consultancy to industrial clients or other project's contractors, both individual and juristic person.

The purchase of raw material, construction material, consumable goods, machine and equipment, as well as the engagement of a sub contractor, which is required in the Company's business operation including other expenses normally incurred in the business course such as warehouse rental fee, transportation charge, etc. from an individual or a juristic person.

Fair Price shall refer to:

The price in which the buyer and the supplier agree to exchange goods or services when both parties have knowledge and willingness to enter into an agreement and the price is independently negotiable. The price shall be specified based on a market price, resulting from an independent negotiation on the same basis for all parties.

Policy or tendency of further connected transactions

There may be a doing connected transactions by the Company in the future that need to comply with the law concerning securities and exchanges, regulations, notification, orders or rules of the Stock Exchange of Thailand including the Accounting Standard Re: the Disclosure of information concerning Related Persons or Activities, required by the Institute of Certified Accountants and Auditors of Thailand.

Measure for conflict of interest with third party who has other types of conflict of interest.

In addition to connected transaction, the company has connected transaction with the other party who may have conflict of interest i.e. collaboration as consortium or compete in business. The company has measurement as follows:

Work together with other company as consortium

In case of jointly bid or work together as consortium, the company and its consortium member will jointly consider scope of work and responsibility in each section of such project base on its specialized and competitiveness. The consortium will have chance to win if there is suitable scope of work and responsibility of each members. Each consortium member will prepare proposal on its scope and combined each party proposal to be consortium proposal.

To prepare proposal, the company considers that the proposal shall be benefit to the company. The proposal is prepared based on accurate actual cost plus appropriate profit with approval from the Board of Directors and Board of Management. Audit Committee will review scope of work and benefit sharing amount consortium to ensure that such division of scope of work is reasonable and maximize benefit of the company.

In Consortium Operation, the Company and consortium members will separately be responsible for income and expenses in accordance with each party's scope of works.

Competition between the Company and the third party which is defined as Conflict of Interest Transaction

In competition, the Company has never practiced a conflict of interest transaction. Competition with any third party. ITD, for example, engages in Civil Engineering for large scale infrastructure projects and essentially differs from the Company's core businesses, integrated EPC. Competition, if any, will not be directly effect to the Company. In terms of transparency and fair competition, ITD might be involved as subcontractor provided that it has conformed to the Company's criteria and procedures in subcontractor selection and its offering is best for the Company's benefit compared to others.

For TEC who appears to be in the same business, relationship seems to be more on supportive to the Company rather than competition. In bidding for a project, factors that bar competition between TEC and the Company are as follow:

-
- TEC emphasizes its efforts to project size over USD 500 million while the Company is focusing on USD 300 – 500 million project.
 - Technological complexity and past experiences (Track Record) required for a specific project.
 - Relationship and Customers' Preferences.
 - Fixed cost differences between TEC and the Company. This also holds true for competitors from other developing country like Korea. Entry for low scale competition is impossible due to their high fixed costs.

For other companies within in TEC group and located in other countries, some of them concentrate only in a specific area or scope of EPC, therefore, their engagement differ from the Company's nature of businesses, integrated EPC contractor. For this reason, from the Company's point of view, theses companies act as global network and risk mitigation rather than competitors whenever overseas assistance from overseas is required, local subcontractor dealing, suppliers negotiation, etc.

Same for CHIYODA Corporation who currently holds 7% of the Company's Shares and a Thai subsidiary, namely CHIYODA (Thailand) Co., Ltd., relationship seems to be more on supportive to the Company rather than competition.

Besides, considering the balance of the Company's shareholders structure and board of directors, the shareholders can be categorized into 6 groups, (1) TEC, 26%, (2) CHIYODA, 7%, (3) ITD, 3.83%, (4) direct holding by the Company's management, 9.47%, and indirectly holding by the Company's management through Global Business Management Co., Ltd., 6.67%, (5) the Company's employees and ex-employees, 8.29%, and (6) other investor, 38.74%.

In addition, the management structure is designed independently apart from any group of shareholders' influence. The Board of Directors consists of 9 seats, Independent Directors (3), TEC's Representative (1), CHIYODA's Representative (1), ITD (1), and Executive Directors (3). None of these shareholders represents in the Board of Management, therefore, decision being made will be carried out under business norm and free of any shareholders' interference.

The Audit Committee's Comments on Related Party Transactions

The Company's related transactions are considered and addressed by its Audit Committee to ensure that they are normal business transactions with no special conditions and no transfer of interest among the Company, subsidiaries, associate companies, related companies or shareholders. In addition, regarding pricing, the policy for related transactions between the Company and related business is similar to the policy between the Company and non-related persons/businesses and carried out in the Company's interests.

The Company's Dividend Policy

The Company has a policy to pay dividend at the rate of not less than 50% of the net profit after tax and reservation required by law. However, the Board of Directors of the Company has the authority to consider the exception of compliance to this policy or change the policy from time to time but subject to the conditions that in all aspect it shall be proceeded for the best benefit of the shareholders for example to sue the reserved fund to re-pay the loan, to invest in expansion of Company's business or to use as working capital in case of there is any change in the market situation which effecting the company's cash flow in the future.

Dividend Policy of the subsidiary

Dividend Policy of the subsidiary shall be considered by the Board of Directors of the subsidiary by taking into the remaining cash flows to compare with the investment of the subsidiary without having to pay any fixed rates of dividend. In case the cash flows has sufficient amount after satisfaction to the conservation law, the Board of Directors of such subsidiary has the right to consider for payment of dividend in each case.

The Board of Director's Report on their Responsibilities for Financial Reports for the year 2011

The Financial Statements for Toyo-Thai Corporation Public Company Limited and its subsidiaries have been prepared in accordance with generally accepted accounting principles by choosing a proper accounting policy which has been regularly observed. Due circumspection of estimation has also been given in the preparation of the financial statements to adequately reflect substantial performance for the interest of the shareholders and investors.

In this regard, the Board of Directors has appointed the Audit Committee comprising independent and non-executive members of the Board to oversee the quality of the financial statement and internal control system. The Committee's comments have already been shown in this annual report.

The Board is of an opinion that the overall picture of Company's internal control system is at a satisfactory level which can reasonably create confidence upon the reliability of the financial statement of the Company and its subsidiaries as of 31 December 2011.



(Mr.Hironobu Iriya)
President & CEO



(Mr.Piriya Wongphayabal)
Vice Chairman

Management Discussion and Analysis

1. The operating performance Year Ended 2011

The Company's Gross Profit and Net Profit for the Year 2011 were THB 1,043 million and THB 404 million, grew 22% and 20% respectively when compared to the Year 2010's, at THB 856 million and THB 338 million.

The Company also recorded a positive figure for the Exchange Differences on Translating Financial Statement at THB 2 million to reflect the Company's investment value in Vietnam and Malaysia in Thai Baht term. As a result, Total Comprehensive Income for the Year 2011 was THB 406 million, compared to THB 322 million in previous year and the Basic Earnings per Share grew from THB 0.70 to THB 0.83 or 18.57% increase.

2. Management Discussion and Analysis Report according to consolidated financial statements

For the Year Ended (in THB' million)

	2011		2010		% Change
Revenues					
Construction and service income	8,896.43	100.00%	5,258.66	100.00%	69.18%
Less Cost of construction and services	(7,853.19)	88.27%	(4,402.36)	83.72%	78.39%
Gross profit	1,043.24	11.73%	856.30	16.28%	21.83%
Add Other income	98.70	1.11%	59.48	1.13%	65.94%
Less Administrative Expenses & Management Remuneration	(577.09)	6.49%	(444.01)	8.44%	29.97%
Less Finance Costs	(0.01)	0.00%	(0.03)	(0.00)%	(66.67)%
Less Share of Loss of Interest in a Joint Venture	(1.07)	(0.01)%	(4.05)	0.08%	(73.58)%
Profit before Income Tax	563.77	6.34%	467.69	8.89%	20.54%
Less Income Tax	(160.10)	1.80%	(129.86)	2.47%	23.29%
Net Profit for this Period	403.67	4.54%	337.83	6.42%	19.49%
Add/(Less) Exchange Differences on Translation Financial Statement	2.31	(0.03)%	(15.89)	0.30%	(114.54)%
Total Comprehensive Income for the Period	405.98	4.56%	321.94	6.12%	26.10%
Basic earning per share (THB)	0.83		0.70		18.57%

2.1 Analysis of Income and Expenses for the Year 2011

2.1.1 Construction and service Income and Cost

The Company's Construction and Service Income significantly grew 69% from THB 5,259 million in 2010 to THB 8,896 million in 2011. Such increase was a result of new jobs awarded during late 2010 and 2011 both domestic and overseas; for example, Navanakorn Electric SPP Power Plant Project (Thailand), Binh Phuoc Ethanol Plant Project (Vietnam), LAMPS-UP MY Project (Malaysia), etc.. The Cost of Construction and Service was also increased at 78% from THB 4,402 million to THB 7,853 million. The higher cost in 2011 was due to the fact that most of the jobs awarded in 2011 were mostly Integrated EPC contracts

which had high value and associated costs in its nature. Then, the Revenue Structure in 2011 reflected a drop in the proportion of EPCm income to less than 10% of Total Revenues. As a result, both Gross Profit and Net Profit margins in 2011 were dropped from 16.28% to 11.73% and from 6.4% to 4.5% respectively.

2.1.2 Other income

The Other Income was also substantially increased in 2011, from THB 59.5 million to THB 98.7 million or 66% growth. Major items included Net interest income, THB 54 million, and Gain on Exchange at THB 36 million compared to THB 39 million and THB 23 million respectively in the previous year.

2.1.3 Administrative expenses and Income Tax

The Administrative Expenses & Management Remuneration increased 30% from THB 444 million to THB 577 million in 2011. Such change partly indicated additional expenses from overseas operation as the Company engaging more businesses in international markets. However, in terms of percentage to the Construction and Service Income, it was slightly dropped from 8.4% to 6.5% of Construction and Service Income.

