



Contents

123	Financial Highlights
125	Corporate Profile
126	Message from the Board of Directors
128	Audit Committee's Report for the year 2012
129	TPI Polene and Society
136	TPI Polene, its Quality, Safety, and Environment
139	Corporate Development in 2012
146	Nature of Business
148	Revenues Structure
149	Business Structure of the Group
150	Operating Results and Financial Status in 2012
153	Risk Management
154	Shareholding Structure & Dividend Payment Policy
155	The Management
170	Corporate Governance
177	Inter-Company Transaction
179	Affiliated Companies
180	Report of the Board of Directors' Responsibilities for Financial Statements
181	Auditor's Report
183	Consolidated Financial Statements





A leading Thai Manufacturer committed to reducing greenhouse gas emissions to zero

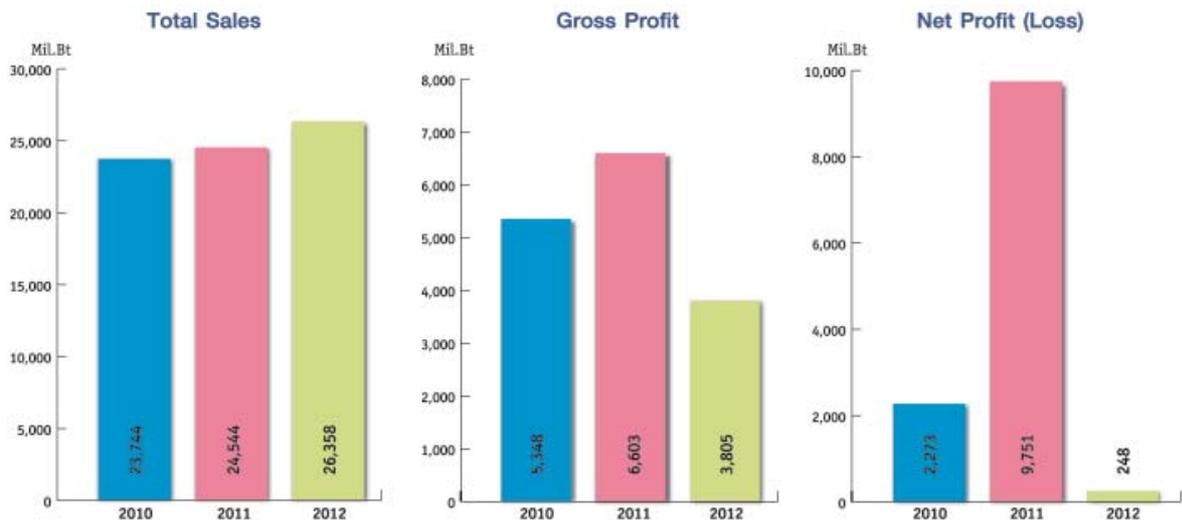
The Company pursues its operations in a professional way with a dynamic and precise management style while manufacturing high quality products, providing services to clients with adherence to the highest standards of integrity in the administration of the business. To this end, the Company has moved forward steadily and impressively in the global market.

With the Company's long-established commitment to consistently strengthen its competitive advantages in the organization for success today and to step up to progressive challenges in the future. TPI Polene has become a leading Thai cement manufacturer committed to reducing carbon dioxide emissions to zero, which is considered as a graceful step of progress for environmental balance.

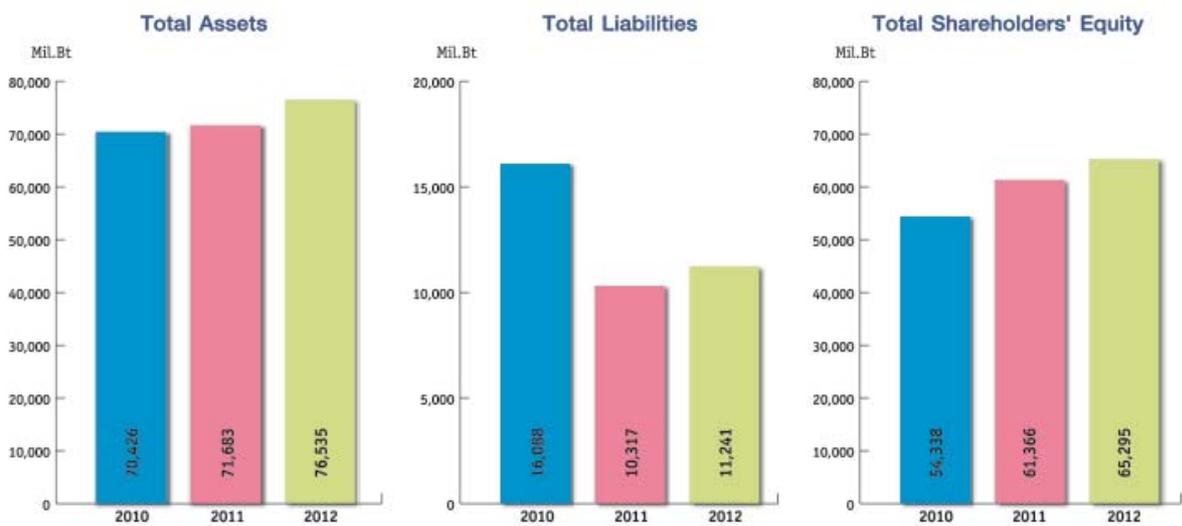
Financial Highlights

	Unit	2010	2011	2012
Operational Performance				
Total Revenues	(Baht Mil.)	25,607	33,508	28,424
Total Sales	(Baht Mil.)	23,744	24,544	26,358
Gross Profit	(Baht Mil.)	5,348	6,603	3,805
Operating Profit (Loss) before income tax	(Baht Mil.)	2,461	3,471	548
Net Profit (Loss)	(Baht Mil.)	2,273	9,751	248
Financial Status				
Total Assets	(Baht Mil.)	70,426	71,683	76,535
Total Current Assets	(Baht Mil.)	9,355	10,773	10,838
Total Liabilities	(Baht Mil.)	16,088	10,317	11,241
Total Financial Debt	(Baht Mil.)	4,579	4,428	4,569
Total Shareholders' Equity	(Baht Mil.)	54,338	61,366	65,295
Shares Detail				
Listed Shares and Paid-up Shares	(Mil. Shares)	2,019	2,019	2,019
Par value	(Baht/Share)	10.00	10.00	10.00
Book Value	(Baht/Share)	27.21	30.73	32.70
Earnings per Share	(Baht)	1.14	4.88	0.12
Dividend per Share	(Baht)	0.15	0.15	0.10
Dividend payout Ratio	(%)	13.16	3.07	80.44
Key Financial Ratios				
Gross Profit Margin	(%)	22.52	26.90	14.44
Net Profit Margin	(%)	8.88	29.10	0.87
Debt to Equity Ratio	(times)	0.30	0.17	0.17
Financial Debt to Equity Ratio	(times)	0.08	0.07	0.07

Total Revenues and Net Profit



Financial Status



Corporate Profile

Company's Name	: TPI Polene Public Company Limited
Abbreviation in the SET	: TPIPL
Registration Number	: 01075370000564 (formerly Bor. Mor. Jor. 303)
Nature of Business	: Manufacture and sale of cement, Electricity, ready-mixed concrete and LDPE/EVA plastic resin, CRT, Organic Fertilizer and drinking water
Registered Capital	: Baht 24,815,000,000 Consisting of 2,481,500,000 ordinary shares, at the par value of Baht 10 each.
Paid-up Capital	: Baht 20,190,000,000 Consisting of 2,019,000,000 ordinary shares, at the par value of Baht 10 each.
Accounting Period	: January 1 - December 31
Location	
Head Office Location	: 26/56 Chan Tat Mai Road, Thungmahamek, Sathorn, Bangkok 10120
Tel. Number	: +66 (0) 2213-1039 - 49, 285-5090 -9
Fax Number	: +66 (0) 2213-1035, 213-1038
Web Address	: http://www.tpipolene.co.th
Cement Plant Location	: 299 Moo 5, Mittraparp Road, Tambol Tubkwang, Kangkhoy, Saraburi 18260
Tel. Number	: +66 (0) 3633-9111
Fax Number	: +66 (0) 3633-9228-30
LDPE Plant	: 299 Moo 5 Sukhumvit Road, Tambol Chuengnoen, Amphur Muang, Rayong 21000
Tel. Number	: +66 (0) 3861-1333
Fax Number	: +66 (0) 3880-2568
Concrete Roof Tiles Plant	: 77 Moo 7, Tambol Ban Kang, Amphur Chaloem Phrakiat, Saraburi 18260
Tel. Number	: +66 (0) 3667-0370-5
Fax Number	: +66 (0) 3667-0377
Investors Relation Unit:	
Tel. Number	: +66 (0) 2213-1039 ext. 12983 and 12985
Other Relevant Information:	
Share Registrars	: Thailand Securities Depository Company Limited
Office Location	: 4, 6-7 th Fl, The Stock Exchange of Thailand, 62 New Rajadapisek Road, Klongtoey, Bangkok 10110.
Tel. Number	: +66 (0) 2229-2800, call center +66 (0) 229-2888
Fax Number	: +66 (0) 2654-5427
Statutory Auditor	: KPMG Phoomchai Audit Limited.
Office Location	: 195 Empire Building 21-22 nd Fl., South Sathorn Road, Kwaeng Yannawa, Sathorn, Bangkok 10120
Tel. Number	: +66 (0) 2677-2000
Fax Number	: +66 (0) 2677-2222

Message from the Board of Directors

To: Shareholders

Dear Sirs,

In 2012, the world economic slowdown was primarily caused by the European sovereign debt crisis and the economic crisis in the United States of America. However, the Company and its subsidiaries conducted its business operations with total revenues of Baht 28,424 million, a normal operating profit (before income tax expenses) of Baht 548 million and a net profit of Baht 248 million.

Professional Management Style

The Company operates under a policy of administering the business professionally, using standards of excellence dynamically and precisely while enhancing a long-established policy of emphasizing prudence, as well as consistently managing business operations progressively to be in line with changing environmental circumstances to accommodate the business administration. Modern technology has been adopted to improve and develop towards excellence in all respects. Such pursuit is congruent with our commitment to foster development in our human resources toward the ASEAN Economic Community ("AEC").

To Consistently Produce the Products to raise the standard of living of Thai People

In 2012, the Company launched Organic Fertilizers, the product which has seen widespread use among organic agricultural manufacturers and agriculturists, as it helps increase crop yields and it is safe for consumers, which allows agriculturists to sell the agricultural products at higher prices as compared with agricultural products that use chemical fertilizers. It also raises the standard of living of Thai farmers and consumers. Repeated use of chemical fertilizers for prolonged duration causes toxins, which can be harmful to humans. Besides, this allows Thai people to consume agricultural products that are safe.

A leading Thai Manufacturer committed to reducing greenhouse gas emissions to zero

During the past several years, TPI Polene Group has expanded its investments in projects that help reduce greenhouse gas emissions at the plants to zero. Those projects include Waste Heat Recovery Power Plants, Refuse Derived Fuel ("RDF") Plant, Pyrolysis Plant and Fertilizer Plant. Most projects have been accomplished and commenced commercial operations, thereby consistently creating added value and creating considerable economic benefits to TPI Polene Group. Furthermore, TPI Polene can reduce greenhouse gas emissions at the plants to zero. It has been one of our proudest achievements to continue to operate the business by enhancing our strengths and the sustainable growth of the business in parallel while protecting the surrounding environment.

Investment in Concrete Roof Tile and Fiber Cement Project

With our readiness for growth, the Company has made an investment in concrete roof tiles and fiber cement projects in order to develop the business and create added value for the products. Concrete roof tile products, for instance, roof, floor and wall tile products, have been successfully launched in the market in 2012. We anticipate that our fibre cement product will be introduced in the market in 2014.

Achieved Mutual Solution with Overseas Supplier Company, to purchase Key Equipment and Engineering Service for Cement Line 4

On 15 March 2012, the Company entered into a new supply contract with an overseas supplier, a new engineering contract with the wholly owned subsidiary of the overseas company and reached a settlement agreement with two overseas companies under which the overseas companies shall suspend all rights under the potential liability of the

Company according to the Central Bankruptcy Court's order, until the effective date of the new supply contract and the new engineering contract. Upon the effective date of the new supply contract and the new engineering contract, the overseas companies shall waive all rights against the Company under the potential liability of the Company, i.e., the Company will not be liable to these two overseas companies. The Company shall fulfill the conditions under both agreements to make the agreements effective.

Entered into the Loan Agreements to make an Investment in Cement Line 4

In early 2013, TPI Polene entered into loan agreements with onshore and offshore financial institutions to make an investment in the cement line 4 with production capacity of 4.5 TPA and a total investment of approximately Baht 11,000 million. The additional 4.5 TPA of cement line 4, combined with the existing 9 TPA, means the Company's total production capacity will be 13.5 TPA.

To be the Leader in an Alternative Fuel Power Plant or Refuse Derived Fuel ("RDF") Plant

TPIPL Group is in the process of signing loan agreements with financial institutions to make an investment in a renewal energy business through an alternative fuel power plant or refuse derived fuel (RDF), with a capacity of 90 MW output, making the total project investment of Baht 4,700 million. The margin obtained from this project is the special tariffs, or "adders", on alternative-fuel-generated electricity, [2] from The Power Electricity Authority of Thailand. Currently, the Company is in the process of reviewing terms and conditions contained in the loan agreements with the financial institutions.

Assigned Corporate Credit Rating at "BBB+"

On October 2, 2012, TRIS Rating assigned the company a rating of TPIPL at "BBB+" with a rating outlook of "Stable". The Company's current success resulted from its long-standing dedication of all levels of the Company's staff and the full support of all relevant governmental authorities, financial institutions, investors, shareholders and the surrounding communities. On behalf of the Company, the Company's Board of Directors and the management team, we would like to take this opportunity to thank all related parties. To this end, TPIPL realized that to pursue the business operations with an emphasis on transparency, the highest standards of integrity and ethics and an adherence to corporate social responsibility will create successful progress for the organization and further enhance sustainable growth of the Company.

Sincerely Yours,



A handwritten signature in black ink, consisting of stylized, flowing letters.

Mr. Visith Noiphan
Chairman of the Board



A handwritten signature in black ink, featuring a prominent, sweeping horizontal stroke.

Mr. Prachai Leopairatana
Chief Executive Officer

Audit Committee's Report for 2012

To: Shareholders:

Dear Sirs,

The Audit Committee of TPI Polene Public Company Limited consists of 3 independent directors, all qualified with knowledge of finance, law and management administration: namely, Dr. Narasri Vaivanijkul as the Chairman of the Audit Committee, Mr. Manas Sooksmarn and Pol. Gen. Charnchit Bhiraleus as the Audit Committee, with Mr. Nitisit Jongphitakratana, the Corporate Secretary, as Secretary to the Audit Committee. All Audit Committee members possess appropriate qualifications and are, in all aspects, in compliance with the rules and regulations imposed by the Stock Exchange of Thailand.

The Audit Committee has fully performed its duties and responsibilities to review and evaluate internal control systems, and disclosure of Company information, and to review implementation of the provisions of related governing laws, as well as any other important tasks. In 2012, the Audit Committee convened 6 meetings.

1. To review and to evaluate internal control systems.

The Company and its subsidiaries have appropriate internal control systems and have operated the business efficiently and effectively under appropriate and sufficient internal controls, as supported by the operational performance report. The Company and its subsidiaries have internal controls and risk management systems that can protect against potential risks to the Company and to all related parties. The systems are in place to ensure that any mistakes and irregularities will be identified in due course; and that financial reports are accurate, adequate and reliable; and the assets used by the Company and its subsidiaries, benefit all parties as well as shareholders. In addition, the Company has performed in compliance with the principles of good corporate governance and has embraced the Code of Conduct as a policy for all employees to follow, by emphasizing the balanced consideration of all related parties, fair treatment to all parties concerned, including shareholders, suppliers, contractors and the community as a whole. The Company fosters the development of all our staff to expand their knowledge so as to become a knowledge organization. This will further enhance our long-term development and create sustainable growth for the Company.

2. To review the disclosure of all relevant information for investors.

The Company has a policy of disclosing all relevant information for investors, such as connected transactions and any other transactions that might affect the interests of related parties. The Company always discloses accurate, reliable and relevant information on a timely basis.

3. To review and to ensure that the Company performs in compliance with all regulations and related governing laws.

The Company has a clear policy to comply with all regulations and related governing laws, and codes of conduct, to protect against the use of insider information. As announced in the Company's Rules and Regulations, any misuse of internal information shall be subject to disciplinary actions, including dismissal. The Company supervises submission by the Management of reports of their shareholding in the Company to comply with related governing laws. The Company realizes the importance of information disclosure, including financial statements and other reports, and ensures that they are complete, accurate, reliable and timely.

4. To select, nominate, and propose the remuneration of the statutory auditors of the Company for the year 2013.

The Audit Committee has taken into consideration the independence, performance, experience and an appropriate remuneration of auditors. The Audit Committee has passed a unanimous resolution to propose to the Company's Board of Directors for consideration and to propose to the shareholders' meeting to consider and approve the appointment of Mr. Santi Pongjareanpit, CPA registration no. 4623 or Mr. Nirand Lilamethwat, CPA registration no. 2316 or Mr. Vinij Silamonkol, KPMG Phoomchai Audit Limited, CPA registration no. 3378 to be the statutory auditors of the Company for 2013.

The Audit Committee considers that in the previous year, the Board of Directors as well as the Management of the Company, was in complete compliance with the principles of good corporate governance. They performed their duties and responsibilities ethically, with integrity, and in a professional manner, to achieve the objectives of the Company. In addition, a product quality system, in compliance with international standards and applicable laws, has been developed. The Audit Committee recognizes that the Company is committed to social and environmental responsibility. The Company has also prepared financial reports in compliance with generally accepted accounting principles, with an adequate disclosure of information, and with internal control and audit systems, able to ensure product quality and good corporate governance, without any material deficiencies.

On behalf of the Audit Committee



Dr. Narasri Vaivanijkul
Chairman of the Audit Committee

TPI Polene and Social Responsibility

On the auspicious occasion, TPI Polene's Board of Directors, management team and representatives of the company's staff, presented a flower basket to His Majesty King Bhumibol Adulyadej and Her Majesty Queen Sirikit with our deepest gratitude in honor of His Majesty King Bhumibol Adulyadej and Her Majesty Queen Sirikit 's lifetime dedication to the development of Thailand and his numerous royal projects all over the country and proposed a toast to His Majesty's continued good health and happiness.

The Company and its subsidiaries have always strived to improve social development, community standards of living and the environment in order to deepen the harmonious coexistence of our Company and our society. We have also organized projects and activities for the benefit of social development, governmental authorities, non-profit organizations, for the betterment of the environment and for, religion, youth and the preservation of the arts and cultures as shall be partly reported below:

Social Activities

The management team and the staff of the Company, together with the Environment for Better Life Foundation, made a contribution of 11,500 blankets totaling Baht 2,073,500, together with 2013 calendars depicting the photograph of His Majesty the King, to alleviate the cold for those in need in the remote areas throughout the country. As for the areas in the North-east, TPI Polene distributed 1,000 blankets to the elderly and 3,400 blankets to local people in Amphur Muang, Amphur Ban Kwao, Amphur Chaturat, Amphur Nuensa-gha, and Chaiyaphoom province. As for the North, TPI Polene distributed blankets to organizations in Chiangmai province, such as: 1,500 blankets to hill tribes and local people in Amphur Mae-Ay, Amphur Chiangdao and Amphur Chaiprakarn, Chiangrai province; 400 blankets to Mae-ay hospital; 500 blankets to Chiengdaohospital; 200 blankets to Chaiprakarn hospital to further distribute to the patients, their relatives and people in general; 1,000 blankets to Wat Chommok, Amphur Omkoi, Chiangmai province; 1,000 blankets to Wat Sridonmoon, 800 blankets to Banksuanthammasil Thamma Practice Housing, 200 blankets to Wat Srima-ram, 300 blankets to Wat Phakam to further distribute to the people and the hill tribes, who suffered in the cold; and 400 blankets to the elderly, disabled, and orphanage and hill tribes, who suffered from the cold weather, 400 blankets to the Department of Disaster Prevention and Mitigation to further distribute to the elderly, disabled, and orphanage and hill tribes in Amphur Mae-Sa-Ruuay. In addition, the Company also distributed 500 blankets to Tambol Maeyao, Amphur Muang, Chiangrai province.





- Made a contribution of Baht 1,050,000 for the purchase of ambulances and medical equipment in ambulances in assisting emergencies for the elderly during pre-hospital care at Camillion Social Center Chantaburi for the care of the elderly who are poor and to provide services to adapt to the needs of a broader range of almost 140 elderly. This Social Center extends their work with an aim to reduce the expenses and liabilities of the elderly and their families; therefore, it has established its programs by focusing on the philosophy "Sufficiency economy" and registered as a non-profit legal entity for charitable activities.
- Made a contribution of Baht 500,000 to the Thai Futsal National Team, to support the project "Joining the Spirit: Thai Futsal Nation Team breaking into World Club" in order to create morale and spirit amongst the Thai Futsal National Team members, who were awarded automatic qualification for the FIFA Futsal World Cup. This served as preparation for the World Futsal event and for the host nation team to be successful in the tournament.
- Made a contribution of Baht 734,000 to the foundations, non-profit organizations, hospitals and government authorities to help support activities that benefit society such as the construction of the Building : Auspicious of Her Royal Highness Princess Maha Chakre Sirindhorn's 50th Birthday Anniversary, the Faculty of Dentistry, and the Territorial Defense Thai Voluntary Foundation to place an emphasis on the importance of voluntary citizens such as "Territorial Defense Thai Volunteers", for sacrifice and courage of "Voluntary Field Army", which is responsible for protecting its sovereignty and as a responder to security threats. TPI Polene also made a contribution to the Srinakkarin Day Fund under the Patronage of Her Royal Highness Princess Maha Chakre Sirindhorn, Um-Kwang Hospital Foundation, National Museum and the Art Gallery etc.
- Promoted the "Good Health Project" for the people in the community at Amphur Kaengkhoi, Amphur Muaklek, Saraburi province, by continuously providing mobile medical units to protect from overall hazards including seriously infectious illnesses such as: lung check-ups to ensure the health of the community, foot-and-mouth disease, dengue hemorrhagic fever (DHF), skin disease, heart disease, blood pressure and diabetes. This also includes general check-up services, blood pressure check up, a haircut service, and inspection services for electrical apparatus, bicycles and motorcycles to enhance vehicle performance. In addition, the Company further promotes an awareness campaign under the macrobiotic agricultural program by having planted the organic vegetables. TPI Polene also held activities for elderly health care were held as well as supported the activities to anti-drug and to set aside drinking water for the people in the community and surrounding community in Amphur Kaengkhoi, Amphur Muaklek, Saraburi province.
- Promote the knowledge and create revenues for the community by having TPI Polene Power Co., Ltd. bring village headman/leaders from Laharn District/ Nongbuabarn District, Amphur Chaturat, Tambol Nongchim/Tambol Kahad, Amphur Nuen-Sagha, Lumlamshee District, Amphur Bankwai, Chaiyabhoon province. The Company further conveys knowledge to the local leaders in the community to carry on with the philosophy of His Majesty the King to pursue their own living with sustainability and continuity, under the macrobiotic agricultural program, by having planted the organic vegetables and having demonstration field to grow "family Euphorbiaceous" with TPIPL organic fertilizer, and to support the visit of " Muaklek Cowboy Phrase 2012" to diversify revenue within the community.

- Promote the knowledge and generate revenues under the “Sufficiency Economy” philosophy in Mookdaharn province to be further suitably applied in the local areas as well as in the demonstration fields to grow family Euphorbiaceous, with a TPIPL organic fertilizer, and to support the visit of “Muaklek Cowboy Phrase 2012” to diversify revenue within the community.
- Help develop the potential of the community leaders by having the local leaders from the Sub-district Administrative Organization of Taopoon, Bannkang, Puengluang, Kaodin Pattana, Amphur Chalermprakiat and the elderly, as well as local people in Moo. 13 from Bank Thasao, Amphur Muaklek, Saraburipupils from Ban Thasao, Amphur Muaklek, Saraburi province, join the seminar for the presentation of TPIPL organic fertilizer and concrete roof tiles and also have a sight visit to Mookdaharn and Nakornphranom province to study traditional cultures and ways of life and show them the benefits of using TPIPL organic fertilizer. Besides, TPIPL also promotes the use of organic fertilizer by having welcomed a voluntary agricultural network to cautiously watch for polluted and toxic substances in the project “Restoration and Conservation of Chao Phraya and Pasak River in the agricultural area of Upper Central provinces” by the Office of Agriculture, Saraburi province. TPIPL also brought a group of students to have a plant visit to see the “Production Process of TPIPL organic fertilizer and environmental management”.
- Distributed TPIPL 600 ml. and 1.5 liter bottled drinking water for a total of 79,824 bottles with value of Baht 266,831.73 to the temples, school, universities and organizations in Saraburi province. These include Wat Phrabudhabart, Saraburi, Local Administration Tabkwang, Saraburi, Moving Smile Amphur Kangkoi Project, the 80th Anniversary Chalermphrakiat Saohai Hospital, and Chalermphrakiat Police Station, Saraburi Province. TPI Polene jointly promoted awareness of risk reduction from road accidents during the Songkran Festival to a variety of government authorities, such as the Provincial Constabulary Station in Saraburi province and the Office of the Tourism Authority of Thailand (“TAT”), Lopburi province, Mother Homeland Fund day, Surajthani province., etc.

Religious Activities

The Company realizes the importance of upholding, preserving and promoting Buddhist culture for the benefits and sustainable prosperity of Buddhism. The Company donated the following: TPIPL cement products of 4,770.16 tons with a value of Baht 8,348,608.88; ready-mixed concrete of 313.25 cubic meters for a value of Baht 655,128.89, as well as cash donations of Baht 328,620, making total value of Baht 9,361,404.97 to more than 212 temples in the country for the purchase of construction materials to construct and renovate religious places. These included: kitchens, ordination halls, meditation halls, Dharma study halls, a sermon hall in a monastery, ordination halls, a monk’s house, crematory, stupa, Dharma practice hall and surrounding areas around temples for Buddhists and people in general., etc. The Company donated cement to support Buddhism but also distributed cement for the construction of churches and mosques for Roman Catholics, Protestants and Muslims.

- TPIPL supported the propagation of Buddhism through “The World Buddhist Television of Thailand (WBTV)” at Wat Yannawa for the Auspicious Occasion of Her Majesty the Queen Sirikit’s 72nd Birthday, and to introduce and propagate the teachings of Lord Buddha in the country and to the world community and in order to bring about peace and harmony to the lives of the people in the country with various nationalities and religions





with an aim to cultivate and create consciousness among Thai people to be patriotic to their homeland and sacrifice themselves for the genuine good of the nation, religion and the royal institution. This also includes the propagation of Buddhism under the program “The Miracles of Wisdom” with a daily monk speaker, Phrarajyannakawee and Phrapornphol Prasanno, at The Temple of the Rama IX Golden to introduce and propagate the teachings of Lord Buddha.

- The Company also hosted Katin/Royal Katin ceremony in 2012 as follows: The Company and its subsidiaries acknowledge the significance of promoting and preserving Buddhism and have consistently taken part in Katin ceremony every year until the present. To this end, the management team, the company’s staff, clients and mystic people together made donations for the construction and renovation of religious monasteries and buildings in the temples. In 2012, TPI Polene hosted /co-hosted Katin ceremonies, leaving offerings for the priests and jointly made donations to temples in the amount of Baht 4,403,000. These included hosting Royal Katin ceremony at Wat Pa Darapirom, Chiangmai province; hosting Katin offering at Wat Sridonmoon, Chiangmai province; hosting Katin at Wat Baanhinlub, Saraburi province; and hosting Katin at Wat Tumsarika, Nakornnayok province.

- “Monks and Novices Ordination” annual projects for 2012. TPI Polene supported the “100 MonksandNovicesOrdination” annual projects at Wat Thammamongkol for the occasion of the 99th anniversary of the “Faculty of Engineering foundation”, Chulalongkorn University, by making contributions of Baht 50,000 and Baht 20,000 to support 2 under-privileged monks ordination, for construction and renovation of Buddhist temples. TPI Polene also made contributions of Baht 20,000 to subsidize the knowledge course for monks in Lampang province to develop Thai society under the program “Monks, the leader to develop sustainable Thai society”.

- Katin ceremony in 507 temples, Saraburi province
The Company made donations of 100 litres of Humic fertilizers (soil enhancers) with a total value of 5,070,000 to 507 temples in Saraburi province for the occasion of annual Katin ceremonies in 2012 so that the temples could be used for agricultural purposes, under the macrobiotic agricultural program, by having planted the organic vegetables and garden trees. In this regard, the Company has consistently performed this activity for 5 consecutive years as the Company appreciates the value of culture and maintaining the policy in a way to preserve the traditional culture sustainably. This year (2012), TPI Polene donated TPIPL humic organic fertilizer to support quality of life with the Company’s strong pledge to help improve the standard of living of the Thai people in society.

Academic and Youth Activities

TPI Polene fully acknowledges that our youth are the future of the nation and we see the importance of academic development and quality educational institutions. For events, TPI Polene encouraged children through educational support to create good opportunities to learn hands-on by broadening their skills, cultivating moral standards and ethics, all of which are considered a major factor in country development. In addition, the Company held many activities and supported many organizations that performed useful activities for young people and granted scholarships to those with special qualifications, such as academic talent, but who might have lacked monetary resources. They are as follows:

- Consistently supported educational funds in the form of scholarships and fellowships to a total of 7 students in Saraburi province. Scholarships are reserved for students with special qualifications, such as academic talent and good behavioral performance until graduation. In addition, the Company also supported financial aid of Baht 252,500 to outstanding academically talented students from

kindergarten level right through secondary school or high school, for 16 schools in certain areas of the country such as in, concession reserved area, Chaiyaphoom province.