The Company entitled for the privilege on the corporate income tax for 3 years starting from 2010 by calculated at 25% for the first net profit up to THB 300 million. The corporate income tax was then calculated at THB 160 million and based on the said privilege rate of the profit before tax of the Separate Company.

3. Analysis of Financial Status

3.1 Analysis of Assets

(in THB' million)

	DEC. 2011	DEC. 2010	Increase/(Decrease)	%Change
Current Assets	6,097.37	3,378.08	2,719.29	80.50%
Non-current Assets	806.26	296.89	509.37	171.57%
Total Assets	6,903.63	3,674.97	3,228.66	87.86%

As at the end of 2011, the Company's Total Assets jumped 88% or increased THB 3,229 million from 2010 which reflected in accordance with business expansion during the year.

Significant changes in Total Assets were founded in both Current and Non-current Assets. The Current Assets grew 80% or THB 2,719 million while the Non-current Assets were increased by 171% or THB 509 million. Major items that caused the net increase in Current Assets included Cash & Cash Equivalent, THB 1,609 million, and Trade Accounts Receivable – Third Parties, THB 1,526 million. Besides Cash received from operations for the period, these rises were also resulted by Advance Payment from Project Owners and Construction Progresses the Company has achieved from the new projects as mentioned earlier. For example, the LAMPS-UP MY Project in Malaysia alone occupied almost 60% of the Total Trade Accounts Receivable – Third Parties.

Increase in Non-current Assets THB 509 million in 2011 was caused by the changes in Deposit for Investment Acquisition and the General Investment, THB 433 million, in Navanakorn Electric Co., Ltd. (NNE) which the Company held 71% of shares and the investment was done in accordance with the Shareholder

Agreement. The balance, THB 60 million, was the investment in the Company's subsidiary, Bio Natural Energy Co., Ltd. (BNE), Fixed Assets for the period.

3.2 Analysis of Liabilities and Shareholders' Equity

(THB' million)

	DEC. 2011	DEC. 2010	Increase/(Decrease)	% Change
Current Liabilities	5,009.39	2,125.49	2,883.90	135.68%
Non-Current Liabilities	212.05	13.59	198.46	1460.34%
Total Liabilities	5,221.44	2,139.08	3,082.36	144.10%
Shareholders' equity	1,682.19	1,535.89	146.30	9.53%
Total Liabilities and shareholders' equity	6,903.63	3,674.97	3,228.66	87.86%

As at the end of 2011, the significant changes in Liabilities and Shareholders' equity were as follows:-

Total Liabilities increased THB 3,082 million. Out of the Total, THB 2,884 million was caused by the increase in Current Liabilities items with the same reason as explained for the increase in the Current Assets described above. The major items included Accrued Construction Costs, THB 1,830 million, Deferred Construction Revenue, THB 566 million, and Trade Accounts Payable – Third Parties THB 521 million. Non-Current Liabilities increased THB 198 million and resulted from the increase in Deferred Income, THB 122 million, as for one of the Company's subsidiary, BNE, entitled to receive subsidy from the Ministry of Environment of Japan in the amount of JPY 300 million. The balance, THB 76 million, was recorded according to the new accounting standard in the Employee Benefits Obligation adopted in Q1 2011.

Shareholders' equity increased THB 146 million or 9.5% growth from last year. As stated earlier, the Company's Total Comprehensive Income of the Period was THB 406 million. However, the Company paid dividend to its shareholders for the amount (THB 192 million) together with the effect from the provision of new accounting policy for Employee benefits obligation at the amount (THB 68 million). As a result, the closing balance as at the end of 31 December 2011 became THB 1,682 million.

4. Major Financial Ratios

Ratios		As at 31 DEC 2011	As at 31 DEC 2010
1. Current Ratio	(times)	1.22	1.59
2. Debt / Equity ratio*	(times)	3.10	1.39
3. Net book value	(THB/share)	3.50	3.20
4. Earnings per share	(THB/share)	0.83	0.70
5. Gross profit margin	(%)	11.73%	16.28%
6. Net profit margin	(%)	4.49%	6.35%
7. Return on total assets	(%)	5.85%	9.19%
8. Return on equity	(%)	24.00%	22.00%

* None of the Company's Debt was incurred by interest-bearing obligation or borrowing.

5. Analysis of Cash Flows

(THB' million)

	31 DEC 2011	31 DEC 2010
Net cash from operating activities	2,238.31	(532.15)
Net cash from (used in) investing activities	(473.86)	(130.83)
Net cash used in financing activities	(192.15)	(165.74)
Net increase (decrease) in cash and cash equivalents	1,572.30	(828.72)
Add Cash and cash equivalents at 1 January	832.03	1,657.89
Effect of exchange rate changes on balances held in foreign currencies	36.99	2.86
Cash and cash equivalents at 31 December	2,441.32	832.03
Add Short term investment *	657.00	940.77
Total Cash & cash equivalents and Short term investment	3,098.32	1,772.80

* Short-Term Investments included Fixed Deposits, Bills of Exchange, Government Bonds and Debentures

As at 31 Dec. 2011, the ending balance of Cash and cash equivalents was THB 2,441 million, substantially increased THB 1,609 million from the end of 31 December 2010, THB 832 million. Such change was caused by the combination of the Net cash receipts from operating activities, THB 2,238 million, the Net cash payment in investing activities, (THB 474 million), and the Net cash payment in financing activities, (THB 192 million), and all of which were detailed in the following explanations.

5.1 Net cash receipts from operating activities, THB 2,238 million. The significant changes came from:-

+ Cash flows after adjustment to reconcile net profit to net cash provided by operations

THB 504 million

+ Changes in operating assets and liabilities THB 1,878 million

- Corporate income tax paid (THB 143 million)

5.2 Net cash payment in investing activities, (THB 474 million), The significant changes came from:-

+ Cash receipts from interest income, THB 55 million

- Purchase of general investment, (THB 433 million) (Navanakorn Electric Co., Ltd. – NNE)

- Purchase of property, plant and equipment, (THB 78 million) (Bio Natural Energy Co., Ltd.- BNE)

5.3 Net cash payments in financing activities, (THB 192 million), which was Dividends paid to shareholders.



AUDITOR'S REPORT

To the Shareholders of Toyo-Thai Corporation Public Company Limited

I have audited the accompanying consolidated and company statements of financial position as at 31 December 2011 and 2010, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended of Toyo-Thai Corporation Public Company Limited and its subsidiaries, and of Toyo-Thai Corporation Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2011 and 2010, and the consolidated and company results of operations, and cash flows for the years then ended of Toyo-Thai Corporation Public Company Limited and its subsidiaries, and of Toyo-Thai Corporation Public Company Limited, respectively, in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Prasit Yuengsrikul'.

Prasit Yuengsrikul
Certified Public Accountant (Thailand) No. 4174
PricewaterhouseCoopers ABAS Limited

Bangkok
23 February 2012

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Toyo-Thai Corporation Public Company Limited
Statements of Financial Position
As at 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Assets					
Current assets					
Cash and cash equivalents	7	2,441,315,959	832,025,672	1,769,144,177	685,901,815
Short-term investments	8	657,002,242	940,768,767	657,002,242	940,768,767
Trade accounts receivable					
- related parties	11	6,590,775	-	24,547,400	-
- third parties	9	1,814,670,753	288,436,163	1,277,151,739	283,687,644
Unbilled contracts revenue					
- related parties	10.1	79,069,748	107,104,455	83,290,538	115,234,955
- third parties	10.2	955,007,780	1,055,592,934	850,686,735	1,045,919,807
Other accounts receivable					
- related parties	11	349,521	-	360,756	-
Other accounts receivable - third parties		22,565,042	16,124,229	21,764,200	15,073,126
Construction in progress					
- related parties	11	-	-	5,675,619	-
- third parties		61,053,757	2,569,003	57,763,546	1,348,763
Advance payments to sub-contractors					
- related parties	11	-	4,150	9,879,235	4,150
- third parties		14,575,870	27,573,678	10,468,032	18,380,981
Interest receivable from loan					
to subsidiary	11	-	-	1,341,370	7,439,816
Input tax refundable		22,117,932	41,266,162	11,321,260	35,202,917
Other current assets		23,047,494	66,610,872	21,078,118	63,036,893
Total current assets		6,097,366,873	3,378,076,085	4,801,474,967	3,211,999,634
Non-current assets					
Deposit at bank used as collateral	12	12,000,000	12,000,000	12,000,000	12,000,000
Investments in subsidiaries, net	14	-	-	18,996,581	11,403,230
Interests in joint venture	15	18,878,959	19,949,247	24,000,000	24,000,000
Deposit for investment acquisition	13	-	100,000,000	-	100,000,000
General investment	13	532,600,600	-	532,600,600	-
Held-to-maturity investments		20,000,000	-	20,000,000	-

Toyo-Thai Corporation Public Company Limited
Statements of Financial Position
As at 31 December 2011 and 2010

		Consolidated		Company	
		2011	2010	2011	2010
	Notes	Baht	Baht	Baht	Baht
Non-current assets (Cont'd)					
Loan to subsidiary	11	-	-	40,000,000	86,000,000
Property, plant and equipment, net	16	187,212,690	127,094,242	43,933,191	43,811,483
Intangible assets, net	17	13,873,566	16,648,283	13,496,713	16,264,541
Other non-current assets		21,698,391	21,200,067	17,941,476	18,260,432
Total non-current assets		806,264,206	296,891,839	722,968,561	311,739,686
Total assets		6,903,631,079	3,674,967,924	5,524,443,528	3,523,739,320
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable - third parties		776,672,752	255,405,249	589,392,359	254,163,549
Trade accounts payable - related parties	11	-	1,635,508	35,119,590	1,635,508
Other accounts payable - third parties		41,510,154	48,252,722	41,521,389	48,116,972
Current portion of finance lease liabilities, net		-	148,929	-	-
Retention payable to sub-contractors		75,218,593	111,526,772	75,218,593	111,526,772
Accrued construction costs		2,969,967,417	1,140,450,767	2,426,432,680	1,040,532,116
Advances received from customers					
under construction contracts		419,558,251	463,399,694	347,668,845	425,562,572
Deferred construction revenue	10.3	606,775,721	40,451,260	184,253,956	40,451,260
Corporate income tax payable		21,013,695	4,297,147	2,096,708	1,914,061
Accrued expenses		48,605,057	42,786,533	48,595,012	40,532,826
Other current liabilities		50,067,506	17,135,406	41,494,870	16,178,548
Total current liabilities		5,009,389,146	2,125,489,987	3,791,794,002	1,980,614,184
Non-current liabilities					
Deferred income	18	135,160,446	13,592,940	-	-
Employee benefits obligation	19	76,892,311	-	74,834,460	-
Total non-current liabilities		212,052,757	13,592,940	74,834,460	-
Total liabilities		5,221,441,903	2,139,082,927	3,866,628,462	1,980,614,184