- Awarded 20 scholarships to support needy students with special qualifications, such as academic talent, for Baht 1,500 each; made a contribution of Baht 20,000 to schools as well as learning and sports materials for a total of Baht 70,267, to students in Bankaosheechn School, Choburi province, to support the “Walk Rally Save the World” project with an aim to cultivate consciousness of natural resource preservation, environmental conservation and to further support tourism in Thailand.

- Subsidized the funds to organize the “National Children’s Day Celebration” which is given utmost importance in a total of 16 schools in Amphur Kangkhai, Amphur Muaklek, Amphur Schalermphrakiat, Saraburi province to enjoy good musical performances, to play games and prepare gifts for children which will add value to their childhood and make the Children’s Day special. Such activities should be promoted and undertaken on a large scale to realize the importance of children and Children’s Day is a good opportunity to involve children in social activities to act creatively and perform with discipline.

- Supported a “Science Museum Project” by taking 126 students from Bankaomaikwan School and Ban Subborn School, Saraburi province to join the activity “Science Walk Rally” and had the children get responses to the queries regarding exhibitions in the museum by contacting, testing, thinking, deciding and searching for the answers by themselves. They also attended the science show “The Change of State”, which was a show regarding nitrogen, the performance of which was applied in an easy way to be understood by the children, who had also joined the experiment in the “Science Show”. The students had a good time joining the above activity, which helped them increase their experience in science and technology.

- Supported the project for educational trips by having a group of 312 management team members, teachers and students from Phraphariyattidhamsamunsuksa Wat Phrathatphanom School visit “The Temple of Emerald Buddha” and the Grand Palace to extend best wishes to His Majesty the King, The Chaki Maha Prasart Throne Hall, Royal Household and to pay homage to The Emerald Buddha Image; Supported academic programs Klai Kang Won Palace in Hua Hin, Prajulkirikhnan, with the objective to increase the knowledge of attendees inside and outside the classroom; the Learning Center can assist learners in obtaining modern technologies to be applied as much as possible and to develop knowledge and the potential of the learners and further convey the knowledge to obtain the optimal benefits.

- TPI Polene, Saraburi plant, fully supported activities regarding academic programs in cooperation with a group of professors and students at the level of Bachelor degree, Master’s degree and Ph.D. degrees from various institutions such as:

- School of Renewable Energy, Technology Naresuan University, Nakorn Sawan Rajabhat University, Ban Somdej Chaophraya Rajabhat University, King Mongkut’s University of Technology, North Bangkok, Faculty of Environmental Technology, to observe operations in each respective operation unit of the Company such as “Renewal Energy Operations”.

- The Faculty of Engineering, Srinakharinwirot University to observe the Organization Management and Production of Alternative Fuelé for a group of Ph.D. Besides, TPI Polene is a “Learning Center for Energy and Environmental Aspects”, which is a new innovation to operate environmentally friendly projects. TPI Polene Group is committed to environmental conservation. Hence, the Company properly improves and preserves the environment to conform to the environmental standards and regulations and continuously prevents pollution in every aspect of work. Participants could study and implement these ideas to be used in the future. The institutions, such as Ramkhamhaeng University, Lopburi province, Faculty of Environments, Technology Suranaree University, The Faculty of Engineering, Chulalongkorn University, Waseda University, Tokyo University, Hojimin University observed; “Environmental





in Chaingrai province, Bandonudom school in Chaiyaboom province, Ban Tayoo (Or Sor Phor Bor 32) in Srisakej, and Cholpratarn Angkrau School in Ayudhaya Province.

Environmental Activities

The Company acknowledges the importance of strict responsibilities toward the environmental surroundings through effective utilization of mining resources. Among our responsibilities include tree planting around mining areas, which led us to receive the Green Mining Continuous Award from the Department of Primary Industries and Mines, Ministry of Industry. This is to certify that TPI Polene has been well aware of environmental preservation and has undertaken to develop safety standards and the efficiency of waste management services through effective utilization of mining resources. Besides, the Company has joined a project to preserve and safeguard the environment to mitigate the adverse effects of global warming and to participate sustainably in all levels of Thai society and communities as follows:

- The Company has joined a project to plant trees to mitigate the adverse effects of global warming. The Company has arranged this activity with the hope that it would stimulate participants to cooperatively help conserve the environment and promote sustainable nature conservation as well and to bring back balance to the ecosystem. In 2012, the management team of TPI Polene and its staff, together with community leaders and more than 400 students from Thambol Thabkwang/Muak lek/ Mitraparb/ Thanklor/ Salangphan/ Ban Thai Puenluang/ Bangang/ Kaodin Pattana, Saraburi province, jointly planted 2,000 trees in Ban field (Wat Bampenboon), Amphur Kangkhai, Saraburi province. The Company has arranged these special activities with an aim to present this to His Majesty the King and Her Majesty the Queen Sirikit as our part to alleviate, and to reciprocate the royal thought or idea for the conservation of the environment and promote the development theory under the philosophy “Sufficiency Economy” to create good health and happiness amongst Thai people always.

Management and Energy Renewal Production”, Suwanaphoom and Environments Care Co., Ltd, particularly the Office of the Municipality of Muang Gang, which has been awarded the golden certificate in a category of energy conservation and renewal energy from the Ministry of Energy, had a keen interest to have a plant visit regarding waste management of the Company, the biggest waste disposal manufacturing company in the country. We have developed the Waste Disposal Technology from Finland, and the “waste diversion through recycle and reuse” will be refused in lieu of coal usage in the cement production process, organic fertilizer production process, the products of which help reduce greenhouse gas emissions in the community, and are environmentally friendly.

- Support for the project of “Rural Development Voluntary Camps”. To this end, TPIPL realizes the importance of the development of skills, knowledge and talent of the students to apply the knowledge to practical use in the work fields and convey the knowledge to people in the community to perform the activities that bring benefits to society. In 2012, the Company made a contribution of 131.12 tons of TPIPL cement products to both governmental institutions and private institutions, totaling Baht 288,451.37, for the construction of rest rooms, Co-Op buildings, and to repair dining rooms and libraries in the academic institutions. These included Chulalongkorn University, Kasetsart University, Thammasat University, King Mongkut’s Institute of Technology Lardkrabang, Mahidol University and Chnakasem University., etc. Besides, TPI Polene also made contributions of TPIPL cement to the Faculties of Civil Engineering in 25 different institutions in the country for the purpose of a course-training program for masons and to create useful activities for the society accordingly.

- Made a contribution of 493.80 tons of TPIPL cement products such as TPIPL Super Green cement, TPIPL Red Portland Type 1, TPIPL Blue Portland Type 5, TPIPL Mortar 197, and TPIPL Mortar 199, and Super Armour Plastic Paint, Clear Coat and ready-mixed concrete, totaling Baht 821,040, for the construction of dining halls, study buildings, fences, and roads and to repair dilapidated buildings at several schools. These schools included:, Rajaprachanukraw 27 School in Nongkai province, Baaongmada

- TPI Polene cement plant, Saraburi province, promotes “Organic Agriculture” in the school network to drive the new agricultural theory under the philosophy “Sufficiency Economy” by having brought a group of students to have a plant visit to observe “TPIPL Organic Fertilizer Production Process” under the project “Homeland and Fatherland Preservation” (to give knowledge is to contribute to organic fertilizers). TPI Polene donated humic organic fertilizer and vegetables seeds, such as Chinese kale, water spinach, Bak Choy and yard long bean., etc. to 30 schools to join the macrobiotic agricultural program by having planted the organic vegetables and garden trees for lunches to help encourage good health among students in school.

Cultural Aspect

- **Promoting Art Work by TPIPL Cement, Preserving Thailand’s Unique Identity**

TPI Polene acknowledges the significance of art and culture and has consistently committed to supporting cultural activities, promoting and preserving the unique identity of our country as well as Thai art and culture alongside the consistent development of Thai society. The Company realizes that the interest of Thai craftsmen has waned and the art of stucco molding might vanish. With a strong commitment to keep on promoting stucco molding, Thai art and culture, the Company has arranged “The Art of Stucco Molding of Thailand” competition with an aim to stimulate the consciousness of Thai people to conserve and develop the Art of Stucco Molding as a long history as a nation with a unique identity. TPI Polene intends to keep on promoting Thai art and culture with the collaboration of the Poh Chang Campus of the Rajamangala University of Technology Ratanakosin, and the Thai Sculptures Association, and arranged “The 12th Art of Stucco Molding” competition comprising two levels as follows:

- II. General Public Level with three categories:
 1. Molding stucco under the title “Royal Practice 45 years”
 2. Molding cement mortar under the title “10 Reincarnation of Narayana”
 3. Sculpturing of cement mortar under the title of “Sculpture of Ganesha”
- II. Youth level molding premixed cement under the title of “Athlete: the Miracle medicine”. The competition was held on May 2-6, 2012.

We were honored to have Lady Charungkij Teekara, Secretary to Her Majesty the Queen Sirikit, preside at the opening ceremony of the 11th Thailand Art of Stucco Exhibition on October 4, 2012 at the National Museum Art Gallery, Chao-Fah Road in Bangkok. The Company intention is to support cultural arts in parallel with the improvement of quality of life in Thai society so as to urge an awareness of Thai artists among the new generation of kids, and among Thai people, in order to maintain the conservation and development of the Art of Stucco to remain as a valuable national sculpture forever.

- **Preservation of Traditional Thai Culture**

TPI Polene has adhered to the significance of surrounding community standards of living at the plants. The Company pursues its business operations with a full commitment to deepen the harmonious coexistence of the activities of the community from time to time by promoting and persevering Thai traditional cultures in local areas, such as providing support for the offerings dedicated to Buddhist monks, and big candles used in the temples during the rainy season to more than 70 temples in Saraburi and Chaiyaboom provinces. TPI Polene also preserves the “Thai traditional Songkran Festival”, a traditional way to pay respect to elders and receive blessings from elders and the “Loy Kratong Festival” in the community in Amphur Kangkoi, Amphur Muaklek, Amphur Chalerm Phrakiat, Amphur Wungmuang, Amphur Banmor in Saraburi and Amphur Chaturat, Amphur Nuensagha, Amphur Bankwao in Charyaboom province, the “Floating Fire Raft Downstream” in Had Ban Songkwai, Tambol Thakhor, Saraburi province, “Flower Offerings in Buddhist monks’s alms bowls” in Amphur Bhuttabart, and “Traditional Merit Thai-Vietnamese” in Amphur Saohai, Amphur Muang, Saraburi.

All activities that the Company has performed with its long-established commitment are to consistently create public well-being, social and community improvement. We step forward to the bright future of Thailand whilst building the future which will improve the quality of life of Thai people alongside the reliable wisdom, ethics and consciousness for society.



TPI Polene, its Quality, Safety, Hygiene and Environment

TPI Polene is well aware that our success and the sustainable growth of the organization at a level of excellence is primarily the result of growth from operational outcome together with the acceptance and trust from the community and society. Consequently, the Company's management has implemented Quality Standard Systems ISO 9001, API Spec.Q1, Environment Standard System ISO 14001, Health and Safety Management Standard TIS 18001, OHSAS 18001 as well as ISO/IEC 17025 Standard, certifying the performance evaluation test and calibration laboratories under the certified laboratory system of Thai Industrial Standards Institute. TPI Polene has applied the standardization in all respects to be implemented suitably and properly to enable TPI Polene to operate the business effectively and efficiently.



Quality Management

TPI Polene Group focuses on producing, distributing and delivering quality products to satisfy customers' needs. The Company consistently improves the effectiveness of quality control and reduces greenhouse-effected gases. All products of TPI Polene Group were developed under the Quality Control System ISO 9001:2008, API Specification Q1, SPI Specification Q10 and ISO/IEC 17025. In addition, the Company reviews objectives and targets regarding quality at least once a year.

Health and Safety Management

TPI Polene Group continuously emphasizes health and safety as a part of business operations to prevent all employees and all people involved from overall hazards including work-related injury and illness. The Company has implemented a Health and Safety Management System (OHSAS 18001:2007/TIS 18001:2011) and has conducted its business according to all the rules and regulations of Thailand regarding health and safety in order to reduce and control moderate to severe risks. The Company believes that health and safety are a responsibility of executives and employees at all levels; therefore, the Company provides sufficient and proper resources such as personnel, time, budget, and training. Additionally, the Company reviews objectives and targets to control the risk of the activities of the company at least once a year and uses work performance in terms of safety as a factor in performance evaluation of employees.

Regarding public and employees' health, the Company shows its serious concern for public health by continuously sending mobile medical units to offer health services to the public. The Company extends medical welfare (OPD) to cover the families of employees. In addition, annual medical check-ups are provided for all employees. The Company also responded to prevent seasonal epidemics by supplying flu type B and swine flu vaccines to employees and their families.

Environmental Management

TPI Polene Group is committed to environmental conservation; hence, the Company properly improves and preserves the environment to conform to the environmental standards and regulations and continuously prevents pollution in every aspect of work. The Company implemented international Environmental Standard System ISO 14001:2004 to reduce waste and environmental impact. The Company reduces the amount of dust as well as controls the quality of wastewater from the production process. In addition, the Company has a policy to economize energy usage and to handle waste properly as well as to utilize resources effectively. The Company fully supports activities regarding the environment in cooperation with the government, private sectors and local communities. The Company promotes sustainable nature conservation by supporting reforestation and rehabilitation of used mine areas. The Company also reviews objectives and targets regarding the environment and provides suitable knowledge and training about the environment for all levels of employees in order to raise environmental awareness.

Laboratory Standard

In addition, the laboratories of our cement plants passed the performance evaluation test under the certified laboratory system of Thai Industrial Standards Institute according to ISO/IEC 17025:2005 and TIS 17025:2548 the performance evaluation test and calibration laboratories.

Carbon Label “the Symbol of Environmental-Friendly Production Process” The Company was the first Thai manufacturer in the country and the Asian region to be awarded the Carbon Label in Thailand and in Asia by Thailand Greenhouse Gas Management Organization (TGO) in the cement production category in 2008. The 22 kinds of products passed the evaluation criteria and 9 kinds were awarded the Carbon Label. To this end, the Company has a strong commitment to consistently develop production processes at the environmentally friendly plant.

Energy Management

The Company has participated in a Preparation Project for energy management standards together with the Department of Renewable Energy and Energy Conservation, Ministry of Energy, to be in compliance with Energy Conservation Act B.E 2538 (revised version B.E 2550) for Control Building and Control Factory.





Productive Management

The Company has applied the Total Productive Management (TPM) system, creating awareness so that everyone shares in the organizational development movement and the opportunities are given for all levels of employee through the Small Group Activity (SGA) and Project Team. The project team analyzed jobs to alleviate losses throughout the entire production process. TPM could be applied in the production process development, repair and maintenance, quality control, office improvement, job improvement of supporting units, and personnel’s potential development.

Corporate Social Responsibility

With the ideal of “Clean and transparent Thailand where all citizens live happily”, the Company is committed to doing business in accordance with good governance, focusing on the rule of law, transparency, fairness, and responsibility toward society, culture and the environment. Together, the Company creates sustainable development for personnel, customers, the community, and all stakeholders in line with good governance.

The Company has implemented social responsibility standards for the organization covering 7 major issues: i.e. organization supervision, human rights, labor, the environment, fair operations, consumers, and participation in community development. The Company acts according to 260 standard regulations and 350 provisions. In addition, the Company operates sustainable community development projects in education, economics, public health, and the environment in order to enhance quality of life in the community in line with the Sufficiency Economy concept and unstoppable organizational improvement.

Integrated Management Systems

The Company’s LDPE plant has moved forward to be the top leading plastic resin manufacturer in Thailand and in the Asian region. TPI Polene is the first plastic resin manufacturer that was awarded Integrated Management Systems (IMS) from ISO Standard Institutions and it is among the top six manufacturers in the country, which have all been awarded the above certificate.

Corporate Developments in 2012

2012 was another year of success for TPI Polene Group as our Greenhouse Gas Emission Reduction Projects commenced commercial operations, thereby saving production operations costs and allowing for the creation of added value integration to the existing assets. The Company has moved forward to ceaselessly create high growth potential for the business.

An Organization to Reduce Green House Emission Gas to Zero

From 2009 to 2012, TPI Polene has utilized cash flow from operations of approximately Baht 5,000 million to make an investment in Greenhouse Gas Emission Reduction Projects, such as a Waste Heat Recovery Power Plant, a Refuse Derived Fuel ("RDF") Plant, a Pyrolysis Plant, and a Fertilizer Plant. All those Greenhouse Gas Emission Reduction Projects have been granted promotion certificates from the Board of Investment ("BOI") and commenced commercial operations in 2011 and 2012.

The Company has committed to this policy to make an investment in the projects that help reduce the emission of greenhouse gases (carbon dioxide). These projects not only create value added to the business but reduce production costs and help conserve environmental surroundings.

Investment in Concrete Roof Tile and Fibre Cement Project

To create value added to the business, the Company has made an investment in a Concrete Roof Tiles project, which is comprised of roof covering, floor and wall tile products. The project has been granted promotion certificates from the Board of Investment ("BOI") and TPI Polene launched the concrete roof tiles products in 2012.

In addition, the Company is constructing a Fibre Cement Project, the product of which is asbestos free and environmentally friendly. It is anticipated that the project will commence commercial operations in 2014.

Consistent Development of High Quality Products

Concrete Roof Tile Products: In 2012, the Company launched concrete roof tile products with the latest technological advances. TPIPL roofing is genuinely acknowledged by the industry for our product innovations and has captured all the characteristics of creative curb appeal and was designed through a production process that uses modern technology to obtain reflected roof tiles. TPIPL roof tiles contain a material that works as a catalyst and provides a high level of insulation, trapping heat between the tile and the coated ceiling, with the help of TPIPL cement paint super armour on concrete tiles, and powerful UV rays from the sun help reduce the temperature between the tile and the coated ceiling by 7-14 degrees Celsius compared with other traditional concrete roofing tiles and create the desired roofing effect to help reflect heat by 81.6%.

Properties of TPIPL Concrete Roof Tiles

- Superior color selections can create a matte appearance or make a roof stand out, or to create the desired roofing effect to help reduce interior temperatures.
- Help to even out temperatures and to reduce temperatures by 13 degrees Celsius compared with ordinary insulation, which helps reduce temperature by 11 degrees Celsius.
- Modern concrete roof tiles are made from cement, complying with ASTM 150 and TIS 15 # 1-2547 standards and are manufactured to meticulous strength specifications ensuring endurance and ultimate press.





- TPIPL concrete roof tile is strong and dense, ensuring the roofing tiles are water-protected for reversed flow with 3 layers between the tile and the ceiling.
- Advanced technology to alternatively blend in the existing texture to take on a more subdued and long lasting look as they age.

TPIPL Instant Mix Concrete - is the product used to facilitate concrete placement as follows:

- M 401 - TPIPL instant mixed- concrete for slab placement, floor leveling and lean concrete
- M 402 - TPIPL instant mixed-concrete for post-lintel and parking pavement
- M 403 - TPIPL instant mixed- concrete for road pavement and general reinforced concrete structures
- M 404 - TPIPL instant mixed- concrete for column, road pavement and pier

TPIPL Super Skim Coat Cement Plaster - used for finishing and skim-coating concrete surfaces.

TPIPL Self - Compacting Concrete

In the construction of reinforced concrete structures, besides the selection of good quality concrete products, the concrete is also supposed to be properly compacted. However, proper compaction is sometimes difficult to do as a result of congested reinforcements. The poor compaction can lead to many problems, such as honeycombing that may cause the structure to lose its load carrying capacity. TPIPL self -compacting concrete is therefore developed to eliminate these problems. By the proper selection of raw materials and good design of mix proportions with a special type admixture, TPIPL self -compacting concrete can easily flow through the congested reinforcement without blockage. The finished concrete is highly dense with good durability.

TPIPL Acid Attack Resisting Concrete

TPIPL acid attack resisting concrete is newly developed to reduce the problem of concrete erosion by acid attack when the acid environment cannot be avoided. Because acid is able to react with various calcium compounds within the concrete, the paste of concrete can be damaged and the aggregate may then slip out from the concrete. TPIPL acid attack resisting concrete is designed to have high density with water-binder ratio lower than 0.4. With proper mix proportion together with silica fume additive and special admixture type, calcium hydroxide compounds in the concrete are reduced and the acid attack problem is relieved so the concrete will have a longer service life.



Organic Fertilizer Pellets

After the Company launched organic fertilizer in 2011, the Company introduced fertilizer pellet in 2012 and had a good response from the market.

Awards that make us proud

IFOAM Standard Awarded for Organic Fertilizer

On September 5, 2011, TPIPL organic liquid fertilizer, under the achievement of TPI Polene Bio Organics Co., Ltd., was also certified to have satisfied organic agriculture standards pursuant to the International Federation of Organic Agricultural Movement (IFOAM) from the Office of Organic Agriculture Standards, the worldwide umbrella organization for the organic accreditation and certification service, certifying the product has been produced organically to maintain the genetic diversity of the agricultural system and its surroundings, focusing on non-toxic residue of chemicals and toxin free. As a consequence, organic agriculturists, who use TPIPL organic fertilizers, are accepted by the corporations which import agricultural products from all over the world.

The Organic Agriculture Certificate Thailand (“ACT”) was the first organization in Asia to receive IFOAM accreditation from IOAS (International Organic Accreditation Service). In this program, the scope of certification includes crop production, wild harvest, aquaculture, processing and handling, and commercial input certifications.

The IOAS was founded by the International Federation of Organic Agriculture Movements. The IOAS head office is located in the United States of America and was founded to facilitate the development of organic standards and to provide an international guarantee of these standards and organic certification.

“Gold Class Award” in the category of Waste Management Services

In 2012, the Department of Industrial Works, Ministry of Industry established a project to raise operator standards for Industrial Waste Management (“Industrial Waste Management Program”). The Company has continually participated in the Industrial Waste Management Program and received the “Gold Class Award,” in the category of Waste Management Services for the year 2012 from the Department of Industrial Works, Ministry of Industry for the 2nd consecutive year.

Standards of Industrial Sufficiency Economy

In 2012, the Office of Industrial Economic, together with ISO International Standard Institute, established “Production Quality Development Project” under Industrial Sufficiency Economy, which has been adopted by the Thai people through the philosophy of Sufficiency Economy, bestowed by His Majesty the King Bhumibol Adulyadej. It can serve as a simple guidance to be carried out and can be simply measured. The philosophy of Sufficiency Economy can be applied to all levels in the industrial sector leading to the goal of establishing sustainable growth. LDPE plant in Rayong province has participated in this program and meets the certifications of industrial standards. TPI Polene was awarded Certification in this program on August 29, 2012.





Green Industry Award

The Company has participated in the Green Industrial Project, the Department of Industrial Works, and Ministry of Industry. The Company has surpassed all assessments who was awarded and certified under the project Green Industry Level 3: green System Institute for surpassing industrial and environmental protection standards through continuous assessment and monitoring on September 14, 2012 from the Ministry of Industry.

Green Mining Continuous Award 2012

The Company acknowledges the importance of strict responsibilities toward the environmental surroundings, the community and society with an emphasis on health, and safety. Among our responsibilities include tree planting around mining areas and effective utilization of mining resources, which led us to receive the Green Mining Continuous Award 2012 from the Department of Primary Industries and Mines, Ministry of Industry on November 28, 2012.

Corporate Social Responsibility (CSR-DIW)

In 2012, the Department of Industrial Works, Ministry of Industry has extended the project in promote the social responsibility to all industries, leading to "Green Industrial Projects". In other word, it is a step for readiness of the Thai Industrial Sector to adapt to international standard regarding the social responsibility systematically and to keep balancing and stability in economy and create competitive advantages which are free and fair so that Thailand can be linked to network on production process and knowledge base, creativity and environmentally friendly in the Asian arena. To this end, Plastic Resin Plant in Rayong province, has participated in the Green Industrial Project since 2010. Throughout the year 2012, the Company has organized many CSR and personal development activities. The Company has surpassed all assessments that was awarded and certified under the project "Green Industry" for environmental protection standards through continuous corporate social responsibility on December 19, 2012 from the Ministry of Industry.

Consistently Develop Potential in our Human Resources

The Company pursues its business operations with a full commitment to good corporate governance, with an emphasis on transparency, social and environmental responsibility, ethics and fairness. Such pursuit is congruent with our commitment to foster development in our human resources and to drive our corporate culture toward excellence in all respects. The Company strongly believes that highly competent employees are the key driver for corporate success. To this end, the Company has focused on continuous development of our human resources in addition to aiming for our employees to perform their duties ethically, responsibly, and with integrity. Furthermore, the Company strongly believes that encouraging our employees to embrace corporate social responsibilities will reinforce the sustainable growth of our organization. In addition to the aforementioned activities, the Company has taken the following initiatives during 2012 in order to further enhance our employees' competency:

Personnel Management System: Personnel management system at our cement plant is an online system. The program provides several services online; for instance, employee online attendance system and compensation leave system. This includes online personnel management system linkage through our concrete roof tile plant to provide administrative convenience to employees and to become environmentally friendly through the reduction of our paper dependency.

Human Resource Development and Essential Knowledge: The Company acknowledges the importance of human resources; therefore, we encourage our employees to continuously develop and strive to achieve their fullest potential by providing all our employees with the opportunities to learn and acquire the knowledge equally among employees. The Company offers the following programs to our employees:

- **Development courses and training programs:** The Company fosters staff development at all levels. Each year, the Company has scheduled training programs specifically designed for each business unit to educate and to provide employees at different levels with understanding of their tasks and responsibilities.

- **External Training:** The Company encourages employees to acquire external education by subsidizing for independent courses and seminars to be in line with job descriptions. The Company also provides our employees with opportunities to visit international fairs and global companies in order to update our employees with current international standards and expand our employees' vision.

- **In-house Training:** To develop our employees' ways of thinking, potential and knowledge to perform their duties to be in line with the corporate objectives and competitive circumstances, the Company provides several in-house training programs in the following topics:

- **New Employees Orientation:** To enroll the employees in the new employee welcome and orientation class through the Employee Development & Training Unit to foster an understanding of integrity and ethics as well as their roles and functions to perform their duties. The course session will be held for employees to educate them in view of the cement production process, types, quality of our products such as cement, concrete roof tiles, Nano paint and organic fertilizer. New employees will be trained to know functions of each department and we also encourage our employees, to meditate and study the ways of Dharma from notable and well-respected monks, and engage in Dharma practice, mediation practice and meditation walking for 3-day course at Wat Rama IX Golden to ensure their confidence and pride in the Company, to encourage ethics and integrity, as well as to build positive working attitudes and relations with colleagues.

- **On-going Courses Training Program:** The Company also provides our employees with opportunities to develop knowledge, skills and experience to perform their jobs. A re-orientation program will be arranged for a group of new employees who have worked for a while. These programs





include cement production process, CRT, Nano Paint and Organic Fertilizers, quality control, repair and maintenance of machineries and equipment, power of negotiation for sales, achievements for sales, Happy Workplace, and Dharma for work and daily life. The Company encourages our employees to continuously develop and strive to achieve their fullest potential by providing them with the opportunities to learn and acquire the knowledge needed to fully perform their tasks.

- **Courses Training Program for Management:** The courses training includes production and operation management, project analysis and statistics, goal setting, time management and advanced motivation skill: understanding and getting input/feedback from different individuals. These provide a much needed opportunity to focus on strategic skills, to lead and manage to be in line with management systems and the on-going business operations of the organization.

- **On-the-Job Training:** To encourage coaching sessions and on-the-job training programs amongst employees to consistently develop the employees to perform their duties efficiently to be in line with the "Training Road Map" in each respective department.

Ethics and the Quality of Life: In addition to placing Buddha statues at several significant spots in our factories for employees and visitors to pay their respects, we also encourage our employees and the management to meditate and study the ways of Dharma from notable and well-respected monks from Wat Praram 9, for instance: Phraponpol Visanno, Phrasriyansophon and Phrathambandit. These programs include the Dharma course arranged for children to cultivate the knowledge of Dharma through the practice of "self-consciousness, concentration and wisdom/study" with an aim to motivate and practice the young students to concentrate on study (free of charge) at Wat Rama IX Golden, Bangkok. In addition, the Company is focused on a policy to improve standards of living for employees, to be safe in both their lives and selves-possession as follows:

- The Company strictly prohibits drug activities; therefore, we have been certified as a "White Factory," which signifies a permanent "Drug-Free" zone.

- The Company has also been certified to have satisfied hygiene workplace standards pursuant to the Occupational Safety and Health Administration ("OSHA"). Additional measures that were put in place pursuant to OSHA include: fire and evacuation drills, emergency action plans, and safety training. Awareness campaigns promoted to strictly place all levels of staff at the plant to wear safety uniforms to reduce accidents in the workplace. Random alcohol breath tests are regularly set up. Any employees who are found to have a preliminary reading of alcohol, will not be allowed to perform their duties and will face disciplinary punishment.

- For environmental and social responsibilities, the Company's businesses are subject to the enforcement of protecting the environment and the safety of the green areas and deploying the natural resources to be worthwhile in line with green industry. The Company has an appropriate systematic management for environmental quality assessment, analysis and monitoring. Assessment, analysis and monitoring are based on standardized measurements and subject to continuous improvement. The Company has been awarded a certification under the project "Green System" Institute for surpassing industrial and environmental protection standards through continuous assessment and monitoring from the Ministry of Industry.