Toyo-Thai Corporation Public Company Limited
Statements of Financial Position
As at 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011	2010	2011	2010
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital	20				
Ordinary shares 480,000,000 shares of par 1 Baht each		480,000,000	480,000,000	480,000,000	480,000,000
Issued and paid-up share capital					
Ordinary shares 480,000,000 shares of par 1 Baht each		480,000,000	480,000,000	480,000,000	480,000,000
Premium on share capital		405,162,100	405,162,100	405,162,100	405,162,100
Retained earnings					
Appropriated - legal reserve	22	48,000,000	48,000,000	48,000,000	48,000,000
Unappropriated		756,288,839	616,634,422	724,652,966	609,963,036
Other components of equity		(19,226,634)	(19,626,522)	-	-
Equity attributable to owners of the parent		1,670,224,305	1,530,170,000	1,657,815,066	1,543,125,136
Non-controlling interests		11,964,871	5,714,997	-	-
Total shareholders' equity		1,682,189,176	1,535,884,997	1,657,815,066	1,543,125,136
Total liabilities and shareholders' equity		6,903,631,079	3,674,967,924	5,524,443,528	3,523,739,320

Toyo-Thai Corporation Public Company Limited
Statements of Comprehensive Income
For the years ended 31 December 2011 and 2010

		Consolidated		Company	
		2011	2010	2011	2010
	Notes	Baht	Baht	Baht	Baht
Revenues					
Construction and service revenues	11	8,896,434,445	5,258,658,466	7,580,471,194	5,197,268,976
Cost of constructions and services	11,26	(7,853,194,828)	(4,402,360,490)	(6,602,689,064)	(4,356,092,201)
Gross profit					
		1,043,239,617	856,297,976	977,782,130	841,176,775
Other income	24	98,700,142	59,481,430	90,341,767	60,699,835
Administrative expenses	11,26	(577,086,262)	(444,010,164)	(551,436,545)	(424,635,910)
Finance costs		(14,114)	(33,481)	-	-
Share of loss of interest in joint venture	15	(1,070,288)	(4,050,753)	-	-
Profit before income tax					
		563,769,095	467,685,008	516,687,352	477,240,700
Income tax expense	25	(160,104,306)	(129,861,898)	(142,325,796)	(126,987,485)
Net profit for the year					
		403,664,789	337,823,110	374,361,556	350,253,215
Other comprehensive income					
Exchange differences on translating financial statements		2,311,016	(15,886,024)	-	-
Other comprehensive income for the year, net of tax					
		2,311,016	(15,886,024)	-	-
Total comprehensive income for the year					
		405,975,805	321,937,086	374,361,556	350,253,215
Profit attributable to:					
Owners of the parent		399,326,043	337,064,517	374,361,556	350,253,215
Non-controlling interests		4,338,746	758,593	-	-
		403,664,789	337,823,110	374,361,556	350,253,215
Total comprehensive income attributable to :					
Owners of the parent		399,725,931	324,355,698	374,361,556	350,253,215
Non-controlling interests		6,249,874	(2,418,612)	-	-
		405,975,805	321,937,086	374,361,556	350,253,215
Earnings per share for the owners of the parent					
Basic earnings per share (Baht)	21	0.83	0.70	0.78	0.73

Toyo-Thai Corporation Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2011 and 2010

	Notes	Attributable to owners of the parent						Consolidated	
		Other components of Equity							
		Issued and paid-up share capital		Premium on share capital		Legal reserve		Unappropriated retained earnings	
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2010		480,000,000	405,162,100	48,000,000	445,134,595	(6,917,703)	1,371,378,992	8,133,609	1,379,512,601
Dividends paid	23	-	-	-	(165,564,690)	-	(165,564,690)	-	(165,564,690)
Total comprehensive income for the year		-	-	-	337,064,517	(12,708,819)	324,355,698	(2,418,612)	321,937,086
Closing balance as at 31 December 2010		<u>480,000,000</u>	<u>405,162,100</u>	<u>48,000,000</u>	<u>616,634,422</u>	<u>(19,626,522)</u>	<u>1,530,170,000</u>	<u>5,714,997</u>	<u>1,535,884,997</u>
Opening balance as at 1 January 2011		480,000,000	405,162,100	48,000,000	616,634,422	(19,626,522)	1,530,170,000	5,714,997	1,535,884,997
Effects from the adoption of new accounting policy		-	-	-	(67,671,648)	-	(67,671,648)	-	(67,671,648)
- Employee benefits obligation	2.2.1	-	-	-	(191,999,978)	-	(191,999,978)	-	(191,999,978)
Dividends paid	23	-	-	-	399,326,043	399,888	399,725,931	6,249,874	405,975,805
Total comprehensive income for the year		-	-	-	-	-	-	-	-
Closing balance as at 31 December 2011		<u>480,000,000</u>	<u>405,162,100</u>	<u>48,000,000</u>	<u>756,288,839</u>	<u>(19,226,634)</u>	<u>1,670,224,305</u>	<u>11,964,871</u>	<u>1,682,189,176</u>

Toyo-Thai Corporation Public Company Limited
Statements of Changes in Shareholders' Equity (Cont'd)
For the years ended 31 December 2011 and 2010

	Notes	Company				
		Issued and paid-up share capital Baht	Premium on share capital Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Total Shareholders' equity Baht
Opening balance as at 1 January 2010		480,000,000	405,162,100	48,000,000	425,274,511	1,358,436,611
Dividends paid	23	-	-	-	(165,564,690)	(165,564,690)
Total comprehensive income for the year		-	-	-	350,253,215	350,253,215
Closing balance as at 31 December 2010		<u>480,000,000</u>	<u>405,162,100</u>	<u>48,000,000</u>	<u>609,963,036</u>	<u>1,543,125,136</u>
Opening balance as at 1 January 2011		480,000,000	405,162,100	48,000,000	609,963,036	1,543,125,136
Effects from the adoption of new accounting policy						
- Employee benefits obligation	2.2.1	-	-	-	(67,671,648)	(67,671,648)
Dividends paid	23	-	-	-	(191,999,978)	(191,999,978)
Total comprehensive income for the year		-	-	-	374,361,556	374,361,556
Closing balance as at 31 December 2011		<u>480,000,000</u>	<u>405,162,100</u>	<u>48,000,000</u>	<u>724,652,966</u>	<u>1,657,815,066</u>

Toyo-Thai Corporation Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash flows from operating activities					
Profit before income tax		563,769,095	467,685,008	516,687,352	477,240,700
Adjustments					
- Depreciation and amortisation	26	21,525,073	20,742,709	19,039,252	19,380,283
- Gains from disposals of equipment		(1,353,835)	(538,313)	(1,353,835)	(538,313)
- Unrealised (gains)/losses from change in value of investments		1,831,929	4,777,435	1,831,929	4,777,435
- Unrealised (gains)/losses from exchange rate		(42,102,619)	(14,808,667)	(41,609,158)	467,054
- Interest income	24	(54,092,335)	(39,203,830)	(46,562,838)	(40,879,215)
- Dividends income		(150,000)	(482,000)	(150,000)	(482,000)
- Share of loss of interest in a joint venture		1,070,289	4,050,754	-	-
- Employee benefit expense	19	15,293,445	-	13,235,594	-
- Interest expenses		14,114	33,481	-	-
Cash flows before changes in operating assets and liabilities		505,805,156	442,256,577	461,118,296	459,965,944
Changes in operating assets and liabilities					
- Short-term investments		281,934,596	105,452,960	281,934,596	105,452,960
- Trade accounts receivable		(1,520,586,136)	27,209,107	(1,005,772,266)	27,959,952
- Unbilled contracts revenue		128,619,861	(119,657,740)	227,177,488	(123,717,404)
- Other accounts receivable		(6,790,334)	18,445,222	(7,051,830)	19,472,081
- Construction in progress		(58,484,754)	2,976,193	(62,090,402)	4,066,876
- Advance payments to sub-contractors		13,001,958	(130,929)	(1,962,136)	9,027,267
- Withholding income tax		-	252,059,132	-	252,059,059
- Input tax refundable		19,148,230	(10,953,447)	23,881,656	(8,683,051)
- Other current assets		43,056,497	(10,883,755)	41,451,894	(6,824,504)
- Other non-current assets		(498,323)	(2,449,052)	318,957	(3,813,563)
- Deposit at bank used as collateral		-	(12,000,000)	-	(12,000,000)
- Trade accounts payable		517,163,260	(435,916,487)	367,397,350	(435,752,817)
- Other accounts payable		(8,251,384)	15,894,554	(8,104,398)	16,336,011
- Retention payable to sub-contractors		(36,322,263)	(71,329,489)	(36,322,263)	(71,329,489)
- Accrued construction costs		1,831,454,794	(546,721,649)	1,385,900,564	(644,991,241)
- Advance payments received from customers under construction contracts		(46,172,839)	(61,771,422)	(80,225,122)	(99,608,544)
- Deferred construction revenue		566,324,461	12,185,988	143,802,696	12,185,990
- Accrued expense		5,818,522	(19,411,645)	6,908,993	(13,716,408)
- Other current liabilities		30,993,952	(5,401,174)	25,316,322	(3,736,892)
- Deferred income		121,567,506	13,592,940	-	-
- Employee benefit obligations	19	(6,072,782)	-	(6,072,782)	-
Cash receipts from (payment in) operation		2,381,709,978	(406,554,116)	1,757,607,613	(517,647,773)
- Interest paid		(14,114)	(33,481)	-	-
- Income tax paid		(143,387,758)	(125,564,751)	(142,143,149)	(125,073,424)
Net cash receipts from (payment in) operating activities		2,238,308,106	(532,152,348)	1,615,464,464	(642,721,197)