Traditional and Cultural Aspects: The Company has provided assistance to support society throughout 2012. This included donations of the Company's products and financial assistance to a variety of organizations in Thailand. The Company made donations of cement for the construction and renovation of stupas, a sermon hall in a monastery, a monk's dwelling, meditation halls, Ordination Halls, Dharma Study Buildings and Dharma Practice Halls., etc. TPI Polene hosted the Royal Katin Offering at Wat Dharra Phiro Forest, Chiangmai province; The Company made contributions of sets of new robes to Wat Sridonmun, Chiagmai Province, Wat Thamsarika, Nakornnayok province, Wat Banhinrab Saraburi province. Besides, the Company also have pledged support for scholarships as well as clothes, luncheon and essential appliances to under-privileged children for studying. The Company made donations of cement to deprived schools all over the country for the construction of food courts, school buildings, fences, floor building and roads etc., to provide convenient transportation for students. This includes renovation of the school building at Rajprachanugra 27 School in Nongkai, Ban Huaysompoi School in Chiangmai, Banksilathong School in Srisakej, Wat Muaklek School in Saraburi, Bank Lumghen School in Nakoranrajsima and 32 other universities in the country, to further support the Rural Development Voluntary Camps for construction of rest rooms, study rooms, school buildings and to provide facilities to people in the wilderness areas. These included Chulalongkorn University, Kasetsart University, Thammasat University, King Mongkut's Institute of Technology Lardkrabang., etc. Besides, TPI Polene also cooperatively grew plants to reduce greenhouse emissions and made donations and belongings or blankets to the needy. All those activities as mentioned were part of the company's full commitment to help raise the standards of living of people in society with the realization of the deepest consciousness as Thai citizens. TPI Polene made a strong determination to create prosperity and enhance the future of the country with everlasting gratitude toward our homeland and with adherence to the highest standards of integrity, ethics, conscience and consciousness at all levels.



Productivity Enhancement: In addition to our emphasis on HSE, OSHA and CSR as delineated above, we made a full commitment to improve our productivity and to ensure product quality control and assurance. The Company provides various training to our employees on Quality Management System pursuant to ISO 9000, Environmental Management System pursuant to ISO 14001, and Occupational Health and Safety Management System pursuant to Mor.Or.Kor. 18001. Training programs have been performed to encourage Office Improvement ("OI") to be in line with Total Productive Management ("TPM"), in those departments that support (rather than being directly involved in) production. These "OI" programs focus on improving working processes, reducing waste, and increasing work efficiency, in order to effectively increase productivity.

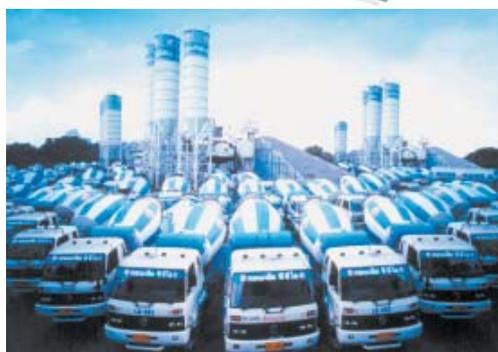
Efficient Time Management: The Company also encourages employees to participate in social activities during their free time. Available activities include a Buddhism club and athletic clubs, such as: a petanque club, a football club, a golf club and a table tennis club, etc.

Encourage saving program: TPI Polene and TPI Concrete have established a co-operative saving program for employees to encourage saving money. This also includes financial assistance in the form of loan offerings to employees at a lower interest rate as compared with the financial institutions.

Employee's welfare: The Company also provides educational support for children of employees by granting scholarships to outstanding students. The Company also provides subsidized healthcare benefits in the form of OPD medical expenses (outpatient department) to employees and their family members, including father, mother, spouses and legal offspring. In addition, the Company also provides free annual health check-ups; life and healthcare benefits are offered in the form of health insurance packages and accident insurance coverage. Financial assistance is also offered for funeral rites of the employees, as well as the family's members of employees, who pass away. In addition, the Company offers special care for employees who perform their work in particular areas by providing free health check-ups at medical centers and free vaccination against tetanus and hepatitis B (HBV) to all employees and to ensure that all levels of the Company's staff have received annual healthcare check-ups. Any employees found ill or other physical impairments will be sent for repeated healthcare check-ups and put on other job rotations.

Nature of Business

The Company and its subsidiary are principally engaged in the manufacture and supply of cement, LDPE/EVA plastic resin, concrete roof tiles and operate other related businesses through affiliated companies. The products can be summarized as follows:



Cement Business

TPI Polene is the one of the major manufacturers and distributors of cement products and mortar cement under the brand name "TPIPL". All the Company's cement products meet the ISO/TIS certifications of industrial standards, ASTM Industrial Standards and the EU Industrial Standards. TPI Polene was the first cement manufacturer in Thailand awarded ISO 9002 Certification from the International Standard Institute for surpassing industrial and environmental protection standards. This has enabled the Company to export cement to the state of California, where surrounding communities are highly aware of environmental conservation. Currently, TPI Polene is the third largest cement manufacturer in the country with a market share of 18% of total cement demand consumption in the country and it has become the second largest cement mortar manufacturer in the country.

In addition, TPI Polene is the first cement manufacturer to be awarded the Carbon Label for both the Portland cement and the mortar cement products. The Carbon Label demonstrates that the producer has submitted data to show that it has significantly reduced carbon dioxide (greenhouse) emissions.

The Company currently operates three cement production plants, using technologically advanced machinery, and is strategically located, adjacent to both a limestone quarry and an efficient transportation distribution network which reaches throughout the country. This gives the Company its low-cost competitive advantage.

LDPE/EVA plastic resins

TPI Polene is the manufacturer and distributor of LDPE Homopolymer (LDPE) and LDPE Copolymer (EVA) plastic resin. TPI Polene operates this business in Rayong province. The LDPE is the output to be used as main raw material for all kinds of plastic products, whilst EVA plastic resin will be used to produce athletic shoes. LDPE and EVA account for TPI Polene's strengthened position as a leading player, with the largest market share for LDPE and EVA in Thailand, representing 20% and 90% of total domestic sales volume in the country. We are the sole producer of EVA in Thailand and one of the few producers of EVA in the world who can develop proprietary EVA production technology.

Ready-mixed Concrete

TPI Concrete Co., Ltd. Manufacture (a 99.9% owned subsidiary company) is the second largest manufacturer and distributor of ready mixed concrete with a market share of 13% of ready-mixed concrete demand consumption in the country. Product quality and consistent improvement of service is our prominent feature.

Power Plants

TPI Polene Power Co., Ltd. (a 99.99%-owned subsidiary) made an investment in a Waste Heat Recovery Power Plant Project with a total production capacity to generate electricity to 54 MW output. These power plants have been granted promotion certificates from the BOI and use energy emitted from cement and clinker production to generate electricity to be used in the cement production process. In 2013, TPI Polene Power plans to expand a Waste Heat Recovery Power Plant Project with a total production capacity to generate electricity to 90 MW output, 30 MW output of which uses energy emitted from cement and clinker production line number 4 to generate electricity, and the remaining 60 MW output uses energy generated from our renewal energy business with our Alternative Fuel Power Plant. The Power Plant for reducing greenhouse gas emissions as above has been granted promotion certificates from the Board of Investment ("BOI").

Refuse Derived Fuel (“RDF”) Plant

TPI Polene Power Co., Ltd. (99.99% owned by TPI Polene), has made an investment in a renewal energy business with Alternative Fuel Power Plant, or Refuse Derived Fuel (RDF). The boosted solid waste is then co-fired with coal in the cement production process, enabling us to reduce our coal usage. The RDF Plant for reducing greenhouse gas emissions as above has been granted promotion certificates from the Board of Investment (“BOI”).

Pyrolysis Plant

The Company has consistently developed modern, high-efficiency energy recovery technology using a Pyrolysis Plant, which is designed to generate crude oil and liquid fuel from waste plastic and tire pyrolysis. The project is operated subsequent to the RDF plant. The crude oil and liquid fuel will be used as energy power in the cement production process. The Pyrolysis Plant has been granted promotion certificates from the Board of Investment (“BOI”).

Fertilizer Plant

TPI Polene Bio Organics Co., Ltd. (99.99% owned by TPI Polene Power Co., Ltd., which is a 99.99% owned subsidiary of the Company). The project is operated subsequent to the RDF Plant. The Pyrolysis Plant has been granted promotion certificates from the Board of Investment (“BOI”).

The above organic fertilizer is produced using modern technology; thus, we obtained quality products in compliance with the standards of IFOAM for liquid fertilizer on September 5, 2011.

Industrial Waste Disposal Business

Presently, TPI Polene also operates an industrial waste disposal business to dispose of industrial waste from nearby industries in the country under a license to operate a central waste treatment plant. This project helps eliminate industrial waste from industries, enhance recycling opportunities, lower raw material and fossil fuel usage, and develop a recycling economy with considerable economic benefits.

Ammonium Nitrate and Nitric Acid

Thai Nitrate Co., Ltd. (89% owned by TPI Polene, as it appears in the list of shareholders of the Company - Bor Or Jor 5 - at the Department of Business Development, Ministry of Commerce, detailed in the 2012 financial statements, item 45), is the largest producer of ammonium nitrate and nitric acid in the country and Thai Nitrate is the sole producer of nitric acid in Thailand.

Oil Service Stations and NGV gas stations

TPI Polene Power Co., Ltd.(99.99% owned by TPI Polene), also operates oil service stations and NGV gas stations in Bangkok and provincial areas, under the logo “TPIPL”. NGV gas stations have been granted promotion certificates from the Board of Investment. Currently, TPI Polene Power operates a total of 12 oil service stations and NGV gas stations.





TPIPL Drinking Water Business

TPI Polene has operated a drinking water business under the brand name “TPIPL” since 2011. It has good quality and it is safe for consumers as it uses high quality reverse osmosis technology filtration systems (RO). This process requires that high pressure be exerted on the high concentration side of the membrane and by applying ultra violet treatment to eliminate biological contamination and using the ozone treatment process in the water-bottling step for the production of drinking water. These major benefits have made TPIPL drinking water possess quality characteristics of water; thus, we obtain a certificate approved from the Food and Drug Administration (FDA) in compliance with the standards from natural resources. TPIPL drinking water is consumed at the plants and head office and is distributed to consumers.

Polene Solar® Products

TPI All Seasons Co., Ltd. (a 99.99%-owned subsidiary) is the manufacturer and distributor of photovoltaic modules, which are ideal for crystalline and amorphous thin film solar panels. This project has been granted promotion certificates from the Board of Investment (“BOI”).

Concrete Roof Tile Business

The Company has made investments in a concrete roof tiles project and the products were launched in the market in 2012. This project has been granted promotion certificates from the Board of Investment (“BOI”).

Petroleum Exploration and Production Technology

TPI Polene Power Co., Ltd. (a 99.99%-owned subsidiary) entered into the Petroleum Concession no. 2/2554/110 for concession no.L29/50 with the Ministry of Energy on February 8, 2011 as the concessionaire for Petroleum Exploration and Production Technology. Currently, the Company is exploring whether to implement related technologies to the development and management of oil and gas reservoirs in the areas in Chaiyaphoom province and Nakornrajsima province.

In addition, the Company has invested in other businesses through its subsidiaries and affiliated companies, and is involved in real estate development, the provision of life insurance services, and the manufacture and sale of packaging bags., etc.

Sales Revenue Structure

TPI Polene’s investment in reciprocal businesses will generate significant sales revenues and create steady growth for the Group. The sales revenues structure is as follows:

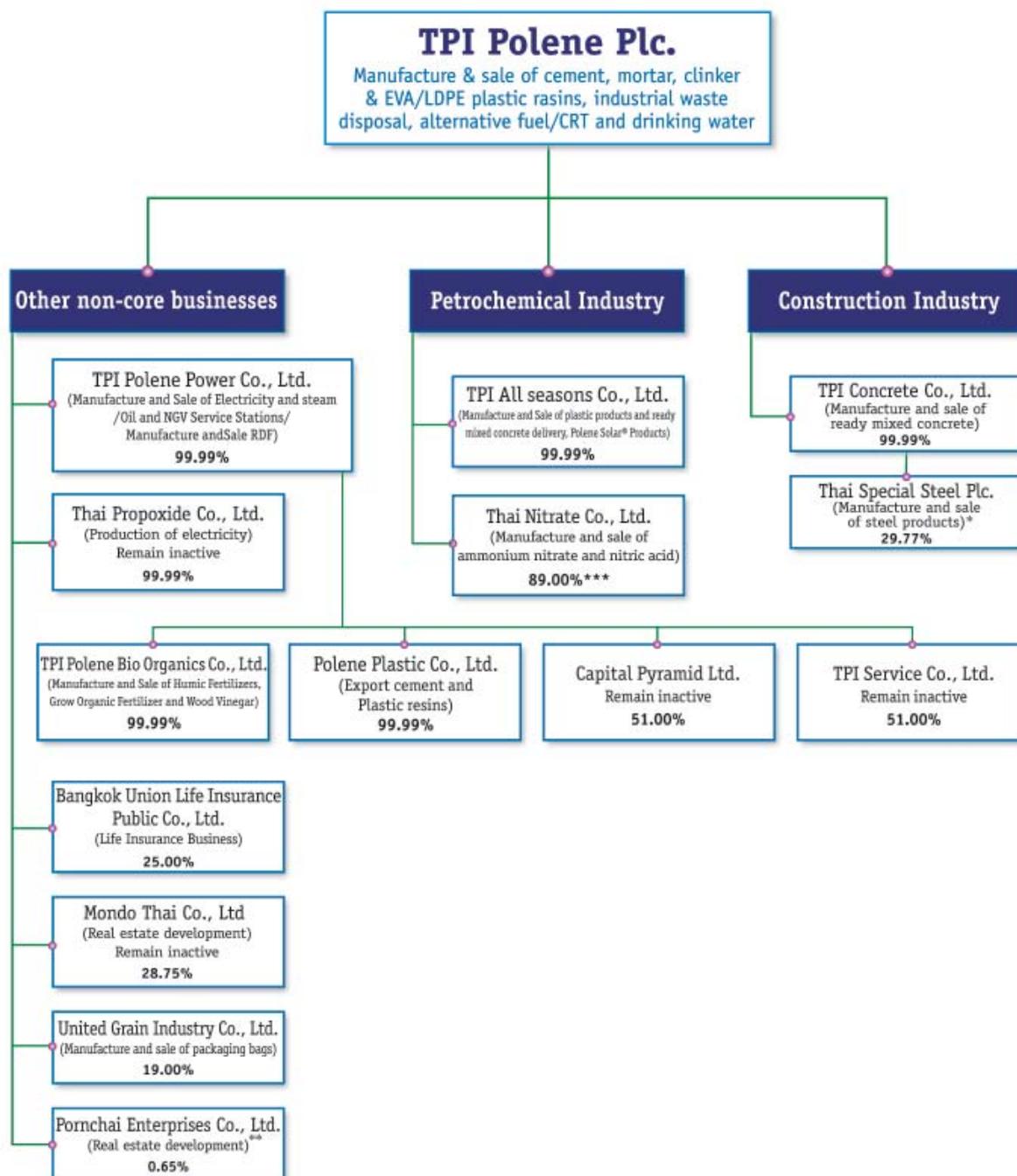
Unit: Baht Million

Product/Service	Operated by	% Of TPIPL’s Shareholding	Sales revenues		Inter-company’s revenues	
			2012	2011	2012	2011
Cement	TPI Polene Plc.	-	13,095	10,981	4,574	2,274
Plastic Resin	TPI Polene Plc.	-	6,721	7,824	5,291	5,606
Ready-mixed Concrete	TPI Concrete Co.,Ltd.	99.99	4,846	3,931	5	15
Electricity	TPI Polene Power Co., Ltd.	99.99	-	-	686	618
Organic Products	TPI Polene Bio Organics Co., Ltd. ^{1/}	-	152	229	819	825
Ammonium Nitrate	Thai Nitrat Co.,Ltd. ^{2/}	50.00 2/	789	818	14	14
Oil service stations and NGV gas and Other	TPI Polene Power Co., Ltd.		754	761	33	15
Total			26,357	24,544	11,422	9,367

Remarks: 1/ A 99.99%-owned subsidiary by TPI Polene Power Co., Ltd.

2/ Share holding structure as stated in the Consolidated Financial Statements for 2012, shown in Notes to Financial Statements, item 27 .

Structure of the Groupas at December 31, 2012



Remark : * under the negotiation process of debt restructuring
 ** Under the process of Debt Reorganization Process
 *** As appeared in list of shareholders of the Company (Bor Or Jor 5) at the Department of Business Development, Ministry of Commerce, detailed in the 2012 financial statements, item 45.

Operating Results and Financial Status for 2012

Revenues

Total consolidated revenues from sales in 2012 were Baht 26,358 million compared with the same of Baht 24,544 million in 2011. A consistent increase in sales revenues was primarily caused by the improved sales revenues in the cement sector, which accounted for 49.7% and 44.7% of total sales in 2012 and 2011 respectively.

In addition, LDPE/EVA and ready mixed concrete sales revenues represented 25.5% and 31.9% and 18.4% and 16% of total sales in 2012 and 2011 respectively.

It can be clearly seen that sales revenues generated from cement and ready-mixed concrete tended to increase to be in line with the expanded cement industry, supported by government infrastructure projects, and private sector projects, where demand for residence, dwelling and commercial building increase accordingly.

Other revenues, which were comprised of revenues from transportation, rental, interest receipts and others, in 2012 and 2011, were Baht 2,066 million and Baht 8,964 million respectively. As a consequence, total consolidated revenues in 2012 and 2011 were Baht 28,424 million and Baht 33,508 million respectively. Other consolidated revenues in 2011 increased due to the fact that the Company registered a reversal of the provision for the fine of Baht 6,900 million in 2011 and registered gain on restructured debts under the Business Rehabilitation Plan, as approved by the Central Bankruptcy Court, of Baht 571 million.

Cost of Goods Sold

Consolidated cost of goods in 2012 and 2011 were 22,553 million and 17,941 million, which accounted for of 85.6% and 73.1% of sales revenues, respectively. As a result, gross profit margin in 2012 and 2011 represented 14.4% and 26.9% of sales revenues. Gross profit in 2012 reduced considerably as compared with the same in 2011 as a result of the decrease in gross profit margin in plastic resin business as well as the cement price decrease in reverse of the energy cost price hike.

Selling and Administration Expenses

Consolidated selling and administration expenses in 2012 and 2011 were 4,991 million and 4,081 million respectively which accounted for 18.9% and 16.6% of total sales revenues respectively. Total selling and administration expenses in 2012 increased as compared with the same in 2011 due to the fact that the Company had losses from the disposal of an investment of Baht 272 million and the increase in the expense category was in line with the increase in quantity sales during the period.

Other Expenses

The Company realized gain (loss) on foreign exchange stemming from debt principles in 2012 and 2011 for total of Baht 89 million and (44) million respectively as foreign currency exchange rate has slightly fluctuate and the Company's recent long-term loans are denominated in Baht currencies, except for its short-term borrowings, which are mainly in foreign currencies. In 2011, the Company recorded a provision for the fine of Baht 200 million pursuant to the judgment of the Court, which ordered the Company to pay debt and interest in connection with clinker sales contract to the overseas company.

Interest Expense (Financial Cost)

In 2012 and 2011, the Company and its subsidiaries had interest expenses of Baht 220 million compared with Baht 233 million in 2011. Interest expenses in 2012 reduced consistently as the Company have constantly paid long-term debt liabilities.

Net Profit

In 2012 and 2011, the Company and its subsidiaries registered net profits of Baht 248 million (or basic earnings per share of Baht 0.12) and Baht 9,751 million (or basic earnings per share of Baht 4.88) in 2011 (The net profit included the extraordinary item, such as net foreign exchange gain (loss), a reversal of the provision for the fine, gain on restructured debts and loss from disposal of investment). The Company and its subsidiaries recorded normal operating profits of Baht 548 million and Baht 3,471 million in 2012 and 2011, respectively.

Consolidated normal operating profit in 2012 was reduced because the margin generated from the plastic resin business decreased considerably. In addition, average cement prices for the period reduced accordingly in reverse of a production cost price hike.

Improved Efficiency of Current Liabilities Management

At year-end 2012, the Company's total consolidated assets were Baht 76,535 million, up from Baht 71,683 million in 2011, as the Company has made additional investments and the increase in value from an assets reappraisal by an independent appraiser to be in accordance with the accounting standard.

At year-end 2012, the Company's total consolidated current assets slightly increased to Baht 10,838 million from Baht 10,773 million at year-end 2011. The increase in total current assets was in line with the increase in inventory as well as account receivables as a result of business expansion. Inventory accounted for the highest proportion of current assets, representing 66.6% and 72.8% of current assets in 2012 and 2011, equating to average inventory of 120 days and 137 days respectively. Account Payables (after the provision of doubtful debts) represented 22.6% and 17.4% of total current assets, which equated to an average collection period of 32 days and 30 days in 2012 and 2011, respectively.

Property, Plant and Equipment

As at December 31, 2012 and December 31, 2011, the property, plants and equipment of the Company and its subsidiaries were Baht 63,274 million and Baht 58,300 million, respectively.

Consistent Reduction in Liabilities

Total liabilities of the Company and its subsidiaries increased to Baht 11,241 million at the end of 2012, from Baht 10,317 million at the end of 2011. This was mainly because the Company recorded the bank overdraft and short-term loan from financial institutions.

Trade accounts receivables at year-end 2012 and 2011 were Baht 2,587 million and Baht 2,035 million, equating to an average payment period of 37 days and 41 days, respectively reflecting the increase in cost of goods sold and sales revenues. As at December 31, 2012 and December 31, 2011, the Company and its subsidiaries had a bank overdraft and short-term loan from financial institutions of Baht 1,603 and Baht 866 million, respectively. Long-term loans from financial institutions at year-end 2012 and 2011 were Baht 2,676 million and Baht 3,417 million, respectively. The Company has utilized over draft and short-term loans from financial institutions for working capital in the business while long-term loans from financial institutions has reduced consistently as TPI Polene has continually made principal repayments, and interest due payments, to all financial creditors.

Steady Financial Position

As at December 31, 2012 and December 31, 2011, shareholders' equity increased to Baht 65,295 million from Baht 61,366 million, respectively. This represents an increase of assets reappraisal by the independent appraiser to be in accordance with the accounting standard and revenues generated from business operation of the Company and its subsidiaries.

Strengthened Capital Structure

At the end of 2012, the debt to equity ratio and the financial debt to equity ratio were at 0.17 times and 0.17 times respectively. This is considered relatively low compared to other companies in the same industry.

Financial Liquidity for Business Operations

In 2012, consolidated net cash flow from operating activities was Baht 3,222 million, net cash flows from investing activities of Baht (2,738) million, net cash flows from financing activities of Baht (584) million; resulted in net decreases in cash and cash equivalent of Baht was Baht (100) million. The Company's cash and cash equivalents at the beginning of 2012 were Baht 517 million. By year-end 2012, the Company had cash and cash equivalents of Baht 417 million. Overall, the Company had sufficient liquidity to operate its businesses and had the capability to make principal repayments, and interest due payments, to all financial creditors and trade creditors.

In 2011, consolidated net cash flow from operating activities was Baht 2,522 million, net cash flows from investing activities of Baht (2,895) million, net cash flows from financing activities of Baht (367) million; resulted in net decreases in cash and cash equivalent of Baht was Baht (740) million. The Company's cash and cash equivalents at the beginning of 2011 were Baht 1,257 million. By year-end 2011, the Company had cash and cash equivalents of Baht 517 million.

Operational Results classified by Business Sector

Cement Business

In 2012, cement sales in the domestic market increased, supported by construction, and driven by the construction industry in the country, whereas the average cement selling price decreased over the previous year due to intense competition. However, cement prices adjusted upward at the end of 2012 to be in line with an increase in cement demand consumption in the country.

Plastic resin Business

In 2012, sales volumes of plastic resin increased substantially whilst its selling price dropped considerably due to the decrease in plastic resin demand consumption, caused by the economic crisis in the Euro zone and the United States of America.

Ready-mixed Concrete Business

In 2012, demand consumption for ready-mixed concrete increased, supported by the emerging construction projects in the country. As a result, sales volume and its selling price increased consistently. Sales volume increased by 15% whereas concrete price increased by Baht 100 per cubic meter.

Risk Factors

TPI Group has constantly managed risks to be at controllable and acceptable levels. The Company has already implemented a management information system (“MIS”), which covers various areas of management to identify different aspects of risk, in order to ensure that each operation unit operates so as to achieve its targets. Risk management can be classified as follows:

Risks associated with potential foreign currency exchange rate fluctuations

The Company’s recent long-term loans are denominated in Baht currencies; therefore, the Company has no impact from risks associated with exchange rate fluctuations. However, the Company’s short-term borrowings are denominated in foreign currencies and the sale price of export products is US dollar-based. The Company has a policy to mitigate foreign exchange risk through natural hedging by balancing its foreign currency revenues and expenses. The Company also closely monitors potential adverse currency movements. In addition, after evaluating its net foreign currency positions, revenue structures, and net foreign currency cash flows and current financial situation, the Company enters into forward exchange contracts to hedge its foreign exchange exposure. These measures partly protect the company against currency fluctuations by balancing its foreign currency financial cash flow in foreign currencies, revenue structure and net revenue earned in foreign currencies.

Risk associated with potential coal price fluctuations

Coal is a principle source of kiln fuel in the manufacture of cement. The Company’s fundamental approach to managing coal price fluctuation risk is to identify extensive supply sources for coal, and establish import sales contracts throughout the entire year, with an appropriate allocation of short-term and long-term contracts, in order to efficiently manage cement production costs. In addition, our renewal energy business with our Alternative Fuel Power Plant or RDF Plant has commenced commercial operations, thereby reducing our coal usage by 20-30% per annum.

Risk associated with credit provision

To mitigate credit risk stemming from debtors’ potential failure to comply with their contracts, the Company sells cement products based on cash and credit terms, usually requiring a bank guarantee for customer credit lines. A Credit Committee has been appointed to consider proper criteria for offering credit lines to customers and to develop a monitoring process for cash collection from customers.

Risk associated with environmental regulatory enforcement issues

The Company’s businesses are subject to strict laws and regulatory enforcement relating to protection of the environment and to safety in Thailand. The Company assigns related business units to be responsible for environmental quality assessment, analysis and monitoring. Assessment, analysis and monitoring are based on standardized measurements and subject to continuous improvement. The Company coordinates closely with the relevant governing authorities throughout its operations, to determine measurement principles and to foster mutually positive attitudes within the surrounding communities.

Shareholding Structure

Top 10 major shareholders as at December 14, 2012

Shareholders	Number of Shares	Shareholding (%)
1. Leophairatana Enterprises Co., Ltd. 1/	342,121,009	16.94
2. Thai Petrochemical Industry Co., Ltd. 1/	275,269,816	13.63
3. Mr. Prayad Liewphaitana	86,712,274	4.29
4. Mr. Pakorn Leophairatana	86,274,581	4.27
5. Mrs. Orapin Leophairatana	85,769,624	4.25
6. Mrs. Boonsri Leophairatana	82,138,536	4.07
7. Dr. Pramuan Leophairatana	80,890,000	4.01
8. Bangkok Bank Public Company Limited	65,769,324	3.26
9. Miss Pattrapan Leophairut	62,907,722	3.12
10. Thai NVDR Company Limited	62,647,113	3.10

Note: 1/ Majority shares held by the Leophairatana family

Dividend Payment Policy

The dividend payout policy of the Company is subject to the operational results of single financial statements of the Company. Dividend payment will be paid to shareholders on the next accounting period by taking into consideration other factors such as liquidity, cash flow and financial status of the Company. Such dividend payments shall be subject to the shareholders' approval or the Board of the Directors' approval.

In addition, the Board of Directors of the Company may from time to time approve the payment of interim dividends to shareholders, where it is justified by the profits of the Company. After the payment of dividends, the transaction shall be reported to shareholders at the next meeting.

The Management

Management Structure

As at December 31, 2012, the management structure of the Company consists of three Executive Committees: the Board of Directors, the Executive Management Committee and the Audit Committee. The Board of Directors of the Company had a total of 17 directors, consisting of 6 independent directors, which exceeds one third of the total number of directors, details of which are as follows:

The Board of Directors as at December 31, 2012

Name	Position
1. Mr. Visith Noiphan	Chairman and Independent Director
2. Mr. Prachai Leophairatana	Director
3. Mr. Prateep Leopairut	Director
4. Mr. Chainarong Taephaisitphongse	Director
5. Dr. Pramuan Leophairatana	Director
6. Dr. Narasri Vaivanijkul	Independent Director and Chairman of the Audit Committee
7. Mrs. Boonsri Leophairatana	Director
8. Ms. Suchitra Taychanavakul	Director
9. Dr. Chavin Iamsopana	Director
10. Mr. Prayad Liewphairatana	Director
11. Mrs. Orapin Leophairatana	Director
12. Mr. Manas Sooksmarn	Independent Director and Audit Committee
13. Pol.Gen. Charnchit Bhiraleus	Independent Director and Audit Committee
14. Mr. Pisej Iamsakulrat	Director
15. Mr. Thavich Taychanavakul	Independent Director
16. Mr. Tayuth Sriyuksiri	Director
17. Mr. Khantachai Vichakkhana	Independent Director

Remarks: Mr. Nitisit Jongphitakratana is the Corporate Secretary.

Functions and Responsibilities of the Board of Directors

1. To carry out activities prudently and in compliance with related governing laws, the objectives of the Company, and the Articles of Association, in order to protect the Company's interests and for the benefit of shareholders.
2. To consider policy, vision, work plans and key strategies, as well as ethical standards for business operations, and to supervise and monitor Management, to ensure that they perform duties efficiently and are in compliance with the Company's policies.
3. To monitor the operational results of the Company and any other key progress criteria.
4. To determine interim dividends to shareholders. To ensure that financial reports are complete, accurate, reliable and timely, and are prepared in compliance with generally accepted accounting principles.
6. To monitor the implementation of internal control and audit systems; to comply with all regulations and related governing laws; and to ensure appropriate risk management.
7. To ensure that the Company performs in compliance with good corporate governance policies, and focuses on fair treatment for all related parties, and discloses all relevant information that might affect the interests of related parties and the public.
8. To monitor and to prevent conflicts of interest, and ensure that connected transactions and any other transactions that might affect the interests of related parties are in compliance with related rules and regulations.

The Executive Management Committee as at December 31, 2012

Name	Position
1. Mr. Prachai Leophairatana	Chairman of Executive Committee
2. Mr. Prateep Leopairut	Executive Director
3. Dr. Pramuan Leophairatana	Executive Director
4. Mr. Prayad Liewphairatana	Executive Director
5. Mrs. Orapin Leophairatana	Executive Director
6. Mrs. Boonsri Leophairatana	Executive Director
7. Dr. Chavin Iamsopana	Executive Director
8. Mr. Chainarong Taephaisitphongse	Executive Director
9. Mr. Tayuth Sriyuksiri	Executive Director

Nine Directors are authorized to sign on behalf of the Company. Two of the nine directors must jointly sign, together with the affixation of the official company stamp.

Functions and Responsibilities of the Executive Management Committee

1. To govern and determine the operational strategy of the business, in compliance with the policy of the Board of Directors.
2. To monitor operational results of each department.
3. To select and nominate top management of the Company.
4. To nominate and remove officers of the Company, and to determine their rewards.
5. To perform their duties in relation to the general administration of the Company

The Audit Committee as at December 31, 2012

Name	Position
1. Dr. Narasri Vaivanijkul	Chairman of the Audit Committee*
2. Mr. Manas Sooksmarn	Audit Committee
3. Pol. Gen. Charnchit Bhiraueus	Audit Committee

Remarks: Possess background and experience in auditing of financial statements.

Functions and Responsibilities of the Audit Committee

1. To control and monitor the Company's financial reports to ensure that they are complete, adequate and reliable.
2. To monitor the auditing process and internal control systems of the Company to ensure that they are appropriate and efficient.
3. To select and propose the appointment of the statutory auditor of the Company.
4. To supervise and ensure that the Company acts in compliance with the regulations imposed by the SET and the SEC and related governing laws.
5. To consider the disclosure of information regarding connected transactions or transactions that might have conflicts of interest, to ensure it is accurate and complete.
6. To prepare the Audit Committee Report as disclosed in the Company's Annual Report to be in compliance with the provisions imposed by the SET and the SEC.
7. To perform any other tasks that may be stipulated in the Articles of Association of the Company.
8. To perform any other tasks that may be delegated by the Board of Directors.

The Management as at December 31, 2012

Name	Position
1. Mr. Prachai Leophairatana	Chief Executive Officer
2. Mr. Prateep Leopairut	President
3. Dr. Pramuan Leophairatana	President
4. Mr. Prayad Liewphairatana	President
5. Mrs. Orapin Leophairatana	Senior Executive Vice President
6. Mr. Prasert Ittimakin	Senior Vice President -Accounting and Finance Division
7. Miss Chularat Danwattanachai	Vice President - Accounting and Finance Division
8. Mr. Anugoon Piyapakorn	Assistant Vice President - Accounting Department
9. Mr. Pongsak Yiengsakun	Assistant Vice President - Finance Department

Functions and Responsibilities of the Chief Executive Officer

1. To carry out activities prudently; to be in compliance with the objectives of the Articles of Association; and to be in line with establishing policy as approved by the Board of Directors of the Company, in order to protect the Company's interests and for the benefit of shareholders.
2. To monitor and manage daily operational results of each department to ensure these are carried out effectively and efficiently.
3. To assign, nominate, remove and punish employees and staff of the Company to comply with Company discipline.
4. To report work progress to be in line with work plans and budgets as approved by the Board of Directors.

Business relationships or professional service relationships between independent directors and the Company, or the parent company, or its affiliates, or subsidiary companies, or associated companies, or juristic persons within the Company, that may impose conflicts of interest in an amount exceeding the restricted amount under the notification of the SEC regarding permission and approval of new shares issuance (if any), as well as the resolution and opinion of the Board of Directors approval (if any).

-None-

Selection of the Directors and the Management

The Board of Directors of the Company is responsible for selection of Directors and Management of the Company. Selection of Directors takes into consideration their background knowledge, experience in related fields of business, ethical behavior, standards of integrity, independence, courage in giving opinions, responsible discharge of duties, precision and honesty, consistent attendance at all Board meetings. Their resumes and their ethical behavior are taken into consideration as well as other appropriate qualifications deemed beneficial to the Company. We also consider other factors that may impose conflicts of interest.

Selection of the directors to replace those retiring by rotation is under the criteria of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand.

Selection of Management takes into consideration their background knowledge, abilities, professional skills, and experience deemed beneficial to the Company. Management selection is in compliance with recruitment procedures of the Company.

Criteria for selection of the Independent Directors are as follows:

1. Under the criteria of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand, Independent Directors:
 - 1.1 Are restricted in the number of shares they may hold to not greater than 1% of the voting shares in the Company, its affiliates, its associated companies, or its juristic persons that may impose conflicts of interest (implicitly including related persons as stated in Section 258 of the SEC's Act B.E. 2535.)
 - 1.2 Have no management participation in the Company, its affiliates, or its associated companies; and are not employees or regularly paid consultants, or persons who have control over the Company, its affiliates, or its associated companies or its juristic persons that may impose conflicts of interest.
 - 1.3 Have no business relationship with the Company, its affiliates, or its associated companies; and do not have any loss or gain, directly or indirectly, in the finance or management of the Company, its affiliates, or its associated companies; or its juristic persons that may impose conflicts of interest.

- 1.4 Have no close relatives, or persons related in a way that may lead to a lack of independence from the management or major shareholders of the Company, its affiliates, or its associated companies, or its juristic persons that may impose conflicts of interest; nor may they be appointed to protect the interest of any director or major shareholders.
 - 1.5 Maintain consistent attendance at all board meetings, and follow and monitor the business performance and operations of the Company.
2. Independent Directors must be capable, talented and knowledgeable, with backgrounds and experience deemed beneficial to the Company; such as backgrounds in engineering, accounting, finance etc.
 3. Independent Directors must detail their qualifications and perform their duties with great care and loyalty in the best interest of the shareholders, without conflict of interest with/for their own businesses or former businesses, or related parties.

Remuneration of the Directors and the management

1. Remuneration in monetary terms

1.1 Remuneration of the Directors

In 2012, remuneration awarded to the Company's 17 directors in the form of meeting allowances and bonuses was Baht 24,223,810 compared to Baht 24,766,586 in 2011 for 17 directors. Details of remuneration in 2012 are as follows:

					Unit: Baht
No.	Name	Position	Meeting allowances	Bonus	Total
1.	Mr. Visith Noiphan	Chairman	1,320,156	104,774	1,424,930
2.	Mr. Prachai Leophairatana	Director	1,320,156	104,774	1,424,930
3.	Mr. Prateep Leopairut	Director	1,320,156	104,774	1,424,930
4.	Mr. Chainarong Taephaisitphongse	Director	1,320,156	104,774	1,424,930
5.	Dr. Pramuan Leophairatana	Director	1,320,156	104,774	1,424,930
6.	Dr. Narasri Vaivanijkul	Director	1,320,156	104,774	1,424,930
7.	Mrs. Boonsri Leophairatana	Director	1,320,156	104,774	1,424,930
8.	Ms. Suchitra Taychanavakul	Director	1,320,156	104,774	1,424,930
9.	Dr. Chavin Iamsopana	Director	1,320,156	104,774	1,424,930
10.	Mr. Prayad Liewphairatana	Director	1,320,156	104,774	1,424,930
11.	Mrs. Orapin Leophairatana	Director	1,320,156	104,774	1,424,930
12.	Mr. Manas Sooksmarn	Director	1,320,156	104,774	1,424,930
13.	Pol.Gen. Charnchit Bhiraless	Director	1,320,156	104,774	1,424,930
14.	Mr. Pisej Iamsakulrat	Director	1,320,156	104,774	1,424,930
15.	Mr. Tayuth Sriyuksiri	Director	1,320,156	104,774	1,424,930
16.	Mr. Thavich Taychanakul	Director	1,320,156	104,774	1,424,930
17.	Mr. Khantachai Vichakkhana	Director	1,320,156	104,774	1,424,930
Total			22,442,652	1,781,158	24,223,810

1.2 Remuneration of Management

In 2012, remuneration awarded to the Company's 5 Executives including salaries and bonuses was Baht 212,485,200 compared to Baht 202,364,000 for total of 5 persons in 2011.

2. Other remuneration

Other remuneration to the Management includes company cars for each position.

Audit Fees

1. The Company and its subsidiaries paid audit fees for 2012 to:

1.1 The statutory auditor of the Company for the financial year ended 2012 in the amount of Baht -0-

1.2 The office of the statutory auditor of the Company, or other persons or related enterprises relating to the statutory auditor of the Company for year 2012 in the amount of Baht 7,300,000.

Non-Audit Fees

TPI Polene and its subsidiaries paid a fee to KPMG Phoomchai Audit Limited to review the report of promotional privileges and benefits of exemption from payment of corporate income tax by virtue of the promotional certificates of the Board of Investment in 2012 for a total of Baht 360,000.

Company Shares Held by the Directors and the Management

Name	Shareholding As at December 14, 2012	Shareholding + (-) January 11, 2012	Change in 2012
1. Mr. Visith Noiphan	-	-	-
2. Mr. Prachai Leophairatana	85,779,624	85,116,224	653,400
3. Mr. Prateep Leopairut	154,000	154,000	-
4. Mr. Chainarong Taephaisitphongse	-	-	-
5. Dr. Pramuan Leophairatana	80,900,000	80,890,000	-
6. Dr. Narasri Vaivanijskul	-	-	-
7. Mrs. Boonsri Leophairatana	82,138,536	82,138,536	-
8. Ms. Suchitra Taychanavakul	107,778	107,778	-
9. Dr. Chavin Iamsopana	2,191,000	2,191,000	-
10. Mr. Prayad Liewphairatana	88,321,714	88,321,714	-
11. Mrs. Orapin Leophairatana	*	*	*
12. Mr. Manas Sooksmarn	-	-	-
13. Pol. Gen. Charnchit Bhiraueus	215,000	215,000	-
14. Mr. Pisej Iamsakulrat	1,800,000	1,800,042	(42)
15. Mr. Thavich Taychanavakul	109,118	109,118	-
16. Mr. Tayuth Sriyuksiri	16,342,589	16,342,589	-
17. Mr. Khantachai Vichakkhana	2,776	2,776	-
18. Mr. Prasert Ittimakin	1,048	1,048	-
19. Miss Chularat Danwattanachai	-	-	-
20. Mr. Anugoon Piyapakorn	-	-	-
21. Mr. Pongsak Yiengsakun	-	-	-

Note * Included in shareholding changes of Mr. Prachai Leophairatana to comply with the provisions contained in the SEC Act, article 258.

Positions of the Management and Controlling Persons over the Company, its Subsidiaries, the Joint Venture Company, Associated Companies and other related Companies as at 31 December 2012.

Name	TPI	Subsidiaries 2/											
	Polene	1	2	3	4	5	6	7	8	9	10	11	12
1. Mr. Visith Noiphan	X	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Prachai Leophairatana	//	//x	//x	//x	//x	//x	//x	//x	//	//	-	//x	//x
3. Mr. Prateep Leopairut	//	//	//	//	//	//	-	//	//	/	-	//	//
4. Mr. Chainarong Taephaisitphongse	//	-	-	-	-	-	-	-	-	-	-	-	-
5. Dr. Pramuan Leophairatana	//	//	//	//	//	//	//	//	//	/	//x	//	//
6. Dr. Narasri Vaivanijskul	/	-	-	-	-	-	-	-	-	-	-	-	-
7. Mrs. Boonsri Leophairatana	//	-	-	-	-	-	-	-	-	-	-	-	-
8. Ms. Suchitra Taychanavakul	/	-	-	-	-	-	-	-	-	-	-	-	-
9. Dr. Chavin Iamsopana	//	-	-	-	-	-	-	-	-	-	//	//	-
10. Mr. Prayad Liewphairatana	//	//	//	//	//	//	//	//	//	//	//	//	//
11. Mrs. Orapin Leophairatana	//	//	-	//	//	//	//	//	-	-	-	//	//
12. Mr. Manas Sooksmarn	/	-	-	-	-	-	-	-	-	-	-	-	-
13. Pol. Gen. Charnchit Bhiraueus	/	-	-	-	-	-	-	-	-	-	-	-	-
14. Mr. Pisej Iamsakulrat	/	-	-	-	-	-	-	-	-	-	-	-	-
15. Mr. Thavich Taychanavakul	/	-	-	-	-	-	-	-	-	-	-	-	-
16. Mr. Tayuth Sriyusiri	//	-	-	-	-	-	-	-	-	-	-	-	-
17. Mr. Khantachai Vichakkhana	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: 1. / = Director X = Chairman // = Executive Director
2. / Names of the Companies

No.	Subsidiaries	Status
1	TPI Concrete Co.,Ltd.	Subsidiary company
2	Thai PropoxiedCo.,Ltd.	Subsidiary company
3	TPI Polene Power Co.,Ltd.	Subsidiary company
4	TPI All Seasons Co., Ltd.	Subsidiary company
5	Polene Plastic Co., Ltd.	Subsidiary company
6	TPI Polene Bio Organics Co., Ltd.	Subsidiary company
7	Thai Nitrate Co., Ltd.	Subsidiary company
8	Thai Special Steel Plc.	Associated company
9	Mondo Thai Co., Ltd.	Associated company
10	Bangkok Union Life Insurance Public Co., Ltd.	Associated company
11	United Grain Industry Co., Ltd.	Related company
12	Pornchai Enterprises Co., Ltd.	Related company

The Board of Directors - TPI Concrete Co., Ltd. as at December 31, 2012

Name	Position
1. Mr. Prachai Leophairatana	Chairman and Executive Director
2. Mr. Prateep Leopairut	Executive Director
3. Dr. Pramuan Leophairatana	Executive Director
4. Mr. Prayad Liewphairatana	Executive Director
5. Mrs. Orapin Leophairatana	Executive Director
6. Mr. Panya Tangsingtrong	Executive Director
7. Ms. Niphond Punyaratabandhu	Executive Director

The Board of Directors - TPI Polene Power Co., Ltd. as at December 31, 2012

Name	Position
1. Mr. Prachai Leophairatana	Chairman and Executive Director
2. Mr. Prateep Leopairut	Executive Director
3. Dr. Pramuan Leophairatana	Executive Director
4. Mr. Prayad Liewphairatana	Executive Director
5. Mrs. Orapin Leophairatana	Executive Director
6. Mr. Pakorn Leopairut	Executive Director
7. Miss Pattrapran Leopairut	Executive Director

The Board of Directors - Polene Plastic Co., Ltd. as at December 31, 2012

Name	Position
1. Mr. Prachai Leophairatana	Chairman and Executive Director
2. Mr. Prateep Leopairut	Executive Director
3. Dr. Pramuan Leophairatana	Executive Director
4. Mr. Prayad Liewphairatana	Executive Director
5. Mrs. Orapin Leophairatana	Executive Director

The Board of Directors - TPI Polene Bio Organics Co., Ltd. as at December 31, 2012

Name	Position
1. Mr. Prachai Leophairatana	Chairman and Executive Director
2. Mr. Prateep Leopairut	Executive Director
3. Dr. Pramuan Leophairatana	Executive Director
4. Mr. Prayad Liewphairatana	Executive Director
5. Mrs. Orapin Leophairatana	Executive Director
6. Miss Pattrapan Leopairut	Executive Director
7. Mr. Pakorn Leopairut	Executive Director
8. Mr. Pakkapol Leopairut	Executive Director
9. Mrs. Achira Chatdarong	Executive Director
10. Mrs. Nitawan Leophairatana	Executive Director
11. Mr. Thanakorn Liewphairatana	Executive Director
12. Miss Chutinan Liewphairatana	Executive Director
13. Mr. Vipot Kotbua	Executive Director
14. Mr. Pakpoom Thongsorn	Executive Director

Note: TPI Concrete Co., Ltd., TPI Polene Power Co., Polene Plastic Co., Ltd. TPI Polene Bio Organics Co., Ltd. are wholly-owned subsidiaries, which generate significant sales revenues.

Board of Directors as at December 14, 2012

NAME/AGE/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Visith Noiphan 79 years of age -no relationship	M.ENG.(Sanitary Engineering) Chulalongkorn University	-	2005-Present	Chairman and Independent Director	TPI Polene Public Co.,Ltd.
			1982-1984	Department of Industrial Works	Ministry of Industry
	1984-1986		Department of Industrial Promotion	Ministry of Industry	
	1986-1988		Director General Secretary General Thai Industrial Standards	Ministry of Industry	
	1988-1992		Director General Department of Mineral Resources	Ministry of Industry	
	1992-1993		Advisor	The Office Of Prime Minister	
	1993-2005		Acting of Permanent Secretary Deputy Permanent Secretary	Ministry of Industry Ministry of Industry	
	2001-Present		Director and member of the Audit Committee	TPI Polene Public Co.,Ltd.	
	2004-Present		Chairman and Independent Director	Sahaviriya Plate Mill Co., Ltd.	
	2006-Present		Independent Director	BangsaphanBarmill Plc.	
2006-Present	Chairman and Independent Director	Thai Agro Energy Plc.			
Mr. Prachai Leophairatana 68 years of age Elder brother of Mr. Prateep Leopairut, Dr. Pramuan Leophairatana and Mr. Prayad Liewphairatana	M.S.E.E. University of California (Berkeley) U.S.A.	4.25	2001-Present	Chief Executive Officer	TPI Polene Public Co., Ltd.
			1969-1997	Chairman	Cathay Finance & Securities Plc.
	1978-2006		Chief Executive Officer	Thai Petrochemical Industry Public Co.,Ltd. and TPI Polene Group of Companies.	
	2000-2006		Board Executive Director	Bangkok Union Insurance Public Co.,Ltd.	
	April 2012-Present		Director	Bangkok Union Insurance Public Co.,Ltd.	
	Directors Accreditation Program (DAP- No.35/2005) Thai Institute of Directors (IOD)				
Mr. Chainarong Taephaisitphongse 70 years of age -no relationship	Master of Business Administration, Syracuse University, U.S.A.	-	1990-Present	Executive Director	TPI Polene Public Co.,Ltd.
			1973-Present	Executive Director	Bangkok Union Insurance Public Co.,Ltd.
	1974-Present		Director	International Trading Development Corp,Ltd.	
	1980-2006		Director	Thai Petrochemical Industry Public Co.,Ltd.	
	1981-2006		Director	International Plastic Trading Co.,Ltd.	
	1994-Present		Director	TPI Holding Co.,Ltd.	
Dr. Narasri Vaivanijkul 79 years of age -no relationship	Ph.D. in Management Science The University of Texas at Austin, Texas. USA	-	2005-Present	Chairman of the Audit Committee and Independent Director	TPI Polene Public Co.,Ltd.
			1998-2005	Independent Director and member of the Audit Committee	TPI Polene Public Co.,Ltd.
	2002-Present		Chairman of Audit Committee	Assumption University Council	
	2007-Present		Director	Asian University of Science and Technology Council	
	2007-Present		Director	Rajapark College Council	
Mrs. Boonsri Leophairatana 90 years of age Mother of Mr. Prachai Leophairatana, Mr.Prateep Leopairut, Dr. Pramuan Leophairatana, and Mr. Prayad Liewphairatana	-	4.07	1987-Present	Executive Director	TPI Polene Public Co.,Ltd.
			1996-2006	Director	Leophairatana Enterprises Co., Ltd.
			2006-Present	Executive Director	Thai Petrochemical Industry Co., Ltd.

NAME/AGE/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Prateep Leopairut 66 years of age Younger brother of Mr.Prachai Leophairatana, elder brother of Dr. Pramuan Leophairatana, and Mr. Prayad Liewphairatana	M.S. (Engineering) Stanford University U.S.A.	0.01	1987-Present	President	TPI Polene Public Co., Ltd.
			1973-Present	Director	Leophairatana Enterprises Co., Ltd.
	B.E. (Industrial Engineering) Chulalongkorn University		1978-2006	President	Thai Petrochemical Industry Public Co.,Ltd.
			1978-Present	Director	United Grain Industry Co., Ltd.
	Degree Programs, National Defense College		1981-2006	President	International Plastic Trading Co., Ltd.
			1986-present	Executive Director	Pornchai Enterprises Co., Ltd.
	The Political "Leadership in new era" program, 2/2005, King Prajadhipok's Institute		1987-present	President	Thai Petrochemical Industry and Trade Association
			1987-1993	Director	Bangkok Union Insurance Public Co., Ltd.
	Directors Accreditation Program (DAP) No.28/2004 Thai Institute of Directors (IOD)		1988-Present	Director	Thai Plastic Product Co., Ltd.
			1989-Present	Director	Thai Plastic Film Co., Ltd.
	Directors Certification Program (DCP) No.53/2005 Thai Institute of Directors (IOD)		1990-1992	President	The Thai Packaging Association
			1991-Present	Executive Director	TPI Concrete Co.,Ltd.
	Audit Committee Program (ACP) No.8/2005 Thai Institute of Directors (IOD)		1991-Present	President	TPI Polene Power Co.,Ltd.
			1994-Present	Vice Chairman	Bangkok Union Insurance Public Co., Ltd.
	Understanding the Fundamental of Financial Statements (UFS) no.1/2006 Thai Institute of Directors (IOD)		2002-Present	Executive Director	Polene Plastic Co.,Ltd.
			2007-Present	President	Thai Nitrate Co.,Ltd.
	Chartered Director Class (CDC) No.5/2009 Thai Institute of Directors (IOD)		2009-2011	Commission of Central Asia	Thai Chamber of Commerce
			2009-2011	Committee of International Trade	Thai Chamber of Commerce
	Specialist on the examination of working professionals with engineering diploma in industrial engineering field		2009-2011	Committee of International Negotiation Trade	Thai Chamber of Commerce
			2009-Present	Expert on the examination of corporate engineering level of working professionals industrial engineering field	Council of Engineers
	Advisory committee on Trade and Development Association		2009-Present	Specialist on the examination of working professionals with engineering diploma in industrial engineering field	Council of Engineers
			2011-Present	President	TPI Polene Bio Organics Co.,Ltd.
	Committee of the Examination of Working professionals with Engineering diploma in industrial engineering field		2011-2012	Advisory committee on Trade and Development Association	Thai Chamber of Commerce
			2011-2013	Commission European and Central Asia	Thai Chamber of Commerce
	Board of Industrial Trade Association		2011-Present	Board of Trade	Thai Chamber of Commerce
			2011-Present	Committee to monitor the impact of FTA	Thai Chamber of Commerce
	Chairman		2011-Present	Board of Industrial Trade Association	Thai Chamber of Commerce
2012-Present			Chairman	ASEAN Federation of Cement Manufacturers (AFCM)	
Committee of the Examination of Working professionals with Engineering diploma in industrial engineering field		2012-Present	Committee of the Examination of Working professionals with Engineering diploma in industrial engineering field	Council of Engineers	
		2012-2014	President	Thai Cement Manufacturers Association (TCMA)	
Committee of the Federation of Thai Industries		-	President	Thai Recycling Group, EPS Foam	
		2012-2014	Committee of the Federation of Thai Industries	The Federation of Thai Industries	
Executive Committee of Logistics Economic Division		2012-2014	Executive Committee of Logistics Economic Division	The Federation of Thai Industries	
		2012-2014	Committee of Logistics Economic and Infrastructure Development	The Federation of Thai Industries	
Committee of Development of the economic cooperation of neighboring countries, the Mae-kong sub region (GMS/ACMECS/MJ)/Business council of Burma-Loas-Cambodian-Vietnam)		2012-2014	Committee of Logistics Trade	The Federation of Thai Industries	
		2012-2014	Committee of Development of the economic cooperation of neighboring countries, the Mae-kong sub region (GMS/ACMECS/MJ)/Business council of Burma-Loas-Cambodian-Vietnam)	The Federation of Thai Industries	
Committee of Facilitate on Trade, Import-Export and Custom Practices		2012-2014	Committee of Facilitate on Trade, Import-Export and Custom Practices	The Federation of Thai Industries	
		2012-2014	Committee of The Institute of Industrial Environment	The Federation of Thai Industries	
Committee of the Institute of Industrial Energy		2012-2014	Committee of the Institute of Industrial Energy	The Federation of Thai Industries	
		2012-2014	President of construction Materials Cluster	The Federation of Thai Industries	
Hororary Member and Council Association		2012-2014	Hororary Member and Council Association	The Thai Packaging Association	
		2012-2014	Hororary Member and Council Association	The Thai Packaging Association	

NAME/AGE/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Dr. Pramuan Leophairatana 63 years of age Younger brother of Mr. Prachai Leophairatana, Mr. Prateep Leopairut, elder brother of Mr. Prayad Liewphairatana	M.S., SC.D. in Chemical Engineering, Massachusetts Institute of Technology at Cambridge, M.A., U.S.A. B.S. (Honors) in Chemical Engineering, University of California at Berkeley, U.S.A. Directors Accreditation Program (DAP- No.39/2005) Thai Institute of Directors (IOD)	4.01	2001-Present	President	TPI Polene Public Co.,Ltd.
			1973-Present	Director	Leophairatana Enterprises Co.,Ltd.
			1978-2006	President	Thai Petrochemical Industry Public Co.,Ltd.
			1988-Present	Director	Thai Plastic Product Co.,Ltd.
			1989-Present	Director	Thai Plastic Film Co.,Ltd.
			1989-Present	Director	United Grain Industry Co.,Ltd.
			1990-Present	Director	Thai Nitrate Co.,Ltd.
			1991-Present	Executive Director	TPI Polene Power Co.,Ltd.
			1991-Present	Executive Director	TPI Concrete Co.,Ltd.
			1997-Present	Chairman	BUI Life Insurance Co.,Ltd.
2002-Present	Executive Director	Polene Plastic Co.,Ltd.			
2010-Present	Executive Director	TPI Polene Bio Organics Co.,Ltd.			
Ms. Suchitra Taychanavakul 88 years of age -no relationship	M.6 Sahaiying School, Saraburi	0.01	1994 -Present	Director	TPI Polene Public Co.,Ltd.
			1992 -Present	Director	United Grain Industry Co.,Ltd.
			1992 - 2011	Director	Thana Pronchai Co., Ltd.
			1992 - 2011	Director	Thana Pornchai Enterprise Co., Ltd.
			1999 -Present	Director	Thai Industrial Estate Co., Ltd.
2000 -Present	Director	SME Estate Co., Ltd.			
Dr. Chavin Iamsopana 70 years of age Brother-in-law of Mr. Prachai Leophairatana, Mr. Prateep Leopairut, Dr. Pramuan Leophairatana, and Mr. Prayad Liewphairatana	Doctor of Engineering, Osaka City University Japan Directors Accreditation Program (DAP- No.28/2004) Thai Institute of Directors (IOD) Directors Certification Program (DCP-No.28/2004) Thai Institute of Directors (IOD) Audit Committee Program (ACP-No.15/2006) Thai Institute of Directors (IOD)	0.11	1987-Present	Executive Director	TPI Polene Public Co.,Ltd.
			1989-Present	Executive Director	Thai Plastic Film Co.,Ltd.
			1989-Present	Executive Director	Thai Plastic Product Co.,Ltd.
			1989-Present	Executive Director	United Grain Industry Co.,Ltd.
			1997-Present	President	BUI Life Insurance Co.,Ltd.
			2004-Present	Executive Director	Bangkok Union Insurance Public Co.,Ltd.
Mr. Prayad Liewphairatana 61 years of age Younger brother of Mr. Prachai Leophairatana, Mr. Prateep Leopairut, and Dr. Pramuan Leophairatana	M.S.C.E. University of Michigan (ANN ARBOR) U.S.A. Directors Accreditation Program (DAP- No.29/2004) Thai Institute of Directors (IOD)	4.37	1987-Present	President	TPI Polene Public Co.,Ltd.
			1973-Present	Director	Leophairatana Enterprises Co.,Ltd.
			1981-2006	Director	International Plastic Trading Co.,Ltd.
			1988-Present	President	Thai Plastic Product Co.,Ltd.
			1988-Present	President	United Grain Industry Co.,Ltd.
			1989-Present	President	Thai Plastic film Co.,Ltd.
			1991-Present	Executive Director	TPI Polene Power Co.,Ltd.
			1991- Present	Executive Director	TPI Concrete Co.,Ltd.
			1997- Present	Executive	BUI Life Insurance Co.,Ltd.
			2002-Present	Director Executive Director	Polene Plastic Co.,Ltd.
2009-Present	Director	Thai Nitrate Co.,Ltd.			
2010-Present	Executive Director	TPI Polene Bio Organics Co.,Ltd.			