Toyo-Thai Corporation Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2011 and 2010

		Consolidated		Company	
		2011	2010	2011	2010
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Purchase of investment in subsidiary	14	-	-	(7,593,351)	-
Purchase of interest in a joint venture	15	-	(24,000,000)	-	(24,000,000)
Purchase of general investment	13	(432,600,600)	-	(432,600,600)	-
Purchase of investment in held-to-maturity investment		(20,000,000)	-	(20,000,000)	-
Payment of Deposit for investment acquisition		-	(100,000,000)	-	(100,000,000)
Loan granted to subsidiary		-	-	-	(32,000,000)
Proceeds for loan to a subsidiary	11	-	-	46,000,000	-
Interest received		54,599,216	41,251,495	53,168,165	35,263,372
Dividends received from other company		150,000	482,000	150,000	482,000
Purchases of plant and equipment	16	(77,824,947)	(47,345,054)	(15,671,937)	(11,733,184)
Proceeds from disposals of equipment		2,141,456	1,079,207	2,141,456	1,079,208
Purchases of intangible assets	17	(322,662)	(2,301,003)	-	(2,247,000)
Net cash payments in investing activities		(473,857,537)	(130,833,355)	(374,406,267)	(133,155,604)
Cash flows from financing activities					
Cash paid for finance lease liabilities		(148,929)	(177,657)	-	-
Dividends paid to shareholders	23	(191,999,978)	(165,564,690)	(191,999,978)	(165,564,690)
Net cash payments in financing activities		(192,148,907)	(165,742,347)	(191,999,978)	(165,564,690)
Net increase (decrease) in cash and cash equivalents					
		1,572,301,662	(828,728,050)	1,049,058,219	(941,441,491)
Beginning balance		832,025,672	1,657,896,142	685,901,815	1,624,458,648
Exchange gains on cash and cash equivalents		36,988,625	2,857,580	34,184,143	2,884,658
Ending balance	7	2,441,315,959	832,025,672	1,769,144,177	685,901,815
Non-cash item					
Payable from purchases of equipment		1,508,816	-	1,508,816	

Toyo-Thai Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

1 General information

Toyo-Thai Corporation Public Company Limited (the “Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is at 159 Sermit Tower Floor 27-30, Soi Sukhumvit 21, Asoke Road, Klong-Toeynua, Wattana, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principle business operations of the Group are engineering services including design, procurement and construction for integrated industrial factories.

These interim consolidated and company financial statements were authorised for issue by the Board of Directors on 23 February 2012.

2 Accounting policies

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention except for the measurement of trading investments at fair value as disclosed in accounting policies of investment.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies and to disclose the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 4.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively “the accounting standards”)

2.2.1 The accounting standards being effective for the accounting periods beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs

2 Accounting policies (continued)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively “the accounting standards”) (continued)

2.2.1 The accounting standards being effective for the accounting periods beginning on or after 1 January 2011 (continued)

TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions involving Advertising Services

- TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity. Entities can choose to present the statement of comprehensive income in one statement or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period apply this standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Group has chosen to present the statement of comprehensive income in one statement.
- TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of PPE, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The Group's management has assessed and determined that the revised standard will not significantly impact the financial statements being presented.
- TAS 19 deal with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss. The Group has chosen to apply as an adjustment to the brought forward balance of retained earnings.

Toyo-Thai Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

2 Accounting policies (continued)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively “the accounting standards”) (continued)

2.2.1 The accounting standards being effective for the accounting periods beginning on or after 1 January 2011 (continued)

The Group adjusted the brought forward balance of retained earnings under TAS 19 (revised 2009) “Employee Benefits”. The impact of the changes on the consolidated and company statements of financial position as at 1 January 2011 and the consolidated and company income statements for the year ended 31 December 2011 is as follows. However, the restatement does not have any impacts to tax and other comprehensive income.

	Consolidated Baht	Company Baht
Statement of financial position as at 1 January 2011		
- Employee benefits obligation - increase	67,671,648	67,671,648
- Retained earnings - decrease	(67,671,648)	(67,671,648)
Statement of income for the year ended 31 December 2011	Consolidated Baht	Company Baht
Employee benefits expense - increase	15,293,445	13,235,594

- TAS 24 (revised 2009): The definition of ‘related party’ has been expanded to include parties with joint control over the entity, a joint venture in which the entity is a venture, and a post-employment benefit plan for the benefit of employees of an entity. The Group has adopt the revised standard with effect from 1 January 2011, which may have an impact only on the disclosure of related parties’ information in the notes to financial statements.

2.2.2 The accounting standards being effective for the accounting periods beginning on or after 1 January 2013

TAS 12	Income Taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Group has not early adopted the aforementioned accounting standards and the Group’s management is in the process of reviewing the impacts of those accounting standards. However significant changes in accounting standards relevant to Group are summarised as below.

- TAS 12 prescribed the accounting treatment for income taxes, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period.

2 Accounting policies (continued)

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively “the accounting standards”) (continued)

2.2.2 The accounting standards being effective for the accounting periods beginning on or after 1 January 2013 (continued)

The Group has not early adopted the aforementioned accounting standards and the Group’s management is in the process of reviewing the impacts of those accounting standards. However significant changes in accounting standards relevant to Group are summarised as below. (continued)

- TAS 20 (Revised 2009) Accounting for Government Grants and Disclosure of Government Assistance Grants prescribed grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to the compensation of costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as other liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.
- TAS 21 (Revised 2009) required each individual entity to determine its functional currency which is a currency of the primary economic environment in which the entity operates. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. In addition, the results and financial position of all the group entities that have a functional currency difference from the presentation currency are translated in the presentation currency by (a) assets and liabilities are translated at the closing rate at the date of that statement of financial position (b) income and expenses are translated at exchange rate at the date of the transactions and (c) all resulting exchange differences are recognised in other comprehensive income.

2.3 Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, deposits at financial institutions, investments, trade accounts receivable, other receivables and loan to a subsidiary. Financial liabilities carried on the balance sheet include trade accounts payable, other payables, income tax payable, and finance leases. The particular accounting policies are disclosed in the individual policy statements associated with each item.

The Company is party to derivative financial instruments which comprise forward foreign exchange contracts (See Note 3).

2 Accounting policies (Cont'd)

2.4 Group Accounting - Investments in subsidiaries and interests in joint venture

2.4.1 Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's subsidiaries and the effects acquisitions of subsidiaries are shown in Note 14.

2.4.2 Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, the difference between any consideration paid/received and the relevant share acquired/disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the former subsidiary is re-measured at its fair value, with the change in carrying amount recognised in profit or loss. The fair value is initial carrying amount for the purposes of subsequently accounting for the retained interest. In addition, any amounts previously recognised in other comprehensive income in respect of the former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities.

2 Accounting policies (Cont'd)

2.4 Group Accounting - Investments in subsidiaries and interests in joint venture (Cont'd)

2.4.3 Interests in joint ventures

The Group's interests in jointly controlled entities are accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, the interests in joint ventures are initially recognised at cost which includes goodwill identified on acquisition, net of any accumulated impairment loss (if any). The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the interests in joint ventures. When the Group's share of losses in joint ventures equals or exceeds its interests in joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's financial statements, interests in joint ventures are accounted for using the cost method of accounting. Under the cost method, income from interests in joint ventures will be recorded when dividends are declared.

A test for impairment for interests in joint ventures is carried out when there is a factor indicating that investments might be impaired. If the carrying value of the investments is higher than its recoverable amount, impairment loss is charged to profit or loss.

A list of the Group's joint ventures and the financial effects of the acquisitions and disposals of joint ventures are shown in Note 15.

2.5 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht and local currency. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the statement of financial position date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to the shareholder's equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the statement of income as part of the gain or loss on sale.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less from the date of acquisition and bank overdrafts. Bank overdrafts are part of the Company's cash management.

2 Accounting policies (Cont'd)

2.7 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognized in the income statement as part of administrative expenses.

2.8 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised when incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. The stage of completion is measured by referencing to the completion of a physical proportion of the contract work performed as per the conditions agreed with customers. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs incurred in the year in connection with future activity on a contract are excluded and shown as work in process.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where the total costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as "Unbilled contract revenue" under current assets in the statement of financial position. Where progress billings exceed total costs incurred plus recognised profits (less recognised losses), the balance is shown as "Deferred construction revenue" under current liabilities in the statement of financial position.

2.9 Investments

Investments other than investments in subsidiaries and interests in joint ventures are classified into the following three categories: held-to-maturity, trading investments and general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except those with maturities within 12 months from the end of the reporting period, which are classified as current assets.
- Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- Investments in non-marketable equity securities are classified as general investments.

Three categories of investments are initially recognised at cost, which is the fair value to purchase the investments. Cost of investment includes transaction costs.

2 Accounting policies (Cont'd)

2.9 Investments (Cont'd)

Held-to-maturity investments are carried at amortised cost using the effective yield method and less impairment.

Trading investments are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement. Trading investments in active markets are valued at the market value at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre quoted bid price.

General investments are carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.10 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. All plant and equipment are stated at historical cost less accumulated depreciation and impairment (if any). The costs of property, plant and equipment comprise both the purchase price and any costs directly attributable to bringing the assets to location and condition necessary for them to be capable of operating in the manner intended by management. Their costs also include the initial estimate of the costs of dismantling and removing the item and restoring the site on which they are located, the obligation for which the Group incurs either when the items are acquired or as a consequence of having used the items during a particular period for purposes other than to produce inventories during that period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, except land which is considered to have an indefinite life, as follows:

	Useful lives
Furniture, fixtures and equipment	5 - 10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of assets are determined by comparing proceeds with the carrying amount and are recognised within "Other gains or losses, net" in profit or loss.