NAME/AGE/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mrs. Orapin Leophairatana 65 years of age Mr. Prachai Leophairatana's wife	Political Science (2 nd Class Honors) Chulalongkorn University	4.25	1998-2003, 2005-Present	Senior Executive Vice President	TPI Polene Public Co.,Ltd.
	Directors Accreditation Program (DAP- No.35/2005) Thai Institute of Directors (IOD)		1977- 1982	Third Secretary	Ministry of Foreign Affairs
			1986-1997	Managing Director	Cathay Finance & Securities Plc.
			1995-1997	Director	Bangkok Stock Trading Center
			1995-1997	Chairman	Association of the Securities Brokerage
			April-Dec 1997	Director	Association of Finance Companies
			1998-Present	Executive Director	TPI Concrete Co., Ltd.
			2001-2011	Director	Thai Listed Company Association
			2002-Present	Executive Director	Polene Plastic Co.,Ltd.
			2007-Present	Executive Director	TPI Polene Power Co., Ltd
			2009-Present	Executive Director	TPI All Season Co., Ltd.
			2009-Present	Director	Thai Nitrate Co.,Ltd.
			2010-Present	Executive Director	United Grain Industry Co.,Ltd.
			2010-Present	Executive Director	Thai Petrochemical Industry Co.,Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics Co.,Ltd.
Mr. Manas Sooksmarn 77 years of age -no relationship	Master of Science In Industrial Engineering and Management, Oklahoma State University, U.S.A.	-	2005-Present	Independent Director and member of the Audit	TPI Polene Public Co.,Ltd.
	Post Graduate diploma Industrial Development Programming, (Economics) Institute of Social		1996-2000	Senator	
			1996-1997	Committee	Express Authority of Thailand
	Master of Political Science, Ramkhamhaeng University		1997	Advisor to Deputy Minister	Ministry of Interior
			1997, 2001	Advisor to Deputy Minister	Ministry of Agriculture and Cooperatives
			2006	Honorable Committee	The Constitutional Court
	B.E. (Industrial Engineering), Chulalongkorn University.				
National Defense College No.31					
Directors Accreditation Program (DAP- No.47/2005) Thai Insti- tute of Directors (IOD)					
Mr. Pises Iamsakurat 48 years of age -no relationship	Master of International Trade, Golden Gate University, U.S.A.	0.09	2008- Present	Director Managing	TPI Polene Public Co., Ltd
			1987- Present	Director Managing	Iamsakurat Co., Ltd.
			1990- Present	Director	Lampang Food Products Co., Ltd.
	Bachelor Degree, Business Administration,		1995- Present	Vice President	Laos Industrial-Agriculture Co., Ltd.
	Menlo College, California, U.S.A		1997- Present	Director	K. Cotton & Gloss Co., Ltd.
			1997- Present	Director Managing	TPI Holding Co., Ltd.
		2004- Present	Director	Maekong Inter Trade Co., Ltd.	

NAME/AGE/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Pol.Gen.Charnchit Bhiraleus 68 years of age -no relationship	Master Program of Public and Private Management, National Institute of Development Administration (NIDA)	0.01	2005-Present	Independent Director and member of the Audit Committee	TPI Polene Public Co., Ltd.
			2000-2004	Deputy Commissioner -General	Royal Thai Police
	2002-2010		Vice Chairman	Asian Crime Prevention Foundation (Thailand)	
	2005-2006		Advisor to Deputy Minister	Ministry of Justice	
	2006-2007		Advisor to Deputy Prime Minister		
	2006-2010		Committee of National Justice	Ministry of Justice	
	2007- 2008		Vice Chairman and CEO	TOT Public Co.,Ltd	
	2007-Present		Honorable Committee	Parliamentary Commission	
	Jan 2001-Present		Expert	Police Commission	
	Understanding the Fundamental of Financial Statements (UFS) No.11/2007 Thai Institute of Directors (IOD)				
Finance for Non-finance Director (FND) No.38/2007 Thai Institute of Directors (IOD)					
Mr. Thavich Taychanavakul 63 years of age -no relationship	Bachelor Degree, Business Administration Kinki University, Japan	0.01	2008- Present	Independent Director	TPI Polene Public Co., Ltd
			1988- Present	Board Executive Director	Royal Group of CompanyCo.,Ltd.
	1990- Present		Managing Director	Thai Industrial Estate Co., Ltd.	
	1991- Present		Secretary-General	Thai Industrial Estate Association	
	1991-Present		Board Executive Director	Hi-Tech Nittsu (Thailand) Co.,Ltd.	
	1999-Present		Chairman of the Audit Committee	Bangkok Union insurance Plc.	
	1999-Present		Board Executive Director	Ayutthaya Technology Hi-Tech CenterCo.,Ltd.	
Finance for Non-finance Director (FND) No.30/2006 Thai Institute of Directors (IOD)					
Mr.Tayuth Sriyuksiri 58 years of age -no relationship	Master Of Business Administration, Boston University, U.S.A.	0.81	2008-Present	Executive Director	TPI Polene Public Co., Ltd
			1982- Present	Managing Director	K. Cotton & Gloss Co., Ltd.
	1994- Present		Director	TPI Holdings Co., Ltd.	
	1999- Present		Director	Micro Fiber Industry Co., Ltd.	
	2005- Present		Director	Hua Thai Manufacturing Plc.	
	Director Accreditation Program (DAP- No.29/2004) Thai Institute of Directors (IOD)				

NAME/AGE/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Khantachai Vichakkhana 64 years of age -no relationship	Master of Political Science, (Public Administration), Thammasat University	-	Oct 2009 - Present	Independent Director	TPI Polene Public Co., Ltd
			1986	Land Officer- Uttaradit	Department of Lands
			1986-1988	Land Officer- Nakhornnayok	Department of Lands
	Bachelor of Law, Thammasat University	-	1988-1989	Land Officer- Nonthaburi and Bangyai District	Department of Lands
			1989-1990	Land Officer- Phuket	Department of Lands
	Guest Speaker Training Program- Land Class 2: Department of Land (1979)	-	1990-1992	Land Officer- Chonburi	Department of Lands
			1992-1995	Department of Important book	Department of Lands
	Division Director of Security within the Kingdom Program (Ka.Rmn): Royal Thai Army (1979)	-	1995-1998	Land Management Division	Department of Lands
			1998-1999	Director of Bureau Authority Land	Department of Lands
			1999-2000	Inspector-General	Department of Lands
	Advance Land Management School Program Class 3: Department of Lands (1984)	-	2000	Staff Plan & Policy Analysis (Land)	Department of Lands
			2000-2002	Directors: Land Registration	Department of Lands
	Advance administration Program: Class 30, Institute of Administration Development, Department of Provincial Administration (1993)	-	2002-2008	Bureau of Standards	Department of Lands
				Deputy Director -General	
	High Level Information Technology Executives (CIO) Seminar (2003)	-		Extracurricular	
				Council Member	Rajamangala University or technology Bangkok
	Political Development in Demo- cratic Governance for Executives Program Class 8, King P rajadhipok's Institute (2004)	-		Qualified Director	National Council Boy Scouts
			Assets Management Committee Sub-Committee	Thai Red Cross Council Office of the National Anti- Corruption Commission (NACC)	
			School Board	Triamudomsuksa School	
			Chairman	Triamudomsuksa Parents and Teachers Association	
			Hearing Committee	Office of The Election Commission of Thailand	
			Diagnosis Sub-Committee	Office of The Election Commission of Thailand	
			Committee	Retired Government Officials' Pension Association of Interior Foundation	
			Counselor Committee	The Institution of Local Administration, Thailand	
			Committee	Islamic bank of Thailand Executive Public Administration Foundation (EPAF) TriamudomsuksaAlumni Foundation	

OTHER EXECUTIVES

Mr.Prasert Ittimakin 53 years of age -no relationship	M.B.A. Finance University of St. Thomas, U.S.A.	-	2001-Present	Senior Vice President Finance and Account Division	TPI Polene Public Co.,Ltd.
			1998-2001	Vice President Finance and Account Division	TPI Polene Public Co.,Ltd.
			1990-1998	Vice President Corporate Finance Department	Asia Credit & Securities Plc.
Miss Chularat Danwattanachai 51 years of age -no relationship	M.B.A. Thammasart University	-	2001-Present	Vice President Finance and Account Division	TPI Polene Public Co.,Ltd.
			1999-2001	Asst.Vice President Finance and Account Division	TPI Polene Public Co.,Ltd.
			1989-1998	Asst. Vice President Corporate Finance Department	Asia Credit & Securities Plc.

NAME/AGE/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Anugoon Piyapakorn 54 years of age -no relationship	M.B.A. Chulalongkorn University	-	2012-Present	Vice President Accounting Department	TPI Polene Public Co.,Ltd.
			2001-2012	Asst. Vice President Accounting Department	TPI Polene Public Co.,Ltd.
			1989-2001	Manager Accounting Department	TPI Polene Public Co.,Ltd.
Mr. Pongsak Yiengsakun 57 years of age -no relationship	Bachelor of Accounting, Chulalongkorn University	-	2012-Present	Vice President Financial Operation Departmen	TPI Polene Public Co.,Ltd.
			2001-2012	Asst.Vice President Financial Operation Department	TPI Polene Public Co.,Ltd.
			1992-2001	Manager Finance Department	TPI Polene Public Co.,Ltd.

Remarks: * Percentage of shareholding above includes shares held by spouses and offspring.

Corporate Governance

Throughout 2012, the Board of Directors of the Company operated in compliance with the principles of good corporate governance by carrying out their duties with transparency, ethics, and responsibility to shareholders, customers, employees, society and others stakeholders.

As the Company values ethical business conduct, we issued a Code of Business Conduct, which is constantly reviewed to make it more suitable for changed circumstances. The Company's Directors acknowledge best practice for directors of a listed company as their principle guideline. The Directors, the management and all levels of staff carry out their duties with honesty, integrity, and good ethics. All realize that the Company is a long-established, leading, reputable company with a track record of over 20 years. Corporate governance practices of the Company can be divided into 5 sections as follows:

Section 1. Stakeholder Rights

The Company realizes and respects the importance of the rights of all shareholders. The Company has policies to protect shareholders fundamental rights and ensure equitable treatment under the law as follows:

1. Shareholders' Meeting

The Company schedules an annual general meeting of the shareholders ("AGM") within 4 months of the annual closing date of its accounting books. In case there are emergency issues that might affect the interest of the shareholders and/or related to the terms and regulations or any legal issues, to be proposed for approval in the meeting, the extraordinary shareholders' meeting will be held as the case may be. In 2012, the AGM was held on April 26, 2012 at the Conference Room on the 9th floor of TPI Tower, 26/56 Chan Tat Mai Rd, Thungmahamek, Sathorn, Bangkok. A total of 16 directors attended the AGM. The Chairman performed his role thoroughly as defined by law and the meeting also gave unanimous approval on all agenda items. In the previous year 2012, there was no extraordinary shareholders' meeting.

2. Delivering Meeting Notices

After the Company's Board of Directors approved and resolved the Annual General Shareholders Meeting, the Company will disclose the Invitation to the Annual General Shareholders Meeting with all relevant documents on the Company's website at <http://www.tpipolene.co.th>, for shareholders' consideration in advance of the meeting.

The Company assigned Thailand Securities Depository Co., Ltd., its SEC Securities Registrar, to mail meeting notices together with details of the agenda and accompanying documents (both supplementary and supporting) for the decisions of the Board of Directors. In addition, the Securities Registrar mails the opinion of the Board, minutes of the previous meeting, the annual report, all meeting documents, and proxy forms designed by the Ministry of Commerce, to shareholders at least 7 days ahead of the meeting date. An invitation to the AGM is also announced in newspapers for three consecutive days in advance of the meeting.

3. Facilitating Shareholders

The Company treats all shareholders in a fair manner. The Company always allows registration of shareholders at least one hour before each meeting. A barcode system summarizing details of each shareholder is printed on the registration form, or the proxy form, to facilitate registration and save time. A suitable reception is also extended to all shareholders.

4. Conduct of Shareholders' Meetings

Before the meeting, the Chairman explains clearly the rules on voting and vote counting for individual agenda items. Once information has been disclosed for each item, the chairman allocates sufficient time for each item and facilitates the meeting appropriately. During the meeting, the chairman allows thorough expression of views and queries by shareholders before voting and summarizes the meeting's resolution on each agenda item. Minutes of the meeting must be completely and accurately recorded, with a summary of voting results on each item.

5. After the Shareholders' Meetings

The Company duly submits the resolution of the Shareholders' meeting to the SET one day after the meeting ends. The Company duly submits the minutes of the Shareholders' meeting to the SET, the Securities Registrar of Public Company, Department of Business Development, the Ministry of Commerce, within 14 days and also discloses the minutes of the Shareholders' meeting on the Company's website at www.tpipolene.co.th.

Section 2. Equitable Treatment of Shareholders

The Company values and treats all shareholders equally and fairly through the following actions:

1. Conducting the meeting in sequence of agenda items as specified in the invitation and not adding agenda items without notifying shareholders in advance, to ensure they have enough time to investigate before making their decisions.

2. Appointing Proxies to maintain the rights of those shareholders who cannot attend in person: they are able to appoint proxies, or to delegate their votes to any independent director in attendance.

In addition, the Company also discloses the format of the proxies together with all details and procedures on the Company's website at <http://www.tpipolene.co.th> in advance of the meeting.

3. Encouraging shareholders to use ballots for every agenda item, voting tickets are provided for each agenda item separately.

4. All groups of shareholders can access the Company information completely, accurately, transparently, and in a timely manner. The Company has established an Investor Relations Office to take responsibility for providing information in both Thai and English to all shareholders, equally and completely, to ensure that shareholders can make appropriate investment decisions. Corporate information is disclosed on the Company's website, as well as on the websites of the SET and the SEC to facilitate access by shareholders and other interested investors.

5. Ensuring strict supervision of the use of inside information by explicitly defining in writing the misuse of inside information as part of the Code of Conduct. In addition, in order to prevent any conflicts of interest, or misuse of inside information by the Board and Management, the Company has put in place internal information controls to supervise the use of inside information as follows:

1. Directors and Management will be regularly informed of related laws and regulations pertaining to misuse of inside information, through various communication channels.
2. The Company discloses in the TPIPL annual report the shareholdings of Directors, Management (and the holdings of management equivalents in Finance and Accounting Division) in compliance with the regulations of the Office of Securities and Exchange Commission.
3. The Directors and Management of the Company are fully responsible for submitting a report of their shareholdings in the Company, and those of their spouses and minors, in accordance with provisions contained in the Securities and Exchange Act B.E. 2535.
4. Any misuse of internal information shall be subject to disciplinary action, including dismissal, as announced in the Company's rules and regulations.

6. Devising practical guidelines for potential conflict of interest in its Good Corporate Governance and Code of Conduct for the Directors. Management and employees must strictly comply with these.

Section 3. Stakeholder Roles

The Company is well aware of the roles of all stakeholders. The Company always places clear responsibilities in taking care, maintaining fairness, as well as giving respect to the rights of all stakeholders wherever it works. Hence, the Company establishes business operation guidelines emphasizing the balanced consideration of all stakeholders in a Code of Business Conduct as follows:

1. Community Development

1. Promoting community economy according to HM the King's Sufficiency Economy philosophy
2. Supporting democracy in the community by respecting the rights and protecting fair benefits of the community

2. Interaction by Respecting Human Rights Principles

1. Respecting human rights on privacy without any violations.
2. Equal treatment by respecting the rights of human and equality.
3. Non-partisan and not aligned with any political party; however, support and respect political rights of employees.
4. Respecting human rights of security. The Company is aware of human rights of employees and related persons towards the operation of security officers, such as no violation of rights of privacy and no brutality.
5. Awareness of fundamental rights of employees lives and close communities regarding quality of life, safety, happiness at work, living together in a society, including the prevention of deprivation of fundamental living materials, drought, health hazards, and possible natural disasters.

6. Respecting human rights of expressing opinion and complaints done in goodwill and in accordance with the law, both within and outside the Company as well as in the community.

7. Respecting the rights of defending an accusation. When an employee is accused of violating the Company's rules and regulations, the Company will appoint an independent and fair investigation committee. One who is accused of something has the right to defend oneself against an accusation.

3. Labor Practice

1. No child labor or informal labor is used. Neither children under age 18 nor informal labor whose rights are not protected by law are hired by the Company, contractors, or subcontractors.

2. Equal opportunity and no discriminations against employees. Each employee is given an appropriate job description according to his or her job position.

3. Knowledge Enhancing Training employees to develop potential, knowledge, abilities, and skills at work including administering organization for employees appropriately, continuously, and equally without any discrimination.

4. Nature and Environment

The Company seriously operates and formulates measures to promote natural and environmental conservation and protection by utilizing natural resources to the fullest values and benefits without negative effects to employees, communities, related persons, or the environment. The Company also instills an awareness of such measures to operate continuously.

5. Fair Business Operation

1. Fair Competition without a policy of fact distortion of competitors or dumping.

2. Fair Procurement with fair and transparent procedures for selecting sellers and contractors.

3. Supervising and respecting the rights of the Company assets. All employees have a duty to take care and keep the Company assets in safe condition. All confidential data of the company and others must be protected from being used or publicized without permission.

4. Respecting the rights of other's assets. The Company is aware of and promotes the rights of assets, intellectual rights, and local wisdom. The Company does not promote activities that violate the assets, counterfeit, copy, and violate the benefits of others and consumers.

6. Consumer Issue

The Company performs marketing in the manner of morality and fairness to suppliers and consumers by providing actual and complete information with willingness to service equally and fairly including recommendations to customers without disclosure of information or confidentiality of customers.

7. Business Transaction with Government

The Company performs business transactions with government or government officials including local government agency and local politician in the manner of transparency, appropriateness, and without corruption. Good relationships with proper boundaries must be maintained.

8. Anti-corruption

The Company does not allow its employees to accept or give assets whose value is more than normal standards or give assets to business related persons unless a gift or a memorable giving or receiving is customary in each area which is acceptable but the value is not worth more than normal standard practice.

9. Security Control of Area and Asset of the Company

The Company seriously operates and has a clear measure and suitable procedures to ensure that the assets of the Company are protected and are kept completely safe. The Company also has an operation team and operation plans in case of emergencies.

10. Conflicts of Interest

The Management and employees and related persons must avoid any conflicts of interest that can affect work operations, procedures, or any decision. All activities and duties must be performed for the highest benefit of the Company in compliance with the law and moral principles.

Monitoring Operations according to a Code of Conduct

The Company stipulates that it is a duty and responsibility of the Directors, the Management, and every employee to acknowledge, understand, and strictly follow regulations stated in the Code of Conduct. The management of all levels must take the responsibility seriously to make employees under his or her hierarchical control to acknowledge, understand and seriously conform to the Code of Conduct of the Company.

Section 4. Information Disclosure and Transparency

The Company is aware of its duty to conduct business in conformity with relevant rules and regulations as follows:

1. Disclosure of Company information including financial reports is executed accurately, completely and in a timely fashion as reflected in the Annual Report form (Form 56-1), the Company's Annual Report (Form 56-2) and other reports, which are carried out in compliance with the guidelines set by the SEC and the SET.
2. A plant visit is provided for interested institutional investors, shareholders and analysts to access information and have meetings with the Management of the Company. In addition, the Investor Relations Unit has been established to be responsible for communicating information to institutional investors, shareholders, analysts, and relevant authorities in an equitably and fair manner.
3. Disclosure of Company information is made through approved communication channels via the SET, the SEC and the Company's Internet website in Thai and in English.
4. The Company pays close attention to the quality of the financial information it provides: particularly in its accuracy and adequacy. In addition, all financial information conforms to generally accepted accounting principles and is audited by independent auditors. Hence, the Company has provided a report of the Board of Director's responsibility for financial statements in this Annual Report.
5. Functions and responsibilities of the Board and Sub-Committees are disclosed: see above in the section "Management". In addition, the number of meetings and meeting attendance of each member are disclosed in the section "Corporate Governance", clause 5 "Responsibilities of the Board".
6. Disclosure of remuneration to Directors and Management Remuneration: this is detailed above in the section "Management". Remuneration levels are based on the operating results of the Company during the previous fiscal year; reflect duties and responsibilities fairly and reasonably; and are comparable to general practices in the industry.

Section 5. Responsibility of the Board

The Board plays a key role in supervising corporate governance to create maximum benefits for the Company. Each director represents all shareholders, and takes part in promoting good corporate governance within the Company, and in maintaining the rights of, and creating benefits for, all shareholders and other stakeholders. Details as follows:

1. Structure of the Board

(1) Composition

As of December 31, 2012, The Company's Board of Directors consists of 17 directors, of whom 9 were management team members and 8 were non-management, of whom 6 were independent directors. This exceeds one-third of the Board.

(2) Qualifications of the Company's Directors

The Company's Board of Directors comprises qualified members who have skills, experience, honesty, ethics, and independence. They have capabilities in diverse fields, pertinent to the Company's businesses and, accordingly, can safeguard the interests of all shareholders.

In addition, all Directors are aware of their duties, responsibilities and nature of the Company's businesses. They perform their duties with honesty and prudence, and regularly update themselves on new knowledge. Directors attend each Board meeting with full responsibilities.

(3) Definition of the Independent Director Qualification

The Board of Directors has defined the qualification of Independent Directors in line with the requirements of SEC and SET. Details are contained in the section "Management", above.

(4) Segregation of the Power of the Chairman and the Chief Executive Officer

The Company's Board is well organized to ensure there is clear distinction between supervision, policy-making, and day-to-day business administrative roles. The positions of the Chairman of the Board and the Chief Executive Officer are separated. This ensures separation between governing and managing duties.

(5) Independence of the Chairman

The Chairman of the Board, as an independent director, is not a member or chairman of any sub-committee, and is thus able to express his views on business operations independently. This ensures a balance of power.

In addition, the Chairman's leadership plays a key role in ensuring the Board's efficiency and the Shareholder's meeting promoting to be in compliance with good corporate governance.

(6) Corporate Secretary

A knowledgeable and experienced Secretary to the Board serves as an advisor to the Board regarding pertinent laws, relevant rules and regulations, and monitors compliance of the Board's actions on a regular basis. In addition, the Secretary is also responsible for assisting in Board activities and coordinating with other relevant functions to comply with the Board's resolutions and good corporate governance principles.

2. Sub-Committee:

The Board of Directors has appointed Directors who have knowledge and skills suitable to be members of Sub-Committees to assist in important matters. The Sub-Committees consist of the Executive Management Committee and the Audit Committee.

The Executive Management Committee is composed of 9 members who are knowledgeable, capable, ethical and experienced in diverse fields. Duties and responsibility of the Executive Management Committee are contained in the section "Management"

The Audit Committee consists of 3 Independent Directors. Members' qualifications meet the requirements stipulated in relevant SEC and SET announcements. The Committee is assigned to perform checks on management and secure the balance of power in various business activities to ensure reliability and integrity, and serving the best interests of all stakeholders at all times. Duties and responsibilities of the Audit Committee are contained in the section "Management".

3. Roles, Duties and Responsibilities of the Board

(1) Good Corporate Governance and the Code of Business Conduct. The Board of Directors values good corporate governance and maintains high standards of integrity and ethics. All Directors have responsibilities in carrying out their duties and are held accountable to the Company and its stakeholders. They perform their duties with integrity, in compliance with the governing laws and regulations of the Company, and based on professional standards. The Company conducts business in a transparent, honest and fair manner for the interests of all groups of stakeholders.

The Company also issued a Code of Business Conduct for its Board, Management, staff and all employees. These principles are strictly followed, together with the Company's rules and regulations, as detailed in Section 3: Stakeholder Roles

(2) Conflict of Interest: The Board has a clear policy to execute transactions which have potential conflicts of interest in a manner that is in the best interests of the Company and its shareholders. Transactions between the Company (and its subsidiaries) and anyone, with which a possible conflict of interest might occur, require approval under the rules and regulations imposed by the SEC and the SET concerning information disclosure. In addition, such transactions are subject to an approval process in which only unconnected persons may participate.

Details of connected transactions that may involve conflicts of interest (according to criteria of the SET and the SEC) must be disclosed in the Company's Annual Report; in the Annual Report form (Form 56-1) or declared in other reports. This also includes disclosure of information on connected transactions according to the general accepted accounting standard criteria. Details of connected transactions are disclosed in the section çInter-Company Transactionsé.

In addition, pursuant to the Articles of Association, Directors shall notify the Company without delay of their interests in any contract executed with the Company or affiliated companies, and of their holding, and its increase or decrease, of shares or debentures of the Company.

(3) Internal Control and Internal Audit: The Board employs an appropriate, and effective, internal control system to ensure Management prevents and mitigates business risks, and produces accurate and reliable financial statements.

To protect the assets of the Company and shareholders' investments from potential loss, an internal audit unit has been set up as a separate division, responsible for auditing and monitoring the Company's operations for efficiency and effectiveness under a sufficient and appropriate internal audit system. The internal audit unit is independent and able to report its resultant audit openly. This allows management to be notified of problems and irregularities in a timely manner and to be able to establish measures to safeguard the Company's assets and shareholders' investments against fraud in the Company or its subsidiaries. This can also be applied to improve and develop the efficiency and effectiveness of the Company's operations.

In addition, an Audit Committee has been appointed to review and evaluate internal control systems, to examine disclosure and assessment of all relevant information for investors, and to ensure that the Company performs in compliance with regulations and governing laws.

At the Board of Directors' meeting no. 2/2556 held on March 1, 2013, attended by the Audit Committee and the Independent Directors, the Board evaluated five aspects of the sufficiency of the internal control systems of the Company and its subsidiaries. These were: the organization and environmental control system; the risk management system; Management control system; the information and communication system; and the monitoring system.

The resultant assessment showed that the internal control systems of the Company and its subsidiaries operated appropriately and sufficiently in all five aspects, thus mitigating business and operational risks and allowing the Company to manage its operations effectively and efficiently.

In addition, the Company and its subsidiaries have policies and measures in place to regulate business transactions with major shareholders, Directors and Management or connected persons so as to avoid conflicts of interest, in order to pursue the best interests of all parties concerned. (See details in the Audit Committee Report)

(4) Meetings of the Board: The Company arranges regular meetings of the Board at least once a month, and may hold special meetings as deemed appropriate, to continuously supervise management operations. The time allowed for each meeting is sufficient for the Board to consider all related matters. The Chairman and the Chief Executive Officer jointly establish and approve meeting agendas to ensure that all material issues are fully considered by the Board. Each Director may independently propose agenda items and freely expresses opinions. At meetings, Directors are encouraged to use discretion to consider all raised issues.

The Company convenes each meeting in compliance with the provisions of the Public Company Act. The minutes of each meeting are properly documented, are certified by the Board, and are systematically filed under tight security. In 2012, the Board of Directors and the Audit Committee convened meetings a total of 12 times and 6 times, respectively, with attendance as detailed below:

Name	Position	Number of Meeting Attendance	
		The Board of Directors 12 Times / Year	The Audit Committee 6 Times / Year
1. Mr. Visith Noiphan	Chairman and Independent Director	12/12	
2. Mr. Prachai Leophairatana	Director	12/12	
3. Mr. Prateep Leopairut	Director	12/12	
4. Mr. Chainarong Taephaisitphongse	Director	8/12	
5. Dr. Pramuan Leophairatana	Director	12/12	
6. Dr. Narasri Vaivanijkul	Independent Director and Audit Committee	12/12	6/6
7. Mrs. Boonsri Leophairatana	Director	11/12	
8. Ms. Suchitra Taychanavakul	Director	12/12	
9. Dr. Chavin Iamsopana	Director	11/12	
10. Mr. Prayad Liewphairatana	Director	10/12	
11. Mrs. Orapin Leophairatana	Director	12/12	
12. Mr. Manas Sooksmarn	Independent Director and Audit Committee	12/12	6/6
13. Pol.Gen. Charnchit Bhiraueus	Independent Director and Audit Committee	10/12	4/6
14. Mr. Pises Iamsakulrat	Director	10/12	
15. Mr. Thavich Taychanavakul	Independent Director	11/12	
16. Mr. Tayuth Sriyuksiri	Director	10/12	
17. Mr. Khantachai Vichakkana	Independent Director	11/12	

4. Remuneration of Directors and Management

The Company rewards its Directors fairly and reasonably, taking into account directors' responsibilities and the Company's operating results. Directors' remuneration has been approved at the shareholders meeting.

The Company fairly remunerates its Management, taking into account their responsibilities, performance, the operating results of the Company, and comparability within the industry. Details of remuneration are disclosed in the section "Management".

5. Training of Directors and the Executive

The Company continuously builds the corporate governance knowledge of its Directors and Management so they may carry out their business operations in compliance with good corporate governance principles. The Company supports all Directors to participate in training courses organized by the Thai Institute of Directors Association ("IOD"), so as to add to their knowledge concerning their roles in the Company, and apply such learning to their job performance.

INTER-COMPANY TRANSACTIONS

Disclosure of information about inter-company transactions, and other transactions that might have the potential to involve conflicts of interest, is in compliance with the rules and regulations imposed by the SET and the SEC.

The Audit Committee has performed its duties and responsibilities to review inter-company transactions. The procedures used in inter-company transactions have always been subject to the normal terms and conditions of business and reflect applicable market prices. The Company established procedures for the above transactions in the same manner as for transactions with general customers and all inter-company transactions reflect applicable market prices to ensure that there are no conflicts of interest.

As at December 31, 2012, the Company and its subsidiaries had inter-company transactions with related persons, which might have the potential to involve conflicts of interest. The Directors and/or Management have considered the reasonableness of the above inter-company transactions, all were undertaken for the maximum benefit of the Company and were subject to the normal terms and conditions of business to reflect applicable market prices and in compliance with the rules and regulations imposed by the SET and the SEC. Details of the inter-company transactions are contained in Note 4 of the consolidated financial statements as at December 31, 2012, which can be summarized as follows:

Company (Description of relationship)	Description of transaction	Baht million	Necessity and reasonableness
1. Pornchai Enterprise Co.,Ltd. (There are some common Directors.)	The Company and its subsidiaries advanced funds for infrastructure expenses to obtain good terms and conditions to Pornchai Enterprise for 90-year lease period.	187.9	Such agreements are regarded as special reciprocal agreements because the advance rent is considered to be a financial support to Pornchai Enterprise for the construction of the building and to ensure that the Company and its subsidiaries pay the total rental expense below that in the market and at the fixed rate for 90-year lease period, free from inflation rate reflection. In addition, the location is suitable for office building in Bangkok Metropolitan and the number of employees. Such agreements are regarded as special reciprocal agreement.
	The Company pays rental advance to Pornchai Enterprise for 3-year lease period.	0.4	
	The Company pays rental and service fee as the deposit to Pornchai Enterprise	8.1	
	The Company and its subsidiaries pay rental fee to Pornchai Enterprise	19.4	
2. United Grain Industry Co., Ltd. ("UGI") (There are some common Directors.)	The Company hires UGI to produce cement bags at the rate of Baht 2.50 to 2.60 per bag. (This rate includes labor cost, rental charges, electricity and other related expenses)	163.54	Transactions are always undertaken at market rates to support normal business operations of the Company.
	Accounts Payable	125.32	
3. Thai Plastic Film Co.,Ltd. (There are some common Directors.)	The Company sells plastic resin to Thai Plastic Film.	48.50	Transactions are always undertaken at market rates to support normal business operations of the Company.
	Accounts Payable	212.17	
	Accounts Payable	31.32	
4. Thai Plastic Product Co.,Ltd. (There are some common Directors.)	The Company purchases cement bags for export from Thai Plastic Product.	66.0	Transactions are always undertaken at market rates to support normal business operations of the Company.
	Accounts Payable	63.88	

Company (Description of relationship)	Description of transaction	Baht million	Necessity and reasonableness
5. Bangkok Union Insurance Plc. (BUI) (There are some common Directors.)	The Company and its subsidiaries pay insurance premium to BUI.	182.4	Transactions are always undertaken market rates to support normal business operations of the Company.
6. Bangkok Union Life Insurance Plc. (There are some common Directors.)	The Company pays life insurance premium to Bangkok Union Life Insurance Plc.	4.3	Transactions are always undertaken at market rates to support normal business operations of the Company.
7. Leopairatana Enterprise Ltd. (There are some common Directors.)	The Company pays share borrowing fees to Leopairatana Enterprise as a consideration to secure its loan with the Creditor's Bank.	1.2	Transactions are always undertaken at market rates to support the borrowings of the Company. As at April 2012, the Company has already released security to Leopairatana Enterprise.

Procedures to approve Related Transactions

Since the Company is a listed company, its practices regarding related transactions are conducted according to the rules and regulations of the SET and the SEC. The Company is highly aware of the sensitivity of this issue and closely monitors any situation in which a potential related transaction could occur. The above inter-company transactions were subject to the normal terms and conditions of business to reflect applicable market prices. Directors of the Company who are not deemed to be connected parties to such transactions are responsible for making decisions in regard to the said connected transactions.

The process for approval of connected transactions will be carried out under the standards of integrity, and be reviewed by, the Audit Committee to be in the best interests of the Company and its shareholders. This complies with SEC's and SET's regulations. The Company will disclose types and values of transactions that might present conflicts of interest accurately and completely. For any transactions that are considered to have potential conflicts of interest, market prices will be used as criteria to consider those transactions.

Potential Future Related Transactions

The Company expects to continue its business transactions with subsidiaries, the Joint Venture Company, affiliated companies, and related companies in the normal course of its business. Inter-company transactions are subject to normal terms and there is no conflict of interest. The Company adheres to practices for the above transactions that comply with the SET's regulation, and regulations of other relevant governmental authorities, with regard to the reasonableness of the conditions and fair prices.

Affiliated Companies as of December 31, 2012

Company's name	Head Office Address	Business	Registered Capital/ Paid-up Capital (Baht)	Shareholding (%)
Subsidiaries				
1. TPI Concrete Co., Ltd.	26/56, 5 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 678-5350-74 Fax: (02) 678-5375-6	Manufacture and sale of ready-mixed concrete	840,000,000 840,000,000	99.99
2. TPI Polene Power Co.,Ltd.	26/56, 8 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 285-5090-9 Fax: (02) 213-1035	Manufacture and sale of electricity and steam, RDF/exploration and manufacture petroleum including oil and NGV service stations)	4,900,000,000 4,060,250,000	99.99
3.Thai Propoxide Co., Ltd.	26/56, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 678-5000, 678-5050 Fax: (02) 678-5001-5	Manufacture and sale of electricity (remain inactive)	1,000,000 250,000	99.99
4. TPI All Seasons Co., Ltd.	26/56, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 285-5090-9 Fax: (02) 213-1035	Manufacture and sale of plastic product and ready-mixed concrete transporting service	236,250,000 146,250,000	99.99
5. Thai Nitrate Co., Ltd.	26/56, 21 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 678-5450-2 Fax: (02) 678-5484	Manufacture and sale of ammonium nitrate and nitric acid	468,750,000 468,750,000	89.00**
Indirect Subsidiaries				
1. Polene Plastic Co., Ltd*	26/56, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 285-5090-9 Fax: (02) 213-1035	Manufacture and sale of ammonium nitrate and nitric acid	10,000,000 10,000,000	99.99
2. TPI Polene Bio Organics Co., Ltd. *	26/56, G Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 285-5090-9 Fax: (02) 213-1035	Manufacture and sale of humic fertilizer and TPI grow organic fertilizer	1,000,000,000 1,000,000,000	99.99
3.Capital Pyramid (Thailand) Co., Ltd.*	26/56, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 285-5090-9 Fax: (02) 213-1035	Exploration and manufacture petroleum	1,000,000 1,000,000	51.00
4.TPI Service Co., Ltd.*	26/56, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 285-5090-9 Fax: (02) 213-1035	Exploration and manufacture petroleum	1,000,000 1,000,000	51.00
Associated Companies				
1. Bangkok Union Life Insurance Co., Ltd.	175-177 Bangkok Insurance Tower, Surawongse, Bangrak, Bangkok 10500 Tel: (02) 634-7323-30 Fax: (02) 634-7331	Life Insurance	500,000,000 500,000,000	25.00
2. Mondo Thai Co., Ltd.	26/56, 19th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 678-5470 Fax: (02) 678-6511	Property Development as a residential estate (remain inactive)	36,000,000 36,000,000	28.75
Other				
1. United Grain Industry Co.,Ltd.	26/56, 27th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 678-6988-97 Fax: (02) 678-6988-99	Manufacture and sale of Packaging	550,000,000 550,000,000	19.00
2. Pornchai Enterprise Co.,Ltd.	26/56, 22th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 678-5490-3 Fax: (02) 678-5494	Real estate business and rental service	4,599,919,000 4,599,919,000	0.65

Remark : * Held by TPI Polene Power Co., Ltd and TPI Service Co., Ltd has changed the name from the former "Jade Mineral Co., Ltd."

** As appeared in list of shareholders of the Company (Bor Or Jor 5) at the Department of Business Development, Ministry of Commerce, details in the 2012 financial statements, item 45

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of the Company are aware of their duties and responsibilities to ensure that the financial reports of the Company and its subsidiaries are accurate, complete, and transparent, and are prepared in compliance with generally accepted accounting principles, and reflect the application of an appropriate and consistent accounting policy. Such reports must be prepared prudently and on a reasonable basis, and must reflect the Company's financial position and operational performance fairly and precisely for the benefit of shareholders and general investors.

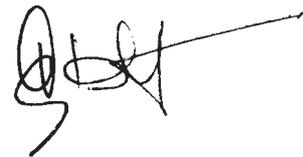
In this regard, the Board of Directors have entrusted an Independent Audit Committee to be responsible for the review of accounting policy and financial reports, internal controls, internal audit and risk management systems. Comments on these issues have been included in the Audit Committee Report, which thereby forms a part of this Annual Report.

The Board of Directors are of the opinion that the overall internal control systems of the Company and its subsidiaries have functioned satisfactorily and creditably to ensure that the financial statements of the Company and its subsidiaries present financial position, operational results and financial cash flow which are accurate and reliable in all material aspects.

Sincerely Yours,



Visith Noiphan
Chairman of the Board



Prachai Leopairatana
Chief Executive Officer

Independent Auditor's Report

To the Shareholders of TPI Polene Public Company Limited

I have audited the accompanying consolidated and separate financial statements of TPI Polene Public Company Limited and its subsidiaries, and of TPI Polene Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of TPI Polene Public Company Limited and its subsidiaries, and of TPI Polene Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

Emphasis of Matters

Without qualifying my opinion, I draw your attention to the following matters:

As described in note 42 (3) to the financial statements, there continues to be uncertainty about the ultimate outcome of litigation regarding contracts for the supply and engineering of machinery entering into by the Company in 1996 and 1997.

As described in note 45 (1) to the financial statements, the transfer of shares of the joint venture is currently being considered by the Appeal Court and the outcome is uncertain. Pending resolution of this matter the Company has therefore prepared consolidated financial statement as at 31 December 2012 using the former proportionate shareholding. Dividends received from the joint venture during the period related to the increase in share holding have been recorded as unearned dividend in other noncurrent liabilities.



(Santi Pongjareanpit)
Certified Public Accountant
Registration No. 4623

KPMG Phoomchai Audit Ltd.
Bangkok
1 March 2013

Statements of financial position | TPI Polene Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	5	417,000	516,880	131,392	51,714
Current investments	6	100,000	51,132	-	61
Trade accounts receivable	4, 7	2,452,678	1,869,252	2,038,861	1,586,601
Other receivables		417,648	275,230	193,881	128,438
Short-term loans to related parties	4	-	-	313,304	1,053,064
Receivable and advances to related parties	4	103,930	180	415,767	527,816
Inventories	8	7,220,254	7,842,457	5,950,140	7,299,656
Other current assets	9	126,890	217,963	86,004	99,688
Total current assets		10,838,400	10,773,094	9,129,349	10,747,038
Non-current assets					
Investments in subsidiaries and joint venture	10	-	-	5,330,907	3,745,907
Investments in associates	11	143,809	138,443	135,350	135,350
Long-term investments in related parties	12	104,717	104,717	104,717	104,717
Other long-term investments	6	280,722	498,552	71,699	283,792
Long-term loans to other parties		1,087	2,078	-	-
Receivable and advances to related parties	4	-	-	421,984	723,634
Investment properties	13	597,831	641,646	447,528	381,482
Property, plant and equipment	14, 15	63,274,415	58,299,573	56,739,579	52,540,839
Land leasehold rights		5,029	6,219	-	-
Intangible assets	16	284,005	312,666	284,005	312,666
Other non-current assets	4, 17, 22, 45	1,005,335	906,310	850,654	714,377
Total non-current assets		65,696,950	60,910,204	64,386,423	58,942,764
Total assets		76,535,350	71,683,298	73,515,772	69,689,802

Statements of financial position | TPI Polene Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2012	2011	2012	2011
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	18	1,603,271	865,967	1,057,437	352,905
Trade accounts payable	4, 19	2,587,330	2,034,793	2,362,463	2,179,429
Other payables		705,887	640,034	380,470	389,162
Payable and advances from related parties	4	62,938	6,502	213,115	421,859
Current portion of long-term loans from financial institutions	18	1,284,702	1,062,999	1,250,425	1,047,697
Accrued interest payable		2,619	1,055	2,619	1,055
Current portion of finance lease liabilities	18	130,371	64,428	70,234	49,445
Income tax payable		48,887	217,681	-	167,424
Provision for fine	22	200,000	200,000	200,000	200,000
Other current liabilities	20	1,635,088	1,686,695	1,414,408	1,416,358
Total current liabilities		8,261,093	6,780,154	6,951,171	6,225,334
Non-current liabilities					
Long-term loans from financial institutions	18	1,391,263	2,353,877	1,391,263	2,319,600
Finance lease liabilities	18	158,905	80,398	74,909	64,569
Employee benefit obligations	21	1,082,079	956,380	928,790	827,175
Other non-current liabilities	23, 45	347,411	146,434	475,106	275,324
Total non-current liabilities		2,979,658	3,537,089	2,870,068	3,486,668
Total liabilities		11,240,751	10,317,243	9,821,239	9,712,002

Statements of financial position | TPI Polene Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2012	2011	2012	2011
Liabilities and equity					
Equity					
Share capital	24				
Authorised share capital		24,815,000	24,815,000	24,815,000	24,815,000
Issued and paid-up share capital		20,190,000	20,190,000	20,190,000	20,190,000
Treasury shares held by subsidiaries	25	(359,235)	(360,140)	-	-
Additional paid-in capital					
Shares premium		60,600	60,600	60,600	60,600
Surplus on treasury shares held by subsidiaries	25	-	185	-	-
Unrealised surpluses (deficits)					
Revaluation differences on assets	15	30,488,218	26,780,394	30,171,948	26,417,526
Shareholding changes in Group		52,943	52,943	-	-
Fair value changes on available-for-sale securities	26				
- Company		(248)	(248,815)	(248)	(248,815)
- Associated company		3,401	914	-	-
Retained earnings					
Appropriated					
Legal reserve	26	740,767	739,634	740,767	739,634
Unappropriated	21	14,117,171	14,149,358	12,531,466	12,818,855
Equity attributable to owners of the Company		65,293,617	61,365,073	63,694,533	59,977,800
Non-controlling interests		982	982	-	-
Total equity		65,294,599	61,366,055	63,694,533	59,977,800
Total liabilities and equity		76,535,350	71,683,298	73,515,772	69,689,802

Statements of comprehensive income | TPI Polene Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Income	4, 27				
Revenue from sales of goods		26,357,797	24,544,210	21,520,602	20,178,608
Delivery income		1,491,166	1,156,179	1,601,403	1,239,653
Gain on the master restructuring agreement	28	-	570,519	-	570,519
Net foreign exchange gain		89,067	-	20,139	-
Investment income	29	29,617	49,252	305,124	201,800
Reversal of provision for fine	22	-	6,900,300	-	6,900,300
Other income	30	456,518	287,754	493,413	348,281
Total income		28,424,165	33,508,214	23,940,681	29,439,161
Expenses	4, 34				
Cost of sales of goods	8	22,552,765	17,940,987	19,007,089	14,682,193
Selling expenses	31	3,838,446	3,150,131	3,438,741	3,079,469
Administrative expenses	32	1,152,388	930,974	985,782	748,823
Fine expense	22	-	200,000	-	200,000
Management benefit expenses	4, 33	298,001	312,519	280,686	295,695
Net foreign exchange loss		-	44,358	-	80,511
Finance costs	35	219,784	233,331	194,769	217,047
Total expenses		28,061,384	22,812,300	23,907,067	19,303,738
Share of profit of associates	11	2,879	1,841	-	-
Profit before income tax expense		365,660	10,697,755	33,614	10,135,423
Income tax expense	36	(117,420)	(946,413)	(10,959)	(850,260)
Profit for the year		248,240	9,751,342	22,655	9,285,163
Other comprehensive income					
Net change in fair value of available-for-sale investments		248,567	(125,987)	248,567	(125,987)
Revaluation of property, plant and equipment		3,707,824	(1,511,198)	3,754,422	(1,464,598)
Defined benefit plan actuarial gains (losses)	21	20,993	-	(6,067)	-
Share of other comprehensive income/ (loss) of associates	11	2,487	(5,275)	-	-
Other comprehensive income for the year		3,979,871	(1,642,460)	3,996,922	(1,590,585)
Total comprehensive income for the year		4,228,111	8,108,882	4,019,577	7,694,578
Basic earnings per share (in Baht)	38	0.12	4.88	0.01	4.60

Statements of changes in equity | TPI Polene Public Company Limited and its Subsidiaries

(in thousand Baht)

Note	Consolidated financial statements													
	Retained earnings					Other components of equity								
	Issued and paid-up share capital	Treasury shares held by subsidiaries	Share premium	Surplus on treasury shares held by subsidiaries	Shareholding changes in Group	Legal reserve	Unappropriated available-for-sale investments	Fair value changes in investments	Revaluation surplus	Share of other comprehensive income / expense of associates	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Year ended 31 December 2011														
Balance at 1 January 2011	20,190,000	(360,140)	60,600	185	52,943	275,376	5,161,792	(122,828)	28,291,592	6,189	28,174,953	53,555,709	2	53,555,711
Transactions with owners, recorded directly in equity														
Contributions by and distributions to owners of the Company							(299,518)					(299,518)		(299,518)
Dividends to owners of the Company							(299,518)					(299,518)		(299,518)
Total contributions by and distributions to owners of the Company							(299,518)					(299,518)		(299,518)
Changes in ownership interests in subsidiaries													980	980
Acquisition of non-controlling interests without change in control													980	980
Total changes in ownership interests in subsidiaries												(299,518)	980	(298,538)
Total transactions with owners, recorded directly in equity														
Comprehensive income for the year														
Profit							9,751,342					9,751,342		9,751,342
Other comprehensive income								(1,511,198)		(5,275)	(1,642,460)	(1,642,460)		(1,642,460)
Total comprehensive income for the year							9,751,342	(1,25,987)		(5,275)	(1,642,460)	8,108,882		8,108,882
Transfer to legal reserve							(464,258)							
Balance at 31 December 2011	20,190,000	(360,140)	60,600	185	52,943	739,634	14,149,358	(248,815)	26,780,394	914	26,532,493	61,365,073	982	61,366,055
Year ended 31 December 2012														
Balance at 1 January 2012	20,190,000	(360,140)	60,600	185	52,943	739,634	14,149,358	(248,815)	26,780,394	914	26,532,493	61,365,073	982	61,366,055
Transactions with owners, recorded directly in equity														
Contributions by and distributions to owners of the Company														
Sale of treasury shares by a subsidiary		26,693		(185)			(769)					25,739		25,739
Purchase of treasury shares by an indirect subsidiary												(25,788)		(25,788)
Dividends to owners of the Company							(299,518)					(299,518)		(299,518)
Total contributions by and distributions to owners of the Company		905		(185)			(300,287)					(299,567)		(299,567)
Total Transactions with owners, recorded directly in equity		905		(185)			(300,287)					(299,567)		(299,567)
Comprehensive income for the year														
Profit							248,240					248,240		248,240
Other comprehensive income								248,567	3,707,824	2,487	3,958,878	3,958,878		3,958,878
Defined benefit plan actuarial gains (losses)							20,993				20,993	20,993		20,993
Total comprehensive income for the year							269,233	248,567	3,707,824	2,487	3,958,878	4,228,111		4,228,111
Transfer to legal reserve							1,133							
Balance at 31 December 2012	20,190,000	(359,235)	60,600	-	52,943	740,767	14,117,171	(248)	30,486,218	3,401	30,491,371	65,293,617	982	65,294,599

Statements of changes in equity |

TPI Polene Public Company Limited and its Subsidiaries

(in thousand Baht)

Separate financial statements

	Note	Retained earnings						Other components of equity				Total equity	
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Fair value changes in available-for-sale investments	Revaluation surplus	Total other components of equity					
Year ended 31 December 2011													
Balance at 1 January 2011		20,190,000	60,800	275,376	4,300,800	(122,828)	27,882,124	27,759,296				52,586,072	
Transactions with owners, recorded directly in equity													
<i>Contributions by and distributions to owners of the Company</i>													
Dividends to owners of the Company	39	-	-	-	(302,850)	-	-	-	-	-	-	(302,850)	
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(302,850)	-	-	-	-	-	-	(302,850)	
<i>Total transactions with owners, recorded directly in equity</i>		-	-	-	(302,850)	-	-	-	-	-	-	(302,850)	
Comprehensive income for the year													
Profit		-	-	-	9,285,163	-	-	-	-	-	-	9,285,163	
Other comprehensive income		-	-	-	-	(125,987)	(1,464,598)	(1,590,585)	(1,590,585)	(1,590,585)	(1,590,585)	(1,590,585)	
Total comprehensive income for the year		-	-	-	9,285,163	(125,987)	(1,464,598)	(1,590,585)	(1,590,585)	(1,590,585)	(1,590,585)	7,694,578	
Transfer to legal reserve	26	-	-	464,258	(464,258)	-	-	-	-	-	-	-	
Balance at 31 December 2011		20,190,000	60,800	739,634	12,818,855	(248,815)	26,417,526	26,168,711				59,977,800	
Year ended 31 December 2012													
Balance at 1 January 2012		20,190,000	60,800	739,634	12,818,855	(248,815)	26,417,526	26,168,711				59,977,800	
Transactions with owners, recorded directly in equity													
<i>Contributions by and distributions to owners of the Company</i>													
Dividends to owners of the Company	39	-	-	-	(302,844)	-	-	-	-	-	-	(302,844)	
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(302,844)	-	-	-	-	-	-	(302,844)	
<i>Total transactions with owners, recorded directly in equity</i>		-	-	-	(302,844)	-	-	-	-	-	-	(302,844)	
Comprehensive income for the year													
Profit		-	-	-	22,655	-	-	-	-	-	-	22,655	
Other comprehensive income		-	-	-	-	248,567	3,754,422	4,002,989	4,002,989	4,002,989	4,002,989	4,002,989	
Defined benefit plan actuarial gains (losses)	21	-	-	-	(6,067)	-	-	-	-	-	-	(6,067)	
Total comprehensive income for the year		-	-	-	16,588	248,567	3,754,422	4,002,989	4,002,989	4,002,989	4,002,989	4,019,577	
Transfer to legal reserve	26	-	-	1,133	(1,133)	-	-	-	-	-	-	-	
Balance at 31 December 2012		20,190,000	60,800	740,767	12,531,466	(248)	30,171,948	30,171,700				63,694,533	

Statements of cash flows | TPI Polene Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December 2012	For the year ended 31 December 2011	For the year ended 31 December 2012	For the year ended 31 December 2011
Cash flows from operating activities					
Profit for the year		248,240	9,751,342	22,655	9,285,163
<i>Adjustments for</i>					
Depreciation and amortisation	14,16	1,975,803	1,742,255	1,537,001	1,460,193
Interest income		(23,221)	(34,698)	(50,785)	(55,777)
Finance costs	35	219,784	233,331	194,769	217,047
Dividend income	29	(2,082)	(9,371)	(252,066)	(144,371)
Unrealised loss (gain) on foreign exchange		2,061	20,150	(2,020)	11,573
Doubtful accounts and bad debts (reversal)		(20,794)	(4,665)	(45,028)	(60,521)
Provision for staff retirement benefits	21	163,914	50,654	111,140	42,054
Provision for reinstatement	23	5,103	4,868	4,794	4,576
Loss (gain) on disposal of property and equipment		23,121	22,933	25,446	(3,671)
Loss on sale of investment properties		(2,334)	-	29	-
Loss on impairment of equipment (reversal)	14	(6,917)	(9,534)	-	-
Loss on impairment of investment properties (reversal)	13	(6,185)	7,943	-	-
Loss on sale of other long-term investments	32	271,813	-	271,813	-
Loss on writhe-down to net relisable value		-	19,238	-	-
Gain on the master restructuring agreement	28	-	(570,519)	-	(570,519)
Gain on sale of held to maturity debt instruments		-	(1,801)	-	(1,653)
Share of profit of associates, net of income tax	11	(2,879)	(1,841)	-	-
Reversal of provision for fine	22	-	(6,900,300)	-	(6,900,300)
Provision for fine	22	-	200,000	-	200,000
Income tax expense	36	117,420	946,413	10,959	850,260
		2,962,847	5,466,398	1,828,707	4,334,054
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(556,198)	(25,973)	(430,321)	92,755
Other receivables		(142,418)	5,686	(71,715)	21,159
Receivable and advances to related parties		(103,750)	(134)	112,049	(410,486)
Inventories		622,203	(2,073,787)	1,349,515	(1,700,778)
Other current assets		96,334	(29,208)	13,675	5,057
Receivable and advances to related parties		-	-	333,248	-
Other non-current assets		(168,893)	(35,139)	(163,707)	(30,490)
Trade accounts payable		550,085	(52,154)	183,048	215,153
Other payables		80,601	(2,840)	(41,326)	289,176
Payable and advances from related parties		56,436	2,479	(208,743)	(62,601)
Other current liabilities		(51,607)	310,068	(1,953)	267,498
Employee benefit paid by the plan	21	(17,222)	(3,798)	(15,592)	(2,119)
Other non-current liabilities		192,978	(1,562)	194,988	-
Cash generated from operating activities		3,521,396	3,560,036	3,081,873	3,018,378
Income tax paid		(298,942)	(1,038,272)	(178,383)	(959,419)
Net cash provided by operating activities		3,222,454	2,521,764	2,903,490	2,058,959

Statements of cash flows | TPI Polene Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Cash flows from investing activities					
Interest received		30,088	38,231	85,960	21,767
Dividend received		2,082	9,371	252,066	144,371
Purchase of property, plant and equipment		(2,637,800)	(2,633,224)	(1,691,535)	(1,447,129)
Purchase of investment properties	13	(10,000)	(34,229)	-	(24,846)
Sale of held to maturity debt instruments		-	149,209	-	141,396
Sale of investment properties		-	-	10,579	-
Sale of property and equipment		74,870	17,922	62,536	152,460
Advance payment for machine		(348,585)	(369,518)	(251,448)	(249,465)
Short-term loans to related parties	4	-	-	(1,094,614)	(980,600)
Proceeds from short-term loans to related parties	4	-	-	1,799,177	470,000
Long-term loans to other parties		(550)	-	-	-
Proceeds from long-term loans to other parties		1,541	892	-	-
Purchase of current investments		(341,500)	(50,000)	-	-
Sale of current investments		292,632	5,893	61	2,964
Sale of investment properties		9,890	-	-	-
Sale of other long-term investments		188,911	-	188,871	-
Purchase of held-to-maturity debt instruments		-	(20,207)	-	(10,104)
Purchase of intangible assets		-	(9,678)	-	(2,111)
Cash outflow on addition investment in subsidiaries	10	-	-	(1,585,000)	(50,000)
Net cash used in investing activities		(2,738,421)	(2,895,338)	(2,223,347)	(1,831,297)
Cash flows from financing activities					
Interest paid		(218,219)	(219,838)	(240,517)	(203,554)
Dividend paid	39	(299,512)	(299,518)	(302,844)	(302,850)
Finance lease payments		(62,545)	(78,943)	(36,372)	(64,553)
Increase in bank overdrafts and short-term loans from financial institutions		737,304	853,312	704,872	347,337
Proceeds from short-term loans from related parties	4	250,000	-	1,306,432	-
Repayment from short-term loans from related parties	4	(250,000)	-	(1,306,432)	-
Proceeds from long-term loans from financial institutions		406,088	1,506,948	406,088	1,506,948
Repayment of long-term loans from financial institutions		(1,146,999)	(2,129,713)	(1,131,697)	(2,118,084)
Proceeds from sale of treasury shares		25,740	-	-	-
Purchase of treasury shares		(25,788)	-	-	-
Proceeds from issuance of share capital		-	980	-	-
Net cash used in financing activities		(583,931)	(366,772)	(600,470)	(834,756)
Net (decrease) increase in cash and cash equivalents		(99,898)	(740,346)	79,673	(607,094)
Cash and cash equivalents at 1 January		516,880	1,257,235	51,714	658,906
Effect of exchange rate changes on balances held in foreign currencies		18	(9)	5	(98)
Cash and cash equivalents at end of year	5	417,000	516,880	131,392	51,714

Notes to the financial statements | TPI Polene Public Company Limited and its Subsidiaries

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Other investments
7	Trade accounts receivable
8	Inventories
9	Other current assets
10	Investments in subsidiaries and joint controlled entities
11	Investments in associates
12	Long-term investments in related parties
13	Investment properties
14	Property, plant and equipment
15	Surplus on fixed assets revaluation
16	Intangible assets
17	Other non-current assets
18	Interest-bearing liabilities
19	Trade accounts payable
20	Other current liabilities
21	Employee benefit obligations
22	Provision for fine
23	Other non-current liabilities
24	Share capital
25	Treasury shares held by a subsidiary
26	Reserves
27	Segment information
28	Gain on the master restructuring agreement
29	Investment income
30	Other income
31	Selling expenses
32	Administrative expenses
33	Employee benefit expenses
34	Expenses by nature
35	Finance costs
36	Income tax expense
37	Promotional privileges
38	Earnings (loss) per share
39	Dividends
40	Financial instruments
41	Commitments with non related parties
42	Contingent liabilities
43	Thai Financial Reporting Standards (TFRS) not yet adopted
44	Reclassification of accounts
45	Others

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were authorised for issue by the audit committee, as appointed by the Board of Directors of the Company, on 1 March 2013.

1 General information

TPI Polene Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 26/56, TPI Tower, Chan Tat Mai Road, Tungmahamek, Sathorn, Bangkok.

The Company was listed on the Stock Exchange of Thailand in November 1990.

The Company operates in 3 major industries and has 17 distribution terminals around the country. It operates in the cement industry at Kang-Khoi, Saraburi and has 6 plants consisting of 3 cement manufacturing plants and 3 dry mortar manufacturing plants. It operates in the concrete roof tile industry at Amphur Chalermprakiet, Saraburi. It operates in the plastic industry at Amphur Muang, Rayong and has 2 LDPE and EVA plastic manufacturing plants. Details of the Company's subsidiaries and a jointly controlled entity, "joint venture" as at 31 December 2012 and 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
Direct subsidiaries				
Prosper Delta Ltd.	Negotiating and entering into a debt repurchase at discount agreement with foreign creditor (dormant)	Hong Kong	100.00	100.00
TPI Concrete Co., Ltd.	Manufacturing and distributing ready mixed concrete	Thailand	99.99	99.99
TPI Polene Power Co., Ltd.	Distributing gasoline, diesel and natural gas / Manufacturing and distributing electricity and refuse derived fuel (RDF) and organics waste / Petroleum exploration	Thailand	99.99	99.99
TPI All Seasons Co., Ltd.	Manufacturing and distributing melt sheets	Thailand	99.99	99.99
Thai Proproxide Co., Ltd.	Manufacturing and distributing electricity (dormant)	Thailand	99.99	99.99
Indirect subsidiaries				
Polene Plastic Co., Ltd.	Export cement and plastic	Thailand	99.99	99.99
TPI Polene Bio Organics Co., Ltd.	Manufacturing and distributing organic fertilizer	Thailand	99.99	99.99
Capital Pyramid (Thailand) Co., Ltd.	Petroleum exploration (dormant)	Thailand	51.00	51.00
TPI Service Co., Ltd. (Formerly Jade Minerals Co., Ltd.)	Petroleum exploration (dormant)	Thailand	51.00	51.00
Joint venture (proportionate consolidation)				
Thai Nitrate Co., Ltd. (see note 45)	Manufacturing and distributing nitric acids and ammonium nitrate	Thailand	89.00	89.00

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these interim financial statements. These new and revised TFRS are disclosed in note 43.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the note to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 15	Valuation of surplus on fixed assets
Note 21	Measurement of defined benefit obligations

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company, its subsidiaries and joint venture (together referred to as the “Group”) and the Group’s interests in associates.