2 Accounting policies (Cont'd)

2.11 Intangible assets

2.11.1 Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and for intended bring to use of the specific software acquired. These costs are amortised using straight-line method over their estimated useful lives of 10 years.

2.11.2 Other intangible assets

Expenditure associated with golf membership acquisition is capitalised and amortised using the straight-line method over their useful lives of 10 years. Intangible assets are not revalued.

2.12 Impairment of assets

Property, plant and equipment and non-financial assets including intangible assets that are not subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Leases - where a Group company is the lessee

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

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

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

2.14 Income tax

The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Income tax is provided the accounts based on taxable profits determined in accordance with tax legislation.

2 Accounting policies (Cont'd)

2.15 Employee benefits

The Group has post-employment benefits consisting of both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age of employee, years of service and compensation.

2.15.1 Defined benefit plan - retirement benefit

The Group provides for post employment benefits, payable to employees under the labour laws applicable in Thailand and other countries in which the Group has its operations. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors. Actuarial gains or losses will be recognised in the profit or loss in the period to which they relate. The costs associated with providing these benefits are charged to the profit or loss so as to spread the cost over the employment period during which the entitlement to benefits is earned.

2.15.2 Provident fund

The Company operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund and managed by outside fund manager. The provident fund is funded by payments from employees and by the Company. Contributions to the provident fund are charged to the statement of income in the year to which they relate.

2.16 Provisions

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

2.17 Revenue recognition

a) Construction revenues

Revenues from construction contracts are recognised on the percentage-of-completion method by reference to the completion of a physical proportion of the contract work performed as assessed by the project engineers and owners or customers. Provision for anticipated loss on construction project will be made in the accounts as soon as the possibility of loss is ascertained (See accounting policy no. 2.8 construction contracts).

b) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

c) Dividends

Dividends are recognised when the right to receive the dividends is established.

2 Accounting policies (Cont'd)

2.17 Revenue recognition(Cont'd)

d) Government grants

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as other liabilities and are credited to the income statement when related conditions are met, on a straight line basis over the expected lives of the related assets.

2.18 Costs of construction

Costs of construction contracts comprise the costs of labour, subcontractors' charges, other services and overheads which are recognised on the percentage-of-completion method.

Contracts of which incurred construction costs exceed calculated costs of construction, and costs of project of which revenue have not yet been recognised are shown as "Construction in progress" under current assets in the statement of financial position, while contracts of which calculated costs of construction exceed incurred costs of construction are shown as "Accrued construction costs" under current liabilities in the statement of financial position.

2.19 Dividends

Dividends are recorded in the consolidated and company's financial statements in the period in which they are approved by the shareholders of the Company and subsidiaries. Interim dividends are recorded in the consolidated and company financial statements when they are approved by the Board of Directors of the Company and subsidiaries.

2.20 Segment reporting

Segment information is presented by geographical areas of the Group and Company's operations.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign currency forward contracts to hedge certain exposures.

Risk management is carried out by management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and investing excess liquidity.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollars. Entities in the Group use foreign currency forward contracts to hedge their exposure to foreign currency risk in connection with measurement currency.

3.1.2 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

3.2 Accounting for derivative financial instruments and hedging activities

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the foreign currency forward contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements. The fee incurred in establishing each agreement is amortised over the contract period, if any.

3.3 Fair value estimation

The fair value of publicly traded derivatives and trading investments is based on quoted market prices at the statement of financial position date. The fair value of foreign currency forward contracts is determined using forward exchange market rates at the statement of financial position date.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

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4 Significant accounting judgments and estimates

The Group makes estimation and assumptions concerning the future. The result of accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

4.1 Accrued construction costs

Accrued construction costs are estimated based from management experience after taking into consideration of work progress and update budget project costs incurred.

4.2 Construction revenue and unbilled contract revenue

Construction revenue and construction costs are recognised by using the percentage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of the contract work performed as assessed by the project engineers and owners of customers.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6 Segment information

Financial information by geographical segments

	Consolidated		
	Energy business	Construction business	
	Projects provided services in Thailand Baht	Projects provided services in Thailand Baht	Projects provided services in overseas Baht
			Total Baht
For the year ended 31 December 2011			
Construction and service income	-	4,895,610,064	4,000,754,732
Segment result	-	750,519,541	292,713,007
Unallocated costs			(639,311,090)
Net profit for the year			403,664,789
Fixed assets	134,371,650	43,933,190	8,907,850
Consolidated total assets	149,890,621	5,421,241,031	1,332,499,428
			6,903,631,080

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6 Segment information (Cont'd)

	Consolidated		
	Energy business	Construction business	
	Projects provided services in Thailand Baht	Projects provided services in Thailand Baht	Projects provided services in overseas Baht
			Total Baht
For the year ended 31 December 2010			
Construction and service income	-	4,786,605,493	472,052,973
Segment result	-	774,139,233	82,158,743
Unallocated costs			(518,474,866)
Net profit for the year			337,823,110
Fixed assets	77,570,090	43,811,484	5,712,668
Consolidated total assets	94,685,318	3,408,946,966	171,335,640

7 Cash and cash equivalents

As at 31 December	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Cash and cash at banks	1,626,074,793	402,468,693	967,142,580	359,716,711
Fixed deposits due not over 3 months	528,511,712	229,556,979	515,272,142	126,185,104
Promissory notes due not over 3 months	286,729,454	200,000,000	286,729,455	200,000,000
Cash and cash equivalents	2,441,315,959	832,025,672	1,769,144,177	685,901,815

8 Short-term investments

The summary of short-term investments is as follows:

As at 31 December	Consolidated and Company	
	2011 Baht	2010 Baht
Fixed deposits over 3 months	70,000,000	21,174,127
Promissory notes	184,300,000	49,997,000
Trading securities	402,702,242	869,597,640
Total short-term investments	657,002,242	940,768,767

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8 Short-term investments (Cont'd)

Trading securities are as follows:

As at 31 December	Consolidated and Company			
	2011		2010	
	Cost Baht	Fair value Baht	Cost Baht	Fair value Baht
Trading securities				
- Government bonds	103,183,606	103,298,334	559,605,474	560,459,377
- Bonds	299,793,194	299,403,908	307,156,274	309,138,263
Total	402,976,800	402,702,242	866,761,748	869,597,640

9 Trade accounts receivable

As at 31 December	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Third parties				
Not yet due	1,766,132,965	259,256,313	1,228,613,951	254,507,794
Overdue				
- up to 3 months	38,826,307	28,188,845	38,826,307	28,188,845
- 3 - 6 months	9,711,481	203,026	9,711,481	203,026
- 6 - 12 months	-	781,804	-	781,804
- more than 12 months	-	6,175	-	6,175
Total	1,814,670,753	288,436,163	1,277,151,739	283,687,644

10 Unbilled contract revenue and deferred construction revenue

10.1 Unbilled contract revenue - related parties

As at 31 December	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Contract costs to date	277,924,906	177,352,674	277,924,906	177,352,674
Recognised profit to date	38,869,574	5,908,695	43,097,434	19,695,195
Contract cost incurred and recognised profits to date	316,794,480	183,261,369	321,022,340	197,047,869
Less Progress billings	(237,724,732)	(76,156,914)	(237,731,802)	(81,812,914)
	79,069,748	107,104,455	83,290,538	115,234,955

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10 Unbilled contract revenue and deferred construction revenue (Cont'd)

10.2 Unbilled contract revenue - third parties

As at 31 December	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Contract costs to date	17,152,124,720	26,995,628,231	16,241,006,305	26,842,284,519
Recognised profit to date	2,221,837,835	2,715,997,411	2,102,423,240	2,675,650,801
Contract cost incurred and recognised profits to date	19,373,962,555	29,711,625,642	18,343,429,545	29,517,935,320
<u>Less</u> Progress billings	<u>(18,418,954,775)</u>	<u>(28,656,032,708)</u>	<u>(17,492,742,810)</u>	<u>(28,472,015,513)</u>
	<u>955,007,780</u>	<u>1,055,592,934</u>	<u>850,686,735</u>	<u>1,045,919,807</u>

10.3 Deferred construction revenue

As at 31 December	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Contract costs to date	3,267,502,348	1,171,458,792	2,561,666,440	1,171,458,792
Recognised profit to date	259,415,720	185,821,496	237,585,743	185,821,496
Contract cost incurred and recognised profits to date	3,526,918,068	1,357,280,288	2,799,252,183	1,357,280,288
<u>Less</u> Progress billings	<u>(4,133,693,789)</u>	<u>(1,397,731,548)</u>	<u>(2,983,506,139)</u>	<u>(1,397,731,548)</u>
	<u>(606,775,721)</u>	<u>(40,451,260)</u>	<u>(184,253,956)</u>	<u>(40,451,260)</u>

11 Related party transactions

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

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

Related parties are those parties connected with the Group and the Company through shareholders, common shareholders or directors. The Company's shareholders as at 31 December 2011 are as follows:

	<u>% of shareholding</u>
• Toyo Engineering Corporation (incorporated in Japan)	26.00
• Chiyoda Corporation (incorporated in Japan)	7.00
• Global Business Management Company Limited	6.67
• Italian Thai Development Public Company Limited	3.83
• Others	56.50

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11 Related party transactions (Cont'd)

The followings are the significant trading transactions with subsidiaries and related parties. These transactions are considered to be in normal course of business based on the prices as agreed in related contracts.

For the years ended 31 December	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Services income				
Major shareholder	6,272,698	240,008,812	6,272,698	240,008,812
Subsidiaries	1,432,800	-	55,237,273	134,325,000
Related parties - shareholders	60,936,041	74,882	60,936,041	74,882
Joint venture	5,093,726	3,022,869	5,093,726	3,022,869
	<u>73,735,265</u>	<u>243,106,563</u>	<u>127,539,739</u>	<u>377,431,563</u>
Interest income				
Subsidiary	-	-	4,478,527	4,685,920
Cost of construction and services				
Major shareholder	4,184,752	3,257,390	4,184,752	3,257,390
Subsidiaries	-	-	247,276,567	16,758
Related parties - shareholders	-	14,653,773	-	14,653,773
	<u>4,184,752</u>	<u>17,911,163</u>	<u>251,461,319</u>	<u>17,927,921</u>
Managements' remuneration	64,949,767	63,933,536	61,907,914	61,758,750

Directors' and management remuneration are salaries, bonuses and meeting allowances paid to directors and management.