Subsidiaries

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

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non- controlling interests even if doing so causes the non- controlling interests to have a deficit balance.

Jointly-controlled entities

A jointly-controlled entity is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group’s proportionate share of the entity’s assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investees, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss.

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

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in a in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange arising from operational activity. Derivative financial instruments are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit and loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit and loss.

The fair value of forward exchange contracts is based on their listed market price at the reporting date.

(d) Hedging

Fair value hedges

Where a derivative hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Investments

Investments in subsidiaries, jointly-controlled entity and associates

Investments in subsidiaries, joint controlled entity and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Marketable equity securities are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investment

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Investment properties

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of condominium which is 20 years.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its historical cost becomes its cost for subsequent accounting.

(j) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for certain buildings, machinery and equipment which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to profit or loss.

Leased assets

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

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred from other comprehensive income to profit or loss and is taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Oil and Gas Properties

The Company follows the Successful Efforts Method in accounting for its assets used for oil and gas exploration and production activities as follows:

Costs of properties comprise total acquisition costs of petroleum rights or the portion of costs applicable to properties as well as the decommissioning costs.

Exploratory drilling costs are capitalized and will be classified as assets of the projects if their exploratory wells have identified proved reserves that have been found to be commercially producible. If, however, the exploratory wells have not identified proved reserves or have identified proved reserves but have not been found to be commercially producible, such drilling costs will be expensed in the statement of income.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	Per lease period
Buildings and structures	20 - 40 years
Machinery and equipment of pipe (for LDPE)	Per estimated production units:
- For the first plastic plant	3,120,000 tons
- For the second plastic plant	3,200,000 tons
Machinery (for concrete)	5, 8 and 10 years
Other machinery and major spare parts	15 - 40 years
Others	3 - 10 years

No depreciation is provided on freehold land, assets under construction and major spare parts have not been issued.

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

(k) Intangible assets

Cost of concessions on mining limestone and shale, include acquisition, exploration and development costs.

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Concessions	Life of concessions :	13 - 25 years
Software licenses		3 - 12 years

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

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the assets is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

Interest-bearing liabilities are recognised at cost.

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions to some group of their employees into a separate entity (provident funds) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Legal severance pay plan (An unfunded plan based on Thai labour law)

A legal severance pay plan is a post-employment benefit plan. The Group's net obligation in respect of defined benefit legal severance pay plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Treasury shares held by a subsidiary

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares held by a subsidiary and recognised as a deduction from equity. When treasury shares held by a

subsidiary are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares held by a subsidiary sold, calculated using the weighted average method, to the treasury shares account. Surpluses on the sale of treasury shares held by a subsidiary are taken directly to a separate category within equity, "Surplus on treasury shares held by a subsidiary". Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares held by a subsidiary.

(r) Revenue

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

Sale of goods and services rendered

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

Investments

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

Rental income

Rental income from investment property is recognised in profit or loss a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(s) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(t) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(u) Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(v) Earnings pre share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows.

Name of entities	Country of incorporation/nationality	Nature of relationships
Peosper Delta Ltd.	Hong Kong	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Company
TPI Concrete Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
TPI Polene Power Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
TPI All Seasons Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
Thai Propoxide Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
Polene Plastic Co., Ltd.	Thailand	Indirect subsidiary, 99.99% held by TPI Polene Power Co., Ltd., more than 50% of directors are representatives of the Company
TPI Polene Bio Organics Co., Ltd.	Thailand	Indirect subsidiary, 99.99% held by TPI Polene Power Co., Ltd., more than 50% of directors are representatives of the Company
Capital Pyramid (Thailand) Co., Ltd.	Thailand	Indirect subsidiary, 51% held by TPI Polene Power Co., Ltd., more than 50% of directors are representatives of the Company
TPI Service Co., Ltd.	Thailand	Indirect subsidiary, 51% held by TPI Polene Power Co., Ltd., more than 50% of directors are representatives of the Company
Thai Nitrate Co., Ltd.	Thailand	Jointly controlled entity, 89% shareholding, a half of directors are representatives of the Company (see note 45)
Thai Special Steel Public Co., Ltd.	Thailand	Associate, 29.77% shareholding, more than 20% of directors are representatives of the Company
BUI Life Insurance Public Co., Ltd.	Thailand	Associate, 25% shareholding, more than 20% of directors are representatives of the Company

Name of entities	Country of incorporation/nationality	Nature of relationships
Mondo Thai Co., Ltd.	Thailand	Associate, 28.75% shareholding, more than 20% of directors are representatives of the Company
United Grain Industry Co., Ltd.	Thailand	Co-director
Pornchai Enterprise Co., Ltd.	Thailand	Co-director
TPI Holding Co., Ltd.	Thailand	Co-director
Thai Plastic Film Co., Ltd.	Thailand	Co-director
Thai Plastic Product Co., Ltd.	Thailand	Co-director
Leophairatana Enterprise Co., Ltd.	Thailand	Co-director
Bangkok Union Insurance Public Co., Ltd.	Thailand	Co-director
TPI Commercial Co., Ltd.	Thailand	Co-director
Lampang Food Products Co., Ltd.	Thailand	Co-director
Thai Agriculture Co., Ltd.	Thailand	Co-director
Hong Yiah Seng Co., Ltd.	Thailand	Co-director
Saraburi Ginning Mill Co., Ltd.	Thailand	Co-director
Thai Petrochemical Industry Co., Ltd.	Thailand	Co-director
Rayong Forest Co., Ltd.	Thailand	Co-director

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

Transactions	Pricing policies
Sale of goods	Market price
Energy service for electrical manufacturing income	Agreed price
Purchase of raw materials	Market price
Purchase of electricity	Market price
Purchase of RDF	Market price
Delivery income	Market price
Interest income	MLR - 2%
Insurance premium	Market price
Paper bag service charge	2.50 - 2.60 Baht per bag
Interest expense	3% - MLR-2%

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Subsidiaries				
Sales of goods	-	-	1,694,853	1,366,783
Delivery income	-	-	247,774	197,986
Purchase of electricity	-	-	685,913	617,953
Purchase of RDF	-	-	167,736	43,125
Interest income	-	-	41,415	37,823
Interest expense	-	-	2,919	-
Other income	-	-	79,062	58,474
Administrative expenses	-	-	32,052	30,710
Indirect subsidiaries				
Sales of goods	-	-	8,101,317	6,461,345
Purchase of raw materials	-	-	70,261	51,587
Purchase of goods for sales promotion	-	-	632	288,432
Interest income	-	-	779	211
Interest expense	-	-	5,243	-
Other income	-	-	18,308	1,172
Administrative expenses	-	-	3,360	-

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Joint venture				
Sales of goods	38	-	76	-
Purchase of raw materials	14,000	13,720	28,000	27,440
Interest expense	288	-	575	-
Other income	2,923	379	5,846	758
Associate				
Sales of goods	104	126	-	-
Insurance premium	4,304	4,389	2,932	3,194
Other related parties				
Sales of goods	51,510	6,612	48,879	3,970
Other related parties				
Purchases of raw materials and spare parts	167,921	164,170	163,542	156,807
Interest expense	1,095	-	1,033	-
Other income	80	96	80	96
Insurance premium	182,460	137,040	156,294	120,544
Administrative expenses	35,184	37,638	16,428	27,209
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	284,820	300,609	268,568	284,372
Post-employment benefits	13,181	11,910	12,118	11,323
Total key management personnel compensation	298,001	312,519	280,686	295,695

Balances as at 31 December with related parties were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts receivable - related parties				
Subsidiaries				
TPI Concrete Co., Ltd.	-	-	390,363	95,698
TPI Polene Power Co., Ltd.	-	-	624	1,003
TPI All Seasons Co., Ltd.	-	-	1,762	29
Indirect subsidiaries				
Polene Plastic Co., Ltd.	-	-	522,228	493,703
TPI Polene Bio Organics Co., Ltd.	-	-	876	-
Joint venture				
Thai Nitrate Co., Ltd.	6	-	12	-
Associate				
BUI Life Insurance Public Co., Ltd.	11	8	-	-
Other related parties				
United Grain Industry Co., Ltd.	138	146	133	103
Bangkok Union Insurance Public Co., Ltd.	7	9	-	-
Thai Plastic Film Co., Ltd.	31,319	-	31,319	-
Pornchai Enterprise Co., Ltd.	53	18	5	4
Leophairatana Enterprise Co., Ltd.	-	43	-	-
Rayong Forest Co., Ltd.	682	283	-	-
Total	32,216	507	947,322	590,540

(in thousand Baht)

	Interest rate	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>Short-term loans to related parties</i> (% per annum)					
Subsidiaries					
TPI Concrete Co., Ltd.	MLR-2%	MLR-2%	-	-	73,602
TPI Polene Power Co., Ltd.	MLR-2%	MLR-2%	-	-	943,600
TPI All Seasons Co., Ltd.	MLR-2%	-	-	-	-
				24,709	-
				312,639	1,017,202
Accrued interest receivable				665	35,862
Total				313,304	1,053,064

(in thousand Baht)

<i>Receivable and advances to related parties-current</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Subsidiaries				
Prosper Delta Ltd.	-	-	141	141
TPI Concrete Co., Ltd.	-	-	8,099	2,139
TPI Polene Power Co., Ltd.	-	-	40,614	238,537
TPI All Seasons Co., Ltd.	-	-	793	2,159
Indirect subsidiaries				
Polene Plastic Co., Ltd.	-	-	246,538	202,405
TPI Polene Bio Organics Co., Ltd.	-	-	21,756	37,863
Joint venture				
Thai Nitrate Co., Ltd.	51	30	102	60
Associate				
BUI Life Insurance Public Co., Ltd.	3,916	-	3,496	3,553
Other related parties				
United Grain Industry Co., Ltd.	1,923	-	-	-
Bangkok Union Insurance Public Co., Ltd.	97,033	3	93,735	40,812
Pornchai Enterprise Co., Ltd.	866	8	353	8
Rayong Forest Co., Ltd.	141	139	140	139
Total	103,930	180	415,767	527,816

Movements during the years ended 31 December of short-term loans to related parties were as follows: (in thousand Baht)

	Separate financial statements	
	2012	2011
Subsidiaries		
At 1 January	1,017,202	506,602
Increase	1,010,114	980,600
Decrease	(1,714,677)	(470,000)
At 31 December	<u>312,639</u>	<u>1,017,202</u>
Indirect subsidiary		
At 1 January	-	-
Increase	84,500	-
Decrease	(84,500)	-
At 31 December	<u>-</u>	<u>-</u>
Total short-term loans to related parties		
At 1 January	1,017,202	506,602
Increase	1,094,614	980,600
Decrease	(1,799,177)	(470,000)
At 31 December	<u>312,639</u>	<u>1,017,202</u>

(in thousand Baht)

<i>Receivable and advances to related parties-non-current</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Subsidiaries				
TPI Polene Power Co., Ltd. (see note 25)	-	-	-	333,248
Thai Propoxide Co., Ltd.	-	-	421,984	421,634
	-	-	421,984	754,882
Less allowance for doubtful accounts	-	-	-	(31,248)
Net	-	-	421,984	723,634
Doubtful debts expense for the year (reversal)	-	-	(31,248)	(56,000)

In 1997, the Company entered into an agreement to sell land to Thai Propoxide Co., Ltd. (a subsidiary) at the price of Baht 477 million, in consideration for a loan payable by August 2000, with interest of 16%. No payments of principal or interest were subsequently made by the subsidiary and consequently the Company deferred recording the gain on the sale of Baht 40 million and interest income of Baht 155 million in income, and ceased accrued interest. The deferred gain and interest income are disclosed as non-current liabilities in the statement of financial position of the Separate Company.

The subsidiary used the land as collateral for a bank loan, the proceeds of which were subsequently loaned to the Company. In 2000 the subsidiary's bank loan was assigned to the Company. Subsequently, in 2011, the land has been released by the bank as collateral and the subsidiary has sold a part of land to the Company and repaid a part of the land loan to the Company of Baht 68 million.

At 31 December 2012, the outstanding amount of accounts receivable from the subsidiary from the sale of land totalled Baht 422 million and the deferred gain on the sale of Baht 35 million and interest income of Baht 134 million were disclosed in the statement of financial position of the Separate Company.

(in thousand Baht)

<i>Trade accounts payable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Subsidiaries				
TPI Concrete Co., Ltd.	-	-	361	610
TPI Polene Power Co., Ltd.	-	-	10,069	4,430
Indirect subsidiaries				
Polene Plastic Co., Ltd.	-	-	551,330	763,723
TPI Polene Bio Organics Co., Ltd.	-	-	169	10
Joint venture				
Thai Nitrate Co., Ltd.	2,547	2,996	5,094	5,992
Other related parties				
United Grain Industry Co., Ltd.	125,911	98,125	125,315	98,046
Thai Plastic Film Co., Ltd.	214,494	90,913	212,168	90,875
Bangkok Union Insurance Public Co., Ltd.	912	991	563	643
Thai Plastic Product Co., Ltd.	66,454	16,082	63,882	13,415
Pornchai Enterprise Co., Ltd.	55	54	48	48
Leophairatana Enterprise Co., Ltd.	2	-	-	-
Total	410,375	209,161	968,999	977,792

(in thousand Baht)

<i>Payable and advances from related parties</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Subsidiaries				
TPI Concrete Co., Ltd.	-	-	5,726	12,718
TPI Polene Power Co., Ltd.	-	-	126,453	92,692
TPI All Seasons Co., Ltd.	-	-	-	362
Indirect Subsidiaries				
Polene Plastic Co., Ltd.	-	-	17,545	122,286
TPI Polene Bio Organics Co., Ltd.	-	-	3,515	170,580
Indirect associate				
Thai Special Steel Public Co., Ltd.	181	1,268	181	1,268
Other related parties				
Pornchai Enterprise Co., Ltd.	18,238	3,293	17,820	11,314
Bangkok Union Insurance Public Co., Ltd.	42,076	621	41,625	9,342
TPI Holding Co., Ltd.	-	239	-	239
Leophairatana Enterprise Co., Ltd.	-	338	-	338
Thai Plastic Product Co., Ltd.	96	4	1	1
United Grain Industry Co., Ltd.	2,283	67	185	47
Thai Plastic Film Co., Ltd.	64	672	64	672
Total	62,938	6,502	213,115	421,859

Movements during the years ended 31 December of short-term loans from related parties were as follows: (in thousand Baht)

	Separate financial statements	
	2012	2011
Subsidiaries		
At 1 January	-	1,250
Increase	186,000	520,000
Decrease	(186,000)	(521,250)
At 31 December	-	-
Indirect subsidiary		
At 1 January	-	-
Increase	670,432	-
Decrease	(670,432)	-
At 31 December	-	-
Joint venture		
At 1 January	-	-
Increase	200,000	-
Decrease	(200,000)	-
At 31 December	-	-
Other related parties		
At 1 January	-	-
Increase	250,000	-
Decrease	(250,000)	-
At 31 December	-	-
Total short-term loans from related parties		
At 1 January	-	1,250
Increase	1,306,432	520,000
Decrease	(1,306,432)	(521,250)
At 31 December	-	-

Significant agreements with related parties

(a) Office building lease agreements

The Company and its subsidiary have long-term office building lease agreements with a related company. Previously, the initial lease term for each lease agreement was for 3 years, with the lease being renewable. In July 1999, the Company and a subsidiary entered into a 90 years office building lease agreement with a related company to replace the expired original office building lease agreements in which the Company and a subsidiary made one payment for the whole lease period (the total rental for the 90 years term of the lease is Baht 40,000 per square meter, equivalent to a monthly rental, before discounting cash flows, of Baht 37 per square meter). The annual rental is deducted from the prepaid rentals. Subsequently, on 24 July 2001, the Company and its subsidiary agreed to sign the amendments in addition to the existing office building lease agreements with a related company. The initial period of the lease is for 30 years, commencing from the original date on which the rentals of each respective agreement were prepaid. The related party warranted that the lease would be renewable for another 2 subsequent periods of 30 years under the same conditions, including rental fee as set out in the original agreements.

On 25 August 2006, the Company and its subsidiary registered the lease with the Land Department.

Significant details of long-term office building lease agreements with a related company as at 31 December were as follows:

Type of agreement	Prepaid rentals	Remaining prepaid rentals	
		2012	2011
		<i>(in thousand Baht)</i>	
The Company			
30 years lease agreement (3 years for original agreement)	143,517	115,376	116,970
30 years lease agreement (90 years for original agreement)	29,669	25,053	25,383
	<u>173,186</u>	<u>140,429</u>	<u>142,353</u>
Subsidiary			
30 years lease agreement (3 years for original agreement)	47,000	37,640	38,160
30 years lease agreement (90 years for original agreement)	11,659	9,845	9,975
	<u>58,659</u>	<u>47,485</u>	<u>48,135</u>
Total	<u>231,845</u>	<u>187,914</u>	<u>190,488</u>

Should either party terminate the lease agreement, the unused prepaid rentals are refundable to the Companies. The Companies agreed in principle to execute a mortgage on the office building as security for the unused prepaid rentals. As at 31 December 2012, there was no mortgage agreement as security for the unused prepaid rentals, so the recoverability of prepaid rentals depends on the ability of the related company to repay.

(b) Electricity supply agreement

On 12 December 2007, the Company entered into an electricity supply contract with a subsidiary company, to provide the waste heat to the subsidiary that will be used in the manufacturing process for electricity. The Company shall render invoice to the subsidiary company to pay a service fee as specified in the agreement. In addition, the subsidiary company shall supply the electricity solely to the Company based on certain percentage as specified in the agreement. The agreement shall remain in full force and effect so long as, unless it is terminated by mutual agreement in writing of both parties hereto.

(c) **Land lease agreement**

The Company and its subsidiaries entered into several land and office building space lease agreements with related parties for 3 years as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Non-cancellable operating lease commitments				
Within one year	29,378	34,950	22,235	23,552
After one year but within five years	18,696	11,565	15,213	5,726
Total	48,074	46,515	37,448	29,278

As at 31 December 2012, the Company had contingent liabilities in respect of guarantees issued on behalf of a subsidiary of Baht 546 million (31 December 2011: Baht 563 million).

5 Cash and cash equivalents

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash on hand	7,371	4,920	1,890	1,678
Cash at banks - current accounts	95,792	(200,288)	58,869	(215,036)
Cash at banks - savings accounts	311,960	495,673	68,771	265,015
Cash at banks - fixed accounts (3 months)	1,877	216,575	1,862	57
Total	417,000	516,880	131,392	51,714

The currency denomination of cash and cash equivalents as at 31 December was as follows:

Thai Baht (THB)	322,898	422,729	130,310	51,176
United States Dollar (USD)	93,759	93,676	782	142
EURO (EUR)	62	219	48	141
Others	281	256	252	255
Total	417,000	516,880	131,392	51,714

6 Other investments

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current investments				
Short-term deposits at financial institutions	100,000	51,132	-	61
	100,000	51,132	-	61
Other long-term investments				
Long-term deposits at financial institutions	15,500	15,500	-	-
Equity securities available-for-sale	293	212,409	293	212,409
Other non-marketable equity securities	1,596	1,596	1,596	1,596
Other debt securities held-to-maturity	263,333	269,047	69,810	69,787
	280,722	498,552	71,699	283,792
Total	380,722	549,684	71,699	283,853

Other investments of the Group as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

Deposits at financial institutions and other debt securities held-to-maturity of Baht 262 million (2011: Baht 260 million) in the consolidated financial statements and of Baht 70 million (2011: Baht 67 million) in the separate financial statements are pledged as collateral.

7 Trade accounts receivable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Related parties	5	32,216	507	947,322	590,540
Other parties		2,550,532	2,034,763	1,187,944	1,112,518
		2,582,748	2,035,270	2,135,266	1,703,058
Less allowance for doubtful accounts		(130,070)	(166,018)	(96,405)	(116,457)
Net		2,452,678	1,869,252	2,038,861	1,586,601
Bad and doubtful debts expenses for the year (reversal)		(36,940)	(4,665)	(20,052)	(4,521)

Aging analyses for trade accounts receivable were as follows:

Related parties

Within credit terms	32,216	507	947,322	590,540
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Other parties

Within credit terms	2,248,116	1,775,215	1,007,835	930,516
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Overdue:

Less than 3 months	137,166	91,877	52,865	57,492
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3-6 months	15,356	9,135	10,148	8,528
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6-12 months	5,731	152	5,617	152
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Over 12 months	144,163	158,384	111,479	115,830
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	2,550,532	2,034,763	1,187,944	1,112,518
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Less allowance for doubtful accounts	(130,070)	(166,018)	(96,405)	(116,457)
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	2,420,462	1,868,745	1,091,539	996,061
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Net	2,452,678	1,869,252	2,038,861	1,586,601
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The Group requires various customers to provide cash, bank or personal guarantees as collateral.

The normal credit term granted by the Group ranges from 30 days to 90 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Thai Baht (THB)	2,094,378	1,583,965	2,038,861	1,586,601
United States Dollars (USD)	358,300	285,287	-	-
Total	2,452,678	1,869,252	2,038,861	1,586,601

8 Inventories

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Finished goods	1,798,036	1,292,204	1,172,890	1,166,120
Work in process	1,248,637	2,237,078	1,199,384	2,236,720
Raw materials and chemicals	1,217,760	1,234,419	1,063,371	1,060,894
Packages	255,881	305,202	200,770	268,581
Oil and coal	766,352	988,420	733,446	953,109
Spare parts and general supplies	1,706,248	1,628,463	1,501,673	1,477,721
Goods in transit	227,340	156,671	78,606	136,511
Total	7,220,254	7,842,457	5,950,140	7,299,656
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	22,552,765	17,921,749	19,007,089	14,682,193
- Write-down to net realisable value	-	19,238	-	-
Net	22,552,765	17,940,987	19,007,089	14,682,193

9 Other current assets

	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Prepaid expenses	19,814	72,644	17,592	15,887
Advances	29,100	48,939	23,228	25,102
Others	77,976	96,380	45,184	58,699
Total	126,890	217,963	86,004	99,688

10 Investments in subsidiaries and joint venture

	(in thousand Baht)	
	Separate financial statements	
	2012	2011
Subsidiaries		
At 1 January	3,461,498	3,411,498
Acquisitions	1,585,000	50,000
At 31 December	5,046,498	3,461,498
Joint venture		
At 1 January	284,409	284,409
At 31 December	284,409	284,409
Total		
At 1 January	3,745,907	3,695,907
Acquisitions	1,585,000	50,000
At 31 December	5,330,907	3,745,907

Investments in subsidiaries and joint controlled entities as at 31 December and dividend income from those investments for the years then ended were as follows:

	Separate financial statements							
	Ownership interest		Paid-up Capital		Cost method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011
	(%)		(in thousand Baht)					
Subsidiaries								
TPI Concrete Co., Ltd.	99.99	99.99	840,000	840,000	839,999	839,999	-	-
TPI Polene Power Co., Ltd.	99.99	99.99	4,060,250	2,535,250	4,060,249	2,535,249	-	-
TPI All Seasons Co., Ltd.	99.99	99.99	146,250	86,250	146,250	86,250	-	-
Thai Propoxide Co., Ltd.	99.99	99.99	250	250	250	250	-	-
Less allowance for impairment					(250)	(250)	-	-
					5,046,498	3,461,498	-	-
Joint venture								
Thai Nitrate Co., Ltd. (see note 45)	89.00	89.00	468,750	468,750	284,409	284,409	249,984	135,000
					284,409	284,409	249,984	135,000
Total					5,330,907	3,745,907	249,984	135,000

The following summarised financial information on interests in joint controlled entities which has been proportionately consolidated in the consolidated financial statements represents the Group's share:

	Owner-ship (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net profit
		(in thousand Baht)								
2012										
Thai Nitrate Co., Ltd. (see note 45)	89.00	420,711	732,402	1,153,113	134,575	14,706	149,281	815,752	684,293	131,459
2011										
Thai Nitrate Co., Ltd. (see note 45)	89.00	511,225	798,884	1,310,109	125,153	16,000	141,153	843,616	698,081	145,535

11 Investments in associates

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
At 1 January	138,443	141,877	135,350	135,350
Share of net profits of equity- accounted associates ^{2,879}	1,841	-	-	-
Fair value changes on available-for-sale securities	2,487	(5,275)	-	-
At 31 December	143,809	138,443	135,350	135,350

The Group has not recognised losses relating to certain investment accounted for using the equity method in cases where its share of loss exceeds the carrying amount of those investments. As at 31 December 2012, the Group's cumulative share of unrecognised loss was Baht 793 million (2011: Baht 689 million), of which Baht 104 million was the Group's share of the current year's loss (2011: Baht 153 million). The Group has no obligation in respect of this loss.

Investments in associates as at 31 December were as follows:

	Consolidated financial statements							
	Ownership interest		Paid-up Capital		Cost method		Equity method	
	2012	2011	2012	2011	2012	2011	2012	2011
	(%)				(in thousand Baht)			
Thai Special Steel Industry Public Co., Ltd.	29.77	29.77	4,220,000	4,220,000	1,256,200	1,256,200	-	-
BUI Life Insurance Public Co., Ltd.	25.00	25.00	500,000	500,000	125,000	125,000	134,064	128,696
Mondo Thai Co., Ltd.	28.75	28.75	36,000	36,000	10,350	10,350	9,745	9,747
Total					1,391,550	1,391,550	143,809	138,443

	Separate financial statements					
	Ownership interest		Paid-up Capital		Cost method	
	2012	2011	2012	2011	2012	2011
	(%)				(in thousand Baht)	
BUI Life Insurance Public Co., Ltd.	25.00	25.00	500,000	500,000	125,000	125,000
Mondo Thai Co., Ltd.	28.75	28.75	36,000	36,000	10,350	10,350
Total					135,350	135,350

The following summarised financial information on associated companies which have been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

	Reporting date	Ownership (%)	Total assets	Total liabilities	Total revenues	Net profit / (loss)
			(in thousand Baht)			
2012						
Thai Special Steel Industry Public Co., Ltd.	31 December	29.77	4,392,836	6,078,148	124,325	(349,588)
BUI Life Insurance Public Co., Ltd.	31 December	25.00	681,775	143,439	48,174	11,523
Mondo Thai Co., Ltd.	31 December	28.75	33,970	5	1	(7)
Total			5,108,581	6,221,592	172,500	(338,072)
2011						
Thai Special Steel Industry Public Co., Ltd.	31 December	29.77	2,733,984	5,745,127	8,176	(512,598)
BUI Life Insurance Co., Ltd.	31 December	25.00	658,345	144,324	45,309	7,374
Mondo Thai Co., Ltd.	31 December	28.75	33,951	5	1	(7)
Total			3,426,280	5,889,456	53,486	(505,231)

12 Long-term investments in related parties

	Type of business	Relationship	Paid-up capital (in thousand Baht)	Ownership interest		Consolidated and Separate financial statements	
				2012	2011	2012	2011
				%		(in thousand Baht)	
Related parties							
United Grain Industry Co., Ltd.	Manufacturing and distributing packages	Shareholder	550,000	19.00	19.00	104,500	104,500
Pornchai Enterprise Co., Ltd.	Real estate and service rental	Shareholder	180,000	16.67	16.67	45,653	45,653
TPI Holding Co., Ltd.	Holding Company	Shareholder	5,000	0.87	0.87	217	217
Total						150,370	150,370
Less allowance for impairment						(45,653)	(45,653)
Net						104,717	104,717

13 Investment properties

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Cost					
At 1 January		659,295	673,109	381,482	356,636
Additions		10,000	34,229	-	72,889
Reclassification from property, plant and equipment	14	-	-	76,654	-
Disposals		(18,163)	-	(10,608)	-
Transfer to property, plant and equipment	14	(40,838)	(48,043)	-	(48,043)
At 31 December		610,294	659,295	447,528	381,482
Depreciation and impairment losses					
At 1 January		17,649	8,706	-	-
Depreciation charge for the year		999	1,000	-	-
Impairment losses (reversal)		(6,185)	7,943	-	-
At 31 December		12,463	17,649	-	-
Net book value					
At 1 January 2011		-	664,403	-	356,636
At 31 December 2011 and 1 January 2012		641,646	641,646	381,482	381,482
At 31 December 2012		597,831	-	447,528	-

Investment properties were revalued as at 31 December 2012 and 2011 by the treasury department (B.E.2551). The appraised value was Baht 1,261 million (2011: Baht 1,151 million) in respect to the assets in the consolidated financial statement and of Baht 562 million (2011: Baht 556 million) in respect to the assets in the separate financial statement.

Investment property include land for rent, freehold land and condominiums.