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11 Related party transactions (Cont'd)

As at 31 December	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Construction in progress				
- related party				
Subsidiary	-	-	5,675,619	-
	-	-	5,675,619	-
Accounts receivable				
- related parties				
Major shareholder	6,045,848	-	6,045,848	-
Subsidiaries	-	-	17,956,625	-
Joint venture	443,705	-	443,705	-
Related parties -shareholders	101,222	-	101,222	-
	6,590,775	-	24,547,400	-
Others receivable				
- related parties				
Major shareholder	349,521	-	349,521	-
Subsidiary	-	-	11,235	-
	349,521	-	360,756	-
Loan to subsidiary				
Subsidiary	-	-	40,000,000	86,000,000
Accrued Interest Income from loan				
To subsidiary				
Subsidiary	-	-	1,341,370	7,439,816
Advances paid to				
sub-contractors				
Subsidiary	-	-	9,879,235	-
Related parties - shareholders	-	4,150	-	4,150
	-	4,150	9,879,235	4,150
Trade accounts payable				
- related parties				
Subsidiary	-	-	35,119,590	-
Related parties - shareholders	-	1,635,508	-	1,635,508
	-	1,635,508	35,119,590	1,635,508

Loan to subsidiary

As at 31 December 2011, outstanding loan to subsidiary of Baht 40 million (31 December 2010: Baht 86 million) is a long-term loan granted to Bio Natural Energy Co., Ltd, a subsidiary. This loan bear interest rate of 8% per annum with due principal and interest repayment on annually basis as per the amounts specified in the loan agreement commencing from 2011 until 2020.

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11 Related party transactions (Cont'd)

Summary of movements in loan to subsidiary is as follows:

For the year ended 31 December 2011

	Consolidated	Company
	Baht	Baht
Beginning balance	-	86,000,000
Addition	-	-
Repayment	-	(46,000,000)
Ending balance	-	40,000,000

12 Deposit at bank used as collateral

As at 31 December 2011, the Company pledged its saving bank account of Baht 12 million (31 December 2010: 12 million) as collateral for contractual performance for bidding in foreign countries.

13 Deposit for investment acquisition and general investment

At the Board of Directors' meeting on 12 November 2010, it approved the Company to invest in preferred shares of Navahakorn Electric Company Limited (NNE). On 21 December 2010, the Company made deposit payment of Baht 100 million to acquire newly issued preferred shares of NNE. At the Board of Directors' meeting held on 25 January 2011, it approved the acquisition of newly issued preferred shares in NNE. The Company has entered into the Shareholder's agreement during the first quarter of year 2011. The Company has invested not over than 11,000,000 newly issued preferred shares at a par value of Baht 100 per share with total amount not over than Baht 1,100 million and will have its investment proportion in NNE not over than 71% of authorised share capital.

Such investment in preferred shares limits the voting right of the Company at the maximum of 1% of total voting rights in which the Company will receive its return on investment through accumulative dividends at a fixed rate. The overall objective of such investment transaction is to invest in a good prospective project in which the Company will not involve in routine management as outlined in various terms and conditions in the Shareholders' agreement dated 26 January 2011.

The Company further paid and invested in preferred shares on various dates from February 2011 to October 2011 totalling Baht 432.6 million. As at 31 December 2011, the Company held 10.87 million preferred shares at a par value of 100 per share and called for paid-up 49% totaling, Baht 532.60 million which represent 1% of total voting rights.

As at 23 December 2011, the Company had initially entered into Share Purchase Agreement in preferred shares of NNE to Korea Midland Power Co., Ltd (KOMIPO). As at 31 December 2011, the Company had not finalised or concluded on such agreement.

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14 Investments in subsidiaries, net

As at 31 December	Countries	Type of business	Ownership interest		Paid-up capital		Company At cost	
			2011 %	2010 %	2011	2010	2011 Baht	2010 Baht
Toyo-Vietnam Corporation	Vietnam	Constructions and engineering services	80	80	USD 300,000	USD 300,000	7,903,230	7,903,230
Bio Natural Energy Co., Ltd.	Thailand	Renewable energy development	70	70	Baht 5,000,000	Baht 5,000,000	3,500,000	3,500,000
Toyo-Thai Malaysia SDN BHD	Malaysia	Constructions and engineering services	100	-	Malaysian Ringgit 749,999	-	7,593,351	-
Total							18,996,581	11,403,230
Less: Allowance for impairment							-	-
Investment in subsidiaries, net							<u>18,996,581</u>	<u>11,403,230</u>

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14 Investments in subsidiaries, net (Cont'd)

Summary of movements in investments in subsidiaries is as follows:

	Company	
	2011 Baht	2010 Baht
For the year ended 31 December		
Opening net book value	11,403,230	11,403,230
Payment for shares in a subsidiary	7,593,351	-
Disposal of investment in a subsidiary	-	-
Closing net book value	18,996,581	11,403,230

Payment for shares in a subsidiary

At the Company Board of Directors' meeting held on 11 August 2011, the Board of Directors acknowledged the establishment a new subsidiary company in Malaysia being named as "Toyo Thai Malaysia Sdn Bhd" (TTML) with initial authorised share capital amounting to Ringgit 0.10 million or equivalent to Baht 1.0 million. The registration of the subsidiary company was already completed on 8 August 2011. As at 31 December 2011, the Company made a full payment for total authorised share capital 749,999 shares amounting to Baht 7.59 million.

Establishment of subsidiaries and affiliates

At the Company Board of Directors' meeting held on 10 November 2011, the Board of Directors approved the establishment of a new subsidiary company in Myanmar being named as "ToyoThai Myanmar Corporation Co.,Ltd" with initial authorised share capital amounting to USD 0.30 million or equivalent to Baht 9.0 million. As at 31 December 2011, the Company had outstanding commitment in respect of uncalled portion of the investment in such company of USD 239,000 or approximately Baht 7.17 million.

At the Company Board of Directors' meeting held on 10 November 2011, the Board of Directors approved the establishment of a new subsidiary in United states of America (USA) being named as " Toyo Thai- USA Corporation" ,which is a joint investment between the Company and Global Business Management Company Limited with initial authorised share capital amounting to USD 50,000. The Company holds 80% of its authorised share capital amounting to USD 40,000 or equivalent to Baht 1.2 million. As at 31 December 2011, the Company had outstanding commitment in respect of uncalled portion of investment in such company of USD 40,000 or equivalent to approximately Baht 1.20 million.

15 Interest in joint venture

On 22 January 2010, the Company and Mitsubishi Corporation Group entered into a joint venture (JV) agreement to establish a joint venture company in Thailand being named as "Global New Energy Co., Ltd.". This JV has engaged in a renewable energy business with a total 600,000 registered ordinary shares at a par value of Baht 100 per share. The Company holds 40% of its authorised share capital amounting to Baht 24 million.

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15 Interest in joint venture (Cont'd)

The movements in interest in joint venture are as follows:

	Consolidated	Company
	Baht	Baht
For the year ended 31 December 2011		
Opening net book value	19,949,247	24,000,000
Share of loss of interest in joint venture	(1,070,288)	-
Closing net book value	18,878,959	24,000,000

Share of loss of interest in joint venture is calculated at 40% interest of Company portion based on the joint venture's statement of income audited by its auditor for the year ended 31 December 2011.

16 Property, plant and equipment, net

	Consolidated			
	Land	Construction in progress	Furniture, fixtures and equipment	Motor vehicles
				Total
As at 1 January 2010				
Cost	6,750,000	46,446,943	70,155,444	28,891,855
Less Accumulated depreciation	-	-	(36,364,033)	(17,539,372)
Net book amount	6,750,000	46,446,943	33,791,411	11,352,483
For the year ended 31 December 2010				
Opening net book amount	6,750,000	46,446,943	33,791,411	11,352,483
Additions	-	31,123,147	9,022,273	7,199,634
Disposals - net	-	-	(440,959)	(99,940)
Depreciation charge (Note 26)	-	-	(12,816,956)	(4,819,359)
Currency translation differences	-	-	(323,362)	(91,073)
Closing net book amount	6,750,000	77,570,090	29,232,407	13,541,745
As at 31 December 2010				
Cost	6,750,000	77,570,090	76,483,349	32,870,318
Less Accumulated depreciation	-	-	(47,250,941)	(19,328,574)
Net book amount	6,750,000	77,570,090	29,232,408	13,541,744
For the year ended 31 December 2011				
Opening net book amount	6,750,000	77,570,090	29,232,408	13,541,744
Additions	-	56,801,558	16,120,988	6,411,216
Disposals - net	-	-	(4,609)	(783,012)
Depreciation charge (Note 26)	-	-	(12,752,633)	(5,675,060)
Currency translation differences	-	-	-	-
Closing net book amount	6,750,000	134,371,648	32,596,154	13,494,888
As at 31 December 2011				
Cost	6,750,000	134,371,648	91,682,858	31,682,696
Less Accumulated depreciation	-	-	(59,086,704)	(18,187,808)
Net book amount	6,750,000	134,371,648	32,596,154	13,494,888

Construction in progress represents an ongoing construction of Bio Natural Energy Company Limited's plant at Ayutthaya with a total budget of baht 178.80 million. Management expects the construction to be completed by June 2012.

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16 Property, plant and equipment, net (Cont'd)

	Company			
	Land Baht	Furniture, fixtures and equipment Baht	Motor vehicles Baht	Total Baht
As at 1 January 2010				
Cost	6,750,000	66,627,186	28,056,831	101,434,017
<u>Less</u> Accumulated depreciation	-	(34,775,949)	(17,250,784)	(52,026,733)
Net book amount	<u>6,750,000</u>	<u>31,851,237</u>	<u>10,806,047</u>	<u>49,407,284</u>
For the year ended 31 December 2010				
Opening net book amount	6,750,000	31,851,237	10,806,047	49,407,284
Additions	-	6,518,889	5,214,295	11,733,184
Disposals - net	-	(440,959)	(99,940)	(540,899)
Depreciation charge (Note 26)	-	(12,130,515)	(4,657,571)	(16,788,090)
Closing net book amount	<u>6,750,000</u>	<u>25,798,652</u>	<u>11,262,831</u>	<u>43,811,483</u>
As at 31 December 2010				
Cost	6,750,000	71,653,850	30,189,126	108,592,976
<u>Less</u> Accumulated depreciation	-	(45,855,198)	(18,926,295)	(64,781,493)
Net book amount	<u>6,750,000</u>	<u>25,798,652</u>	<u>11,262,831</u>	<u>43,811,483</u>
For the year ended 31 December 2011				
Opening net book amount	6,750,000	25,798,652	11,262,831	43,811,483
Additions	-	12,431,703	4,749,050	17,180,753
Disposals - net	-	(4,609)	(783,012)	(787,621)
Depreciation charge (Note 26)	-	(11,227,915)	(5,043,509)	(16,271,424)
Closing net book amount	<u>6,750,000</u>	<u>26,997,831</u>	<u>10,185,360</u>	<u>43,933,191</u>
As at 31 December 2011				
Cost	6,750,000	83,164,073	27,339,337	117,253,410
<u>Less</u> Accumulated depreciation	-	(56,166,242)	(17,153,977)	(73,320,219)
Net book amount	<u>6,750,000</u>	<u>26,997,831</u>	<u>10,185,360</u>	<u>43,933,191</u>

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17 Intangible assets, net

	Consolidated		
	Computer software Baht	Golf membership Baht	Total Baht
At 1 January 2010			
Cost	26,593,200	2,082,000	28,675,200
<u>Less</u> Accumulated amortisation	(10,129,018)	(923,720)	(11,052,738)
Net book amount	<u>16,464,182</u>	<u>1,158,280</u>	<u>17,622,462</u>
For the year ended 31 December 2010			
Opening net book amount	16,464,182	1,158,280	17,622,462
Additions	2,301,003	-	2,301,003
Amortisation charge (Note 26)	(2,976,394)	(130,000)	(3,106,394)
Currency translation differences	(168,788)	-	(168,788)
Closing net book amount	<u>15,620,003</u>	<u>1,028,280</u>	<u>16,648,283</u>
At 31 December 2010			
Cost	28,480,085	2,082,000	30,562,085
<u>Less</u> Accumulated amortisation	(12,860,082)	(1,053,720)	(13,913,802)
Net book amount	<u>15,620,003</u>	<u>1,028,280</u>	<u>16,648,283</u>
For the year ended 31 December 2011			
Opening net book amount	15,620,003	1,028,280	16,648,283
Additions	322,662	-	322,662
Amortisation charge (Note 26)	(2,967,379)	(130,000)	(3,097,379)
Currency translation differences	-	-	-
Closing net book amount	<u>12,975,286</u>	<u>898,280</u>	<u>13,873,566</u>
At 31 December 2011			
Cost	28,802,746	2,802,000	30,884,746
<u>Less</u> Accumulated amortisation	(15,827,460)	(1,183,720)	(17,011,180)
Net book amount	<u>12,975,286</u>	<u>898,280</u>	<u>13,873,566</u>

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17 Intangible assets, net (Cont'd)

	Company		
	Computer software Baht	Golf membership Baht	Total Baht
At 1 January 2010			
Cost	24,108,492	2,082,000	26,190,492
<u>Less</u> Accumulated amortisation	(8,657,038)	(923,720)	(9,580,758)
Net book amount	<u>15,451,454</u>	<u>1,158,280</u>	<u>16,609,734</u>
For the year ended 31 December 2010			
Opening net book amount	15,451,454	1,158,280	16,609,734
Additions	2,247,000	-	2,247,000
Amortisation charge (Note 26)	(2,462,193)	(130,000)	(2,592,193)
Closing net book amount	<u>15,236,261</u>	<u>1,028,280</u>	<u>16,264,541</u>
At 31 December 2010			
Cost	26,355,492	2,082,000	28,437,492
<u>Less</u> Accumulated amortisation	(11,119,231)	(1,053,720)	(12,172,951)
Net book amount	<u>15,236,261</u>	<u>1,028,280</u>	<u>16,264,541</u>
For the year ended 31 December 2011			
Opening net book amount	15,236,261	1,028,280	16,264,541
Additions	-	-	-
Amortisation charge (Note 26)	(2,637,828)	(130,000)	(2,767,828)
Closing net book amount	<u>12,598,433</u>	<u>898,280</u>	<u>13,496,713</u>
At 31 December 2011			
Cost	26,355,492	2,082,000	28,437,492
<u>Less</u> Accumulated amortisation	(13,757,059)	(1,183,720)	(14,940,779)
Net book amount	<u>12,598,433</u>	<u>898,280</u>	<u>13,496,713</u>

18 Government grants

During the year ending 31 December 2011, Bio Natural Energy Co., Ltd., a subsidiary entered into the government grant assistance agreement with the Energy Policy and Planning Office (EPPO), which is a government body, to receive the subsidy from the Energy Conservation Promotion Fund under the Supporting Program to Biogas Technology for Industrial Sectors with a total credit facility line of Baht 20 million. To receive the subsidy, the subsidiary has to operate the power plant using the biogas generated from wastes of Ethanol plants by which the subsidiary has to utilise the generated biogas at the minimum volume as specified in the agreement.

In addition, such subsidiary is entitled to receive the subsidy from the Ministry of Environment of Japan (MOE) to construct the biogas power plant and to sell back the credit carbon generated from the production to MOE at the volume as stipulated in the agreement. The subsidy received will be based on the percentage of completion of the plant which will not exceed Yen 300 million or Baht 122.53 million.

As at 31 December 2011, the government grants of Baht 135.16 million were included in non-current liabilities as deferred revenue (31 December 2010: Baht 13.59 million).

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19 Employee benefits obligation

	Consolidated	Company
	2011	2011
	Baht	Baht
Statement of financial position	76,892,311	74,834,460
Expenses of employee benefits for the year	15,293,445	13,235,594
	Consolidated	Company
	2011	2011
	Baht	Baht
Current portion due within one year	-	-
Long-term portion due more than one year	76,892,311	74,834,460
Total	<u>76,892,311</u>	<u>74,834,460</u>

The movement in the employee benefit obligation over the year is as follows:

	Consolidated	Company
	2011	2011
	Baht	Baht
At 1 January	-	-
Effect from the adoption of new accounting policy (Note 2.2.1)	67,671,648	67,671,648
Current service cost	9,867,671	9,747,964
Interest cost	5,425,774	3,487,630
Benefits paid	<u>(6,072,782)</u>	<u>(6,072,782)</u>
At 31 December	<u>76,892,311</u>	<u>74,834,460</u>

The amounts recognised in the income statement are as follows:

	Consolidated	Company
	2011	2011
	Baht	Baht
Current Service cost	9,867,671	9,747,964
Interest cost	<u>5,425,774</u>	<u>3,487,630</u>
Total, included in administrative expenses	<u>15,293,445</u>	<u>13,235,594</u>

The principle actuarial assumptions used were as follows;

	2011
Discount rate	4.44% per annum
Future salary increases	8.85% per annum

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20 Share capital and premium on share capital

	Number of shares (Share)				
	Authorised ordinary shares	Issued and paid-up shares	Issued and paid-up Baht	Premium on share capital Baht	Total Baht
As at 1 January 2010	480,000,000	480,000,000	480,000,000	405,162,100	885,162,100
Issued of shares	-	-	-	-	-
As at 31 December 2010	480,000,000	480,000,000	480,000,000	405,162,100	885,162,100
Issued of shares	-	-	-	-	-
As at 31 December 2011	480,000,000	480,000,000	480,000,000	405,162,100	885,162,100

As at 31 December 2011, the total authorised ordinary shares are 480 million shares at Baht 1 par value (2010: 480 million shares at Baht 1 par value).

21 Earnings per share

Basic earnings per share attributable to equity holders of the parent is calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares issued during the year.

	Consolidated		Company	
	2011	2010	2011	2010
Net profit attributable to equity holders of the parent (Baht)	399,326,043	337,064,517	374,361,556	350,253,215
Weighted average number of ordinary shares in issue (Shares)	480,000,000	480,000,000	480,000,000	480,000,000
Basic earnings per share (Baht)	0.83	0.70	0.78	0.73

There are no dilutive potential ordinary shares issued during the years presented above.

22 Legal reserve

	Consolidated		Company	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Beginning balance	48,000,000	48,000,000	48,000,000	48,000,000
Appropriation during the year	-	-	-	-
Ending balance	48,000,000	48,000,000	48,000,000	48,000,000

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable. The Company has fully provided legal reserve since 2008.

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23 Dividends

At the Annual General Shareholders' Meeting on 1 April 2011, the shareholders approved a dividend payment of 2010 at Baht 0.37 per share for 480 million ordinary shares, totaling Baht 177.60 million. The Company already paid the interim dividends during the year 2010 at Baht 0.15 per share, totaling Baht 72.02 million. The remaining dividends of Baht 0.22 per share, totaling Baht 105.60 million were paid to the shareholders in April 2011.

At the Board of Directors' meeting held on 11 August 2011, the Board of directors approved the payment of dividends in respect of the half year 2011 performance for 480 million shares of Baht 0.18 per share, totaling Baht 86.4 million. These dividends were paid to shareholders in September 2011.

At the Annual General Shareholders' Meeting on 31 March 2010, the shareholders approved a dividend payment of 2009 at Baht 0.345 per share for 480 million ordinary shares, totaling Baht 165.60 million. The Company already paid the interim dividends during the year 2009 at Baht 0.15 per share, totaling Baht 72 million. The remaining dividends of Baht 0.195 per share, totaling Baht 93.58 million were paid to the shareholders in April 2010.

At the Board of Directors' meeting held on 11 August 2010, the Board of directors approved the payment of dividends in respect of the half year 2010 performance for 480 million shares of Baht 0.15 per share, totaling Baht 72 million. These dividends were paid to shareholders in September 2010.

24 Other income

	Consolidated		Company	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Interest income	54,092,335	39,203,830	46,562,838	40,879,215
Dividend income	150,000	482,000	150,000	482,000
Other income	8,565,543	723,276	5,010,070	608,556
Unrealised gains/(losses) from changes in value of investments	(1,831,929)	(4,777,435)	(1,831,929)	(4,777,435)
Gain from disposal equipments	1,353,835	538,313	1,353,835	538,313
Gain from exchange rate	36,370,358	23,311,446	39,096,953	22,969,186
Total	<u>98,700,142</u>	<u>59,481,430</u>	<u>90,341,767</u>	<u>60,699,835</u>

25 Income tax

The Group calculates income tax in accordance with the Revenue Code and records income tax on an accrual basis. The Group does not recognise income tax payable or receivable in future periods in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Corporate income tax expense is recognised based on the best estimate of weighted average annual income tax rate expected for the full financial year. The estimate of average annual tax rate used is 27.55 % per annum (2010: 26.60% per annum). The difference in income tax rate is because the Company has received tax privileges according to the Royal Decree issued under the Revenue Code regarding income tax reduction for companies listed on the Stock Exchange of Thailand (SET) (No. 467 and 474) from 1 January 2007 to 31 December 2008 and commencing the trading on the SET within 31 December 2009 at a tax rate of 25% of the amount not exceeding Baht 300 million for three years continuously starting from the first accounting period beginning on or after the listed date with the SET.

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26 Expenses by nature

	Consolidated		Company	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Construction supplies and subcontractor charges	4,716,518,409	3,297,109,397	3,897,189,373	3,190,174,027
Salaries, wages and other employee benefits	1,352,615,264	1,104,628,360	1,340,748,232	1,077,675,014
Consultant expenses	19,608,296	9,262,258	19,432,383	8,832,996
Rental expenses	91,989,431	103,839,491	88,895,961	98,337,503
Depreciation and amortisation expenses (Notes 16 and 17)	21,525,073	20,742,709	19,039,252	19,380,283

27 Financial instruments

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from purchase of equipment and services that are denominated in foreign currencies. The Company manages its exposure to foreign currency risk by balancing net position of receipt and payment of the foreign currency transactions in each period, and considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur.

At 31 December 2011, the Company had forward foreign exchange contracts amounting to USD 5 million. The settlement dates on open forward contracts ranged between 1 and 3 months. Amounts in Thai Baht to be settled and contractual exchange rates of the outstanding contracts were:

	Baht
USD 5 million at rate 30.94/ USD 1	154,700,000

Net fair values

The net fair values of the forward foreign exchange contracts at 31 December 2011 were:

	Baht
Favourable forward foreign exchange contracts	3,912,500
Unfavourable forward foreign exchange contracts	-

The fair values of forward foreign exchange contracts have been calculated using rates quoted by the Company's bankers to terminate the contracts at 31 December 2011.

As at 31 December 2011, the Company and the subsidiary had outstanding balances of financial assets and financial liabilities denominated in foreign currencies as follows:

(Unit : Baht/1 foreign currency)						
Currency	Consolidated		Company		Exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	As at 31 December 2011	
					Buying	Selling
USD	98,716,863	9,191,547	47,796,231	9,191,547	31.5505	31.8319
Yen	-	7,128,500	-	7,128,500	0.40443	0.41241
Euro	2,275,000	169,248	2,275,000	169,248	40.7150	41.3397
Singapore Dollar	57,348	5,526	-	5,526	24.1566	24.6141
Bangladesh	1,202	-	1,202	-	0.3856	0.3890
Peso Philippines	10,945	-	1,202	-	0.7136	0.7327

28 Commitments and contingent liabilities

As at 31 December 2011, the Group had commitments and contingent liabilities including contracts as following:

1) Capital commitments

The Company has outstanding commitment in respect of uncalled portion of investment in an overseas subsidiary company of USD 160,000 or equivalent to approximately Baht 5.09 million (2010: Baht 4.85 million) and affiliates of USD 279,000 or equivalent to approximately Baht 8.37 million (Note 14).

2) Operating leases and services commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of office building space and services and rental of vehicles. The rental payable under these non-cancellable leases were as follows:

	2011	2010
Paid within	Million Baht	Million Baht
1 year	68.85	55.74
1 - 2 years	50.72	90.28
3 - 5 years	-	-
Total	119.57	146.02

3) Guarantees

3.1) The Company has guaranteed bank credit facilities of its subsidiary amounting not over than, USD 4.0 million or equivalent to approximately Baht 127.33 million (2010: Baht 18.18 million).

3.2) As at 31 December 2011, the Group had outstanding bank guarantees in respect of certain performance bond and contractual performance as follows:

3.2.1 Letter of guarantee to guarantee contractual performance as required in the normal course of the business of the Group amounting to USD 59.63 million (2010: USD 35.13 million) and Baht 1,368.76 million (2010: Baht 1,750.11 million).

3.2.2 Letter of guarantee to guarantee electricity use and others amounting to Baht 4.36 million (2010: Baht 7.38 million).

3.2.3 Letter of guarantee to guarantee refundable Corporate Income tax amounting to Baht 126.84 million (2010: Baht 252.06 million).

3.3) As at 31 December 2011, a subsidiary had outstanding bank guarantee which is guaranteed for contractual performance as required in the normal course of business amounting to USD 0.43 million or equivalent to approximately Baht 13.82 million (2010: Baht 0.8 million).

28 Commitments and contingent liabilities (Cont'd)

4) Litigations

- 4.1) During 1999, the Company was filed by a sub-contractor alleging that Company had breached a sub-contractor contract and demanding for the Company to pay compensation. The Company disputed the claim and counter filed at the comparative amount to that claimed by the sub-contractor. Subsequently, on 16 August 2004, the Civil Court dismissed the claim sub-contractor and ordered the sub-contractors to make payment to the Company of approximately Baht 5 million, plus interest at the rate of 7.5 percent per annum from 29 April 1999 until the payment is completed. The sub-contractors filed an appeal to the Court of Appeal and on 20 April 2010, the Court of Appeal declared its judgment confirming all previous lower court judgments. However, the sub-contractors did not file an appeal to the Supreme Court within the prescribed timeframe. Thus, as at 31 December 2011, this case was considered finally ruled by the Court of Appeal.
- 4.2) During 2004, the Company signed a Novation Agreement transferring rights and obligations it had under a construction contract for one construction project in Thailand to a group of companies. Under that agreement, the Company has no any commitment to the construction. However, in December 2008, the Company was filed by a sub-contractor of the assignee claiming that the Company had breached a contract and demanding for the Company to pay compensation for operational losses of the sub-contractor of approximately Baht 248.65 million, plus interest at the rate of 7.5 percent per annum from 7 January 2008 until the date of filing, totalling approximately Baht 17.37 million. Subsequently, the Civil Court ruled on 29 December 2010 to dismiss the case and ordered such sub-contractor to pay the Company at Baht 0.6 million for the compensation of lawyer fees and related expenses. However, the sub-contractor has the right to appeal further at the Appeal Court within 30 days after the ruling date which is due on 31 January 2011. At the present date, the sub-contractor has not filed its appeal within such due date. Therefore, as at 31 December 2011, the case was finally ruled by the Court. The Company already received the compensation of related expenses of Baht 0.6 million in April 2011.
- 4.3) During 2011, the Company's employees claimed for overtime payment in total of Baht 1.17 million. As at 31 December 2011, the case is on the process of the Labour Court which will be started on this 21 February 2012.

29 Post balance sheet event

New joint venture agreement

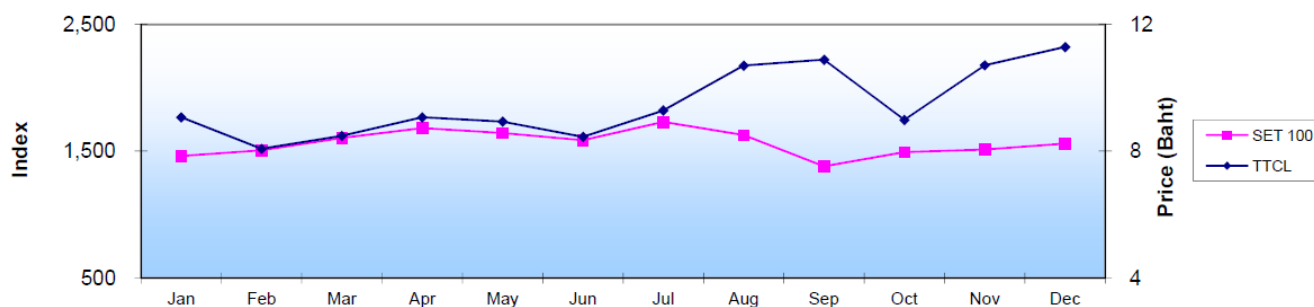
On 12 January 2012, the Company entered into a joint venture agreement related to a solar power plant project in Angthong province with Siam Steel Gratings Group (SSG) and Korea Midland Power Company Limited (KOMIPO). The Company will hold 35 interest in this new project in which the estimated project value is approximately Baht 1,000 million. At the present, the project is still during the early stage and it is expected the project could complete related construction by the end of 2012.

Dividend payment

At the Board of Directors of the Company's meeting no. 1/2012 on 23 February 2012, it approved the dividend payment for the operating results of 2011 at Baht 0.43 per share for 480 million shares, totalling Baht 206.40 million. The dividend payment approval has been proposed to shareholders' meeting for the year 2012 for the further consideration and approval. The Company already paid interim dividend at Baht 0.18 per share for 480 million shares, totalling Baht 86.40 million in September 2011 (See note 23 Dividend). Therefore, the remaining dividend payment was at Baht 0.25 per share, totalling Baht 120.00 million.

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 Home Page : www.toyo-thai.com
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 Registration No. : 0107551000185
 Registered Capital : 480,000,000.00 Baht
 Paid-up Capital : 480,000,000.00 Baht
 Par Value : 1.00 Baht
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 Independent Auditor : Mr. Prasit Yuengsrikul CPA. No. 4174
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Stock Price & SET Index Movement Year 2011





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