14 Property, plant and equipment

Changes in property, plant and equipment for the year ended 31 December 2012, are summarised as follows:

	Consolidated financial statements													
	Cost/revaluation					Accumulated depreciation			Allowance for impairment		Book value			
	At 1 January 2012	Additions	Surplus on revaluation	Disposals/ Write off	Transfers, net	At 31 December 2012	At 1 January 2012	Depreciation	Reversal of accumulated depreciation on revaluation surplus	Disposals/ Write off	Transfers, net	At 31 December 2012	At 1 January 2012	At 31 December 2012
Land and land improvement	2,741,172	10,579	-	-	40,838	2,792,589	(2,123)	(25)	-	-	-	(2,148)	-	2,790,441
Leasehold improvement	47,356	-	-	-	-	47,356	(47,356)	-	-	-	-	(47,356)	-	-
Buildings and structures														
- Cost	8,085,245	15,520	-	-	168,524	8,269,289	(3,944,953)	(224,455)	-	-	-	(4,169,408)	-	4,099,881
- Increment appraisal	7,594,447	-	6,830,454	-	(7,594,447)	6,830,454	(1,322,276)	(307,900)	1,630,176	-	-	-	-	6,272,171
Machinery and pipes														
- Cost	32,871,227	153,548	-	(100,160)	944,239	33,868,854	(15,625,810)	(1,553,885)	-	63,866	-	(17,115,829)	(514)	17,245,417
- Increment appraisal	25,535,292	-	22,704,075	-	(24,370,313)	23,869,054	(5,524,282)	(1,120,343)	5,887,926	-	-	(756,689)	-	20,011,010
Tools and factory equipment	4,737,602	256,760	-	(576)	9,405	5,003,191	(3,932,010)	(130,742)	-	534	-	(4,062,218)	-	805,592
Furniture, fixtures and office equipment	370,652	24,248	-	(10,516)	7,450	391,834	(311,567)	(20,406)	-	10,081	-	(321,882)	-	59,085
Vehicles	1,169,884	93,883	-	(3,927)	-	1,259,640	(908,409)	(20,138)	-	3,927	-	(924,620)	-	261,475
Increment appraisal - Other	1,023,216	-	637,419	-	(1,023,216)	637,419	(433,992)	(65,254)	489,246	-	-	-	-	589,224
Major spare parts	185,020	32,892	-	-	(10,090)	207,822	-	-	-	-	-	-	-	185,020
Construction in progress	4,379,083	1,847,943	-	(784)	(387,918)	5,828,224	-	-	-	-	-	-	-	4,379,083
Oil and gas properties	10,049	92,245	-	-	-	102,294	-	-	-	-	-	-	-	10,049
Machinery under installation	1,623,123	698,057	-	-	(740,525)	1,580,655	-	-	-	-	-	(21,017)	(13,586)	1,602,106
Total	90,373,368	3,225,385	30,171,948	(115,963)	(32,966,053)	90,688,685	(32,052,778)	(3,443,148)	8,017,348	78,408	-	(27,400,170)	(14,100)	58,299,573
														63,274,415

(in thousand Baht)

Changes in property, plant and equipment for the year ended 31 December 2011, are summarised as follows:

(in thousand Baht)

	Consolidated financial statements												
	At 1 January 2011		Cost/revaluation		Transfers, net		At 31 December 2011		Accumulated depreciation		Allowance for impairment		Book value
	At 1 January 2011	Additions	Disposals/ Write off	At 31 December 2011	At 1 January 2011	Depreciation	Disposals/ Write off	Transfers, net	At 31 December 2011	At 1 January 2011	At 31 December 2011	At 1 January 2011	At 31 December 2011
Land and land improvement	2,493,095	199,909	-	2,741,172	(2,119)	(4)	-	-	(2,123)	-	-	2,490,976	2,739,049
Leasehold improvement	49,186	-	-	47,356	(47,466)	(7)	-	137	(47,356)	-	-	1,700	-
Buildings and structures													
- Cost	7,966,597	31,255	(2,571)	8,085,245	(3,732,422)	(215,102)	2,571	-	(3,944,853)	-	-	4,234,175	4,140,292
- Increment appraisal	7,594,447	-	-	7,594,447	(1,015,218)	(307,058)	-	-	(1,322,276)	-	-	6,579,229	6,272,171
Machinery and pipes													
- Cost	29,983,835	244,135	(78,713)	32,871,227	(14,275,840)	(1,382,631)	42,661	-	(15,625,810)	-	-	15,707,995	17,245,417
- Increment appraisal	25,535,292	-	-	25,535,292	(4,397,371)	(1,126,911)	-	-	(5,524,282)	-	-	21,137,921	20,011,010
Tools and factory equipment	4,452,833	191,924	(34,499)	4,737,602	(3,866,298)	(100,207)	34,495	-	(3,932,010)	-	-	586,535	805,592
Furniture, fixtures and office equipment	343,752	18,424	(4,325)	370,652	(299,826)	(15,737)	3,996	-	(311,567)	-	-	43,926	59,085
Vehicles	1,002,517	182,655	(68,466)	1,168,884	(953,733)	(18,654)	63,978	-	(908,409)	-	-	48,784	261,475
Increment appraisal - Other	1,023,216	-	-	1,023,216	(356,763)	(77,229)	-	-	(433,992)	-	-	666,453	589,224
Major spare parts	173,215	-	-	185,020	-	-	-	-	-	-	-	173,215	185,020
Construction in progress	4,790,806	1,570,278	-	4,379,083	-	-	-	-	-	-	-	4,790,806	4,381,585
Oil and gas properties	-	10,049	-	10,049	-	-	-	-	-	-	-	-	10,049
Machinery under installation	1,975,566	640,495	-	1,623,123	-	-	-	-	-	(30,551)	(21,017)	1,945,015	1,602,106
Total	87,384,357	3,089,124	(188,574)	90,373,368	(28,947,076)	(3,253,640)	147,701	137	(32,052,778)	(30,551)	(21,017)	58,406,730	58,299,573

Changes in property, plant and equipment for the year ended 31 December 2012, are summarised as follows:

(in thousand Baht)

Separate financial statements

	Cost/revaluation				Accumulated depreciation			Book value		
	At 1 January 2012	Additions	Surplus on revaluation	Disposals/Write off	Transfers, net	At 31 December 2012	At 1 January 2012	At 31 December 2012		
Land and land improvement	2,440,600	-	-	-	(76,654)	2,363,946	-	2,440,600	2,363,946	
Leasehold improvement	46,176	-	-	-	-	46,176	(46,176)	-	-	
Buildings and structures	7,555,722	-	-	-	109,206	7,664,928	(3,571,324)	3,984,398	3,901,633	
- Cost	7,594,447	-	6,830,454	-	(7,594,447)	6,830,454	(1,322,276)	6,272,171	6,830,454	
Machinery and pipes	26,278,507	4,212	-	(100,160)	458,154	26,640,713	(13,267,401)	13,011,106	12,269,056	
- Cost	24,370,313	-	22,704,075	-	(24,370,313)	22,704,075	(4,814,182)	19,556,131	22,704,075	
- Increment appraisal	4,576,663	252,171	-	(540)	9,195	4,837,489	(3,816,574)	760,089	900,804	
Tools and factory equipment	285,898	20,963	-	(9,692)	6,215	303,384	(238,371)	47,527	58,423	
Furniture, fixtures and office equipment	1,106,165	83,683	-	(3,162)	-	1,196,686	(900,125)	206,040	284,347	
Vehicles	1,023,216	-	637,419	-	(1,023,216)	637,419	(433,992)	569,224	637,419	
Increment appraisal - Other	167,676	-	-	-	13,606	181,282	-	167,676	181,282	
Major spare parts	4,295,450	1,320,895	-	(51,971)	(408,946)	5,155,428	-	4,295,450	5,155,428	
Construction in progress	1,210,427	446,435	-	-	(204,150)	1,452,712	-	1,210,427	1,452,712	
Machinery under installation										
Total	80,951,260	2,138,359	30,171,948	(165,525)	(33,061,350)	80,014,692	(28,410,421)	(23,275,113)	52,540,839	56,739,579

Changes in property, plant and equipment for the year ended 31 December 2011, are summarised as follows:

(in thousand Baht)

Separate financial statements

	Cost/revaluation				Accumulated depreciation			Book value		
	At 1 January 2011	Additions	Disposals/Write off	Transfers, net	At 31 December 2011	At 1 January 2011	At 31 December 2011	At 1 January 2011	At 31 December 2011	
Land and land improvement	2,199,939	192,618	-	48,043	2,440,600	-	-	2,199,939	2,440,600	
Leasehold improvement	46,176	-	-	-	46,176	(46,176)	-	-	-	
Buildings and structures	7,473,690	-	-	82,132	7,555,722	(3,383,636)	(187,688)	4,089,954	3,984,398	
- Cost	7,594,447	-	-	-	7,594,447	(1,015,218)	(307,058)	6,579,229	6,272,171	
Machinery and pipes	26,043,800	250	(77,728)	312,185	26,278,507	(12,163,729)	(1,145,378)	13,880,071	13,011,106	
- Cost	24,370,313	-	-	-	24,370,313	(3,783,871)	(1,080,311)	20,636,442	19,556,131	
- Increment appraisal	4,295,954	187,790	(34,424)	127,343	4,576,663	(3,778,863)	(72,144)	34,433	760,089	
Tools and factory equipment	263,258	13,578	(3,383)	12,455	285,898	(229,529)	(11,985)	31,143	47,527	
Furniture, fixtures and office equipment	998,504	175,624	(67,963)	-	1,106,165	(950,363)	(13,601)	63,839	206,040	
Vehicles	1,023,216	-	-	-	1,023,216	(356,763)	(77,229)	686,453	589,224	
Increment appraisal - Other	155,722	-	-	11,954	167,676	-	-	155,722	167,676	
Major spare parts	4,043,455	805,596	(67,676)	(485,925)	4,295,450	-	-	4,043,455	4,295,450	
Construction in progress	950,176	269,551	-	(9,300)	1,210,427	-	-	950,176	1,210,427	
Machinery under installation										
Total	79,458,550	1,645,007	(251,184)	98,887	80,951,260	(25,656,148)	(2,895,394)	(28,410,421)	53,800,402	52,540,839

(in thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Net book value						
Land and land improvement	2,790,441	2,739,049	2,490,976	2,363,946	2,440,600	2,199,939
Leasehold improvement	-	-	1,700	-	-	-
Buildings and structures						
- Cost	4,099,881	4,140,292	4,234,175	3,901,633	3,984,398	4,089,954
- Increment appraisal	6,830,454	6,272,171	6,579,229	6,830,454	6,272,171	6,579,229
Machinery and pipes						
- Cost	16,581,817	17,245,417	15,707,995	12,269,056	13,011,106	13,880,071
- Increment appraisal	23,112,355	20,011,010	21,137,921	22,704,075	19,556,131	20,636,442
Tools and factory equipment	940,973	805,592	586,535	900,804	760,089	517,091
Furniture, fixtures and office equipment	69,942	59,085	43,491	58,423	47,527	33,294
Vehicles	52,341	42,640	35,809	33,578	35,580	35,166
Increment appraisal - Other	637,419	589,224	666,453	637,419	589,224	666,453
Major spare parts	207,822	185,020	173,215	181,282	167,676	155,722
Construction in progress	5,828,224	4,379,083	4,737,628	5,155,428	4,295,450	4,043,455
Oil and gas properties	102,294	10,049	-	-	-	-
Machinery under installation	1,567,079	1,602,106	1,945,015	1,452,712	1,210,427	950,176
Owned assets	62,821,042	58,080,738	58,340,142	56,488,810	52,370,379	53,786,992
Assets under finance leases						
- Machinery and pipes	170,695	-	-	-	-	-
- Furniture, fixtures and office equipment	-	-	435	-	-	435
- Vehicle	282,678	218,835	12,975	250,769	170,460	12,975
- Construction in progress	-	-	53,178	-	-	-
	63,274,415	58,299,573	58,406,730	56,739,579	52,540,839	53,800,402

In 2011, the Company has acted in accordance with the Federation of Accounting Professions Announcement No.18/2554, regarding the recognition of revalued assets. The aforesaid announcement has deferred the recognition of accounting for reappraisal of existing assets and the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is utilised against revaluation surplus until any subsequent disposal of the asset. As a result, the Company continues to apply the accounting policy until the end of periods starting prior to 1 January 2016. The impact as a result of the change in TAS 16 (revised 2009) Property, Plant and Equipment is as follow:

(in thousand Baht)

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Decrease in inventories (reversal)	1,058	(127,756)	1,058	(127,756)
Decrease in cost of sales of goods	(1,482,493)	(1,383,442)	(1,435,894)	(1,336,842)
Increase in profit for the period	1,482,493	1,383,442	1,435,894	1,336,842
Increase in basic earnings per shares (Baht)	0.73	0.69	0.71	0.66

The gross amount of the Group's fully depreciated buildings and equipment that was still in use as at 31 December 2012, amounted to Baht 5,342 million (2011: Baht 5,132 million) in the consolidated financial statements and of Baht 3,430 million (2011: Baht 3,415 million) in the separate financial statements.

Most of the land, buildings, machinery and equipment are mortgaged or pledged as collateral for the long-term loans. The book value of such assets used as collateral as at 31 December 2012 is approximately Baht 37,180 million (2011: Baht 38,561million) in the consolidated financial statements and the separate financial statements.

15 Surplus on fixed assets revaluation

In the manufacturing process of LDPE & EVA plastic and Cement, the Company has to perform an annually maintenance and overhaul of the machinery, for the period of 2 weeks to one month, in order to replace all defect parts so that the machinery is always in good condition and able to function efficiently and continuously every day for 24 hours without being shut down.

In December 2012, the Company hired a foreign independent appraiser, to appraise the value of certain items of its manufacturing plant, machinery and factory equipment of cement and dry mortar including distribution terminals. The value of these assets, the original cost of which was Baht 30,365 million (book value of Baht 13,973 million), was appraised at USD 1,280 million, equivalent to reappraisal book value of Baht 39,402 million, calculated using the rate of Baht 30.7775 to USD 1 at the appraisal date. The appraised value is based on the Replacement Time Value, taking into consideration the replacement value and the remaining life of an asset which is the current acquisition cost of assets with the same layout, capacity and technological standard as the assets valued, including capitalised interest costs. As a result of this reappraisal, the carrying amounts of total assets and equity at that date increased by Baht 25,429 million in the consolidated and the separate financial statements (compared with the original cost). As at 31 December 2012, the remaining portion of surplus on assets revaluation amounted to Baht 25,429 million in the consolidated and the separate financial statements (2011: Baht 23,318 million).

However, buildings, machinery and other related equipment with book value of Baht 2,145 million have not been revalued by independent appraisers as the nature and use in the Company's operations is different from the revalued assets.

In addition, in December 2012, the Company hired a foreign independent appraiser, to appraise the value of its LDPE and EVA plastic manufacturing plant and machinery. The value of these assets, the original cost of which was Baht 3,897 million (book value of Baht 1,258 million), was appraised at USD 195 million, equivalent to reappraisal book value of Baht 6,001 million, calculated using the rate of Baht 30.7775 to USD 1 at the appraisal date. The appraised value is based on the Fair Market Value which is the current acquisition cost of assets with the same layout, capacity and technological standard as the assets valued, including capitalized interest costs. As a result of this reappraisal, the carrying amounts of total assets and equity at that date increased by Baht 4,743 million in the consolidated and the separate financial statements (compared with the original cost). As at 31 December 2012, the remaining portion of surplus on assets revaluation amounted to Baht 4,743 million in the consolidated and the separate financial statements (2011: Baht 3,100 million).

In 2009, Thai Nitrate Co., Ltd. (joint venture) hired independent appraisers to appraise the value of its machinery based on the replacement value, which was the current acquisition cost of assets with the same layout, capacity and technological standard as the assets to be valued, which resulted in the increment of the machinery's value. On the appraisal date, the joint venture adjusted unrealised increment for asset appraisal by the increment of revaluation and adjusted accumulated depreciation in proportion to the increase in such unrealised increment. As a result of this reappraisal, the carrying amounts of total assets at that date increased by Baht 176 million (proportion in the consolidated financial statement amounted to Baht 88 million). As at 31 December 2012, the remaining portion of surplus on assets revaluation amounted to Baht 316 million in the consolidated financial statements (2011: Baht 363 million)

Details of changing in surplus on fixed assets revaluation

	At 1 January 2012	Change during the Year		At 31 December 2012
		Increase	Decrease	
<i>(in thousand Baht)</i>				
Company				
Building	7,594,447	6,830,454	(7,594,447)	6,830,454
Machinery	24,370,313	22,704,075	(24,370,313)	22,704,075
Other	1,023,216	637,419	(1,023,216)	637,419
	<u>32,987,976</u>	<u>30,171,948</u>	<u>(32,987,976)</u>	<u>30,171,948</u>
<i>Less accumulated depreciation</i>				
Building	(1,322,276)	(307,900)	1,630,176	-
Machinery	(4,814,182)	(1,073,744)	5,887,926	-
Other	(433,992)	(65,254)	499,246	-
	<u>(6,570,450)</u>	<u>(1,446,898)</u>	<u>8,017,348</u>	<u>-</u>
Separate financial statements	<u>26,417,526</u>	<u>28,725,050</u>	<u>(24,970,628)</u>	<u>30,171,948</u>
Joint venture				
Machinery	1,029,402	-	-	1,029,402
<i>Less accumulated depreciation</i>	(666,534)	(46,598)	-	(713,132)
	<u>362,868</u>	<u>(46,598)</u>	<u>-</u>	<u>316,270</u>
Consolidated financial statements	<u>26,780,394</u>	<u>28,678,452</u>	<u>(24,970,628)</u>	<u>30,488,218</u>

16 Intangible assets

	<i>(in thousand Baht)</i>		
	Consolidated and Separate financial statements		
	Cost of raw material resources and cost of concessions	licenses Software	Total
Cost			
At 1 January 2011	700,353	31,463	731,816
Additions	-	2,111	2,111
At 31 December 2011 and 1 January 2012	<u>700,353</u>	<u>33,574</u>	<u>733,927</u>
At 31 December 2012	<u>700,353</u>	<u>33,574</u>	<u>733,927</u>
Accumulated amortisation			
At 1 January 2011	(369,548)	(22,319)	(391,867)
Amortisation charge for the year	(26,317)	(3,077)	(29,394)
At 31 December 2011 and 1 January 2012	<u>(395,865)</u>	<u>(25,396)</u>	<u>(421,261)</u>
Amortisation charge for the year	(26,317)	(2,344)	(28,661)
At 31 December 2012	<u>(422,182)</u>	<u>(27,740)</u>	<u>(449,922)</u>
Net book value			
At 1 January 2011	<u>330,805</u>	<u>9,144</u>	<u>339,949</u>
At 31 December 2011 and 1 January 2012	<u>304,488</u>	<u>8,178</u>	<u>312,666</u>
At 31 December 2012	<u>278,171</u>	<u>5,834</u>	<u>284,005</u>

17 Other non-current assets

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Prepaid rental	4	187,914	190,488	140,429	142,353
Advance payments for machinery	42	518,535	640,903	481,697	509,127
Deposits		221,251	45,171	220,778	40,933
Other receivables		384	451	384	851
Others		77,251	29,297	7,366	21,113
Total		1,005,335	906,310	850,654	714,377

18 Interest-bearing liabilities

Interest-bearing liabilities are summarized as follow:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current				
Bank overdrafts				
secured	80,945	29,758	51,273	752
unsecured	71,171	48,813	46,437	40,963
	152,116	78,571	97,710	41,715
Short-term loans from financial institutions				
unsecured	1,451,155	787,396	959,727	311,190
Bank overdrafts and short-term loans from financial institutions	1,603,271	865,967	1,057,437	352,905
Current portion of long-term loans from financial institutions				
secured	1,243,895	1,017,729	1,209,618	1,002,427
unsecured	40,807	45,270	40,807	45,270
Current portion of long-term loans	1,284,702	1,062,999	1,250,425	1,047,697
Current portion of finance lease liabilities	130,371	64,428	70,234	49,445
Total current interest-bearing liabilities	3,018,344	1,993,394	2,378,096	1,450,047
Non-current				
Long-term loans from financial institutions				
secured	1,373,091	2,294,897	1,373,091	2,260,620
unsecured	18,172	58,980	18,172	58,980
Long-term loans	1,391,263	2,353,877	1,391,263	2,319,600
Finance lease liabilities	158,905	80,398	74,909	64,569
Total non-current interest-bearing liabilities	1,550,168	2,434,275	1,466,172	2,384,169

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Within one year	2,887,973	1,928,966	2,307,862	1,400,602
After one year but within five years	1,355,263	2,353,877	1,355,263	2,319,600
After five years	36,000	-	36,000	-
Total	4,279,236	4,282,843	3,699,125	3,720,202

Secured interest-bearing liabilities as at 31 December were secured on the following net book value assets:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Land and buildings	10,708,534	9,865,726	10,708,534	9,865,726
Machinery and equipment	26,470,989	28,482,447	26,470,989	28,482,447
Equity securities	-	212,409	-	212,409
Total	37,179,523	38,560,582	37,179,523	38,560,582

Bank overdrafts are charged interest at MOR - MOR + 2% per annum in 2012 and 2011.

In 2012, short-term loans from financial institutions are charged interest at 6-month LIBOR+2.0% - 3.0% per annum for loans denominated in foreign currency.

As at 31 December 2012 the Group and the Company had unutilised credit facilities totalling Baht 43 million (2011: Baht 95 million).

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

(in thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2012		2011	2012		2011
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	144,870	14,499	130,371	70,793	6,365	64,428
After one year but within five years	170,839	11,934	158,905	83,791	3,393	80,398
Total	315,709	26,433	289,276	154,584	9,758	144,826

(in thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2012		2011	2012		2011
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	77,353	7,119	70,234	54,489	5,044	49,445
After one year but within five years	81,862	6,953	74,909	67,487	2,918	64,569
Total	159,215	14,072	145,143	121,976	7,962	114,014

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Thai Baht (THB)	3,709,658	3,640,271	3,476,841	3,523,026
United States Dollars (USD)	724,773	668,772	246,943	192,564
EURO (EUR)	134,081	118,626	120,484	118,626
Total	4,568,512	4,427,669	3,844,268	3,834,216

19 Trade accounts payable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Related parties	4	410,375	209,161	968,999	977,792
Other parties		2,176,955	1,825,632	1,393,464	1,201,637
Total		2,587,330	2,034,793	2,362,463	2,179,429

The currency denomination of trade accounts payable as at 31 December was as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Thai Baht (THB)	2,134,555	1,606,191	2,361,544	2,055,908
United States Dollars (USD)	444,508	368,293	919	63,212
EURO (EUR)	7,994	60,309	-	60,309
Other	273	-	-	-
Total	2,587,330	2,034,793	2,362,463	2,179,429

20 Other current liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Accrued expenses	855,183	869,611	753,058	727,269
Deposit from sales	244,420	293,772	222,415	277,772
Accrued value added tax	34,029	57,167	23,516	50,642
Accrued withholding tax	23,133	18,103	19,549	15,755
Guarantee and deposits	225,338	190,264	213,463	185,571
Retention payable	76,887	81,305	48,118	56,493
Others	176,098	176,473	134,289	102,856
Total	1,635,088	1,686,695	1,414,408	1,416,358

21 Employee benefit obligations

Legal severance pay plan (An unfunded plan based on Thai Labour law)

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Statement of financial position obligations for:				
Post-employment benefits	1,082,079	956,380	928,790	827,175
	1,082,079	956,380	928,790	827,175
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss				
Post-employment benefits	163,914	50,654	111,140	42,054
Total	163,914	50,654	111,140	42,054

Movement in the present value of the defined benefit obligations:

(in thousand Baht)

Year ended 31 December	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Defined benefit obligations at 1 January		956,380	909,500	827,175	787,215
Benefits paid by the plan		(17,222)	(3,774)	(15,592)	(2,094)
Current service costs and interest		163,914	50,654	111,140	42,054
Actuarial (gains) losses in other comprehensive income		(20,993)	-	6,067	-
Defined benefit obligations at 31 December		1,082,079	956,380	928,790	827,175

Expense recognised in profit or loss:

Year ended 31 December					
Current service costs		125,450	18,656	76,899	13,732
Interest on obligation		38,464	31,998	34,241	28,322
Total		163,914	50,654	111,140	42,054

The expense is recognised in the following line items in the statement of comprehensive income:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cost of sales	93,339	31,279	54,568	26,150
Selling expenses	7,048	3,095	6,953	2,976
Administrative expenses	63,527	16,280	49,619	12,928
Total	163,914	50,654	111,140	42,054

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Discount rate	3.00 - 4.27	3.00 - 4.15	4.10 - 4.24	3.59 - 3.65
Future salary increases	5.00 - 7.27	5.00 - 7.07	6.55 - 6.87	6.80 - 7.07

Assumptions regarding future mortality are based on published statistics and mortality tables.

22 Provision for fine

- 1) In 2007, the Company was assessed a fine of Baht 6,900 million by the Criminal Court on a ground of offences under the Securities and Exchange Act in 2006. The Company has undertaken a series of appeals to the Criminal Court and the Appeal Court to have the judgment reversed and the fine repealed. The Company recorded a provision for fine of Baht 6,900 million in the financial statements in 2008.

On 19 August 2011, the judgment of Appeal Court dated 26 May 2011 was read by the Court of First Instance that the judgment of the Criminal Court was reversed and the complaint of the Plaintiff was dismissed.

Based on the judgment of the Appeal Court, the Company therefore recorded the account by reversing the provision for fine in the total of Baht 6,900 million in 2011. On 18 November 2011, the Attorney-in-General of the Department of Appellate Litigation decided not to appeal this case to the Supreme Court and the Chief of the Department of Special Investigations did not contest such decision not to appeal to the Supreme Court, the case is therefore final.

- 2) On 2 April 2010, with respect to the sale of goods to the third party, the Central Intellectual Property and International Trade Court ordered the Company to pay to the third party the amount of USD 2,964,151, which as at 31 December 2012 are equivalent to a total of Baht 91 million together with interest at the annual rate of 5% until the payment has been fully made and a related arbitration, legal and interest expenses of USD 932,755, which as at 31 December 2012 are equivalent to a total of Baht 29 million with default interest.

The Company filed the appeal with the Supreme Court on 1 June 2010 and the third party filed an answer to the appeal with the Supreme Court on 17 August 2010. This case is in the process of consideration by the Supreme Court. The Company recorded a provision for fine of Baht 200 million in the financial statements in 2011.

On 24 February 2012, the Company made the payment in accordance with the Court of the First Instance's order by way of depositing cashier cheques to be payable under the name of "Finance Section, Legal Execution Department" with the official receiver, totaling Baht 180.3 million, which is recognized as deposit for such payment under other non-current assets in the consolidated and the separate's financial statements for the period ended 31 December 2012.

On 31 July 2012, the Court issued its order for the stay of execution of the judgment by suspension of the payment of the money placed by the Company with an executing officer until such time as the Court will direct an otherwise.

The foreign company filed an appeal against the order of the Court of the First Instance. The Company submitted an answer to the Appeal on 10 October 2012.

23 Other non-current liabilities

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Provision for reinstatement costs		126,122	118,124	111,588	106,794
Unearned gain from sale of land	4	-	-	168,530	168,530
Unearned dividend	45(1)	194,988	-	194,988	-
Guarantee		21,668	23,174	-	-
Others		4,633	5,136	-	-
Total		347,411	146,434	475,106	275,324

24 Share capital

	Par value per share (in Baht)	2012		2011	
		Number	Baht (thousand shares /thousand Baht)	Number	Baht
Authorised					
At 1 January					
- ordinary shares	10	2,481,500	24,815,000	2,481,500	24,815,000
At 31 December					
- ordinary shares	10	2,481,500	24,815,000	2,481,500	24,815,000
Issued and paid-up					
At 1 January					
- ordinary shares	10	2,019,000	20,190,000	2,019,000	20,190,000
At 31 December					
- ordinary shares	10	2,019,000	20,190,000	2,019,000	20,190,000

25 Treasury shares held by a subsidiary

The meeting of the Plan Administrator held on 3 March 2003 approved the donation of 20 million ordinary shares of the Company by assigning a subsidiary company to purchase shares of the Company on the Stock Exchange of Thailand at a price per share not exceeding Baht 17 and paid advances to the subsidiary company of Baht 393 million. In the first quarter of 2003, the subsidiary made purchases of the Company's shares on the Stock Exchange of Thailand totalling Baht 411 million. Of these, 20 million shares purchased by the subsidiary for Baht 333 million are intended to be donated.

In the second quarter of 2012, the subsidiary sold 2.2 million of the Company's shares to an indirect subsidiary with total cost of Baht 26.7 million. Loss on sale of the said investments of Baht 0.9 million was recognized as a deduction surplus on treasury shares held by a subsidiary and retained earnings, respectively. As a result, as at 31 December 2012, the remaining balance of the treasury shares held by a subsidiary of shares 22 million at cost of Baht 359.2 million is presented as a separate category within equity and recognised as a deduction from equity in the consolidated financial statements.

26 Reserves

Reserves comprise:

Appropriations of profit

Legal reserve

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

Other components of equity

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Valuation surplus

The valuation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statement of changes in equity.

27 Segment information

Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

- Cement
- Plastic
- Concrete
- Electricity
- Biological products
- Ammonium nitrate and nitric acids
- Fuel oil, gas and others

(a) **Business segment results**

(in thousand Baht)

	Revenue from external customers		Inter-segment revenue		Reportable segment profit (loss) before income tax	
	2012	2011	2012	2011	2012	2011
Cement	13,095,619	10,980,931	4,574,111	2,274,108	(628,832)	7,217,250
Plastic	6,721,048	7,823,629	5,290,649	5,605,605	713,672	2,982,826
Concrete	4,845,996	3,931,313	5,467	15,444	164,945	82,924
Electricity	-	-	685,913	617,953	276,283	372,989
Biological products	151,571	228,926	818,972	824,891	240,189	235,856
Ammonium nitrate and nitric acids	789,473	818,665	14,000	13,720	172,041	209,754
Fuel oil, gas and others	754,090	760,746	32,859	15,300	(21,030)	(24,363)
Total	26,357,797	24,544,210	11,421,971	9,367,021	917,268	11,077,236
Elimination of inter-segment profits					(551,608)	(379,481)
Profit before income tax expense for the year					365,660	10,697,755

(b) **Business segment financial position**

(in thousand Baht)

	Segment assets	
	2012	2011
Cement	65,782,792	63,574,520
Plastic	8,735,040	7,093,443
Concrete	2,039,457	1,342,711
Electricity	2,386,658	2,096,306
Biological products	4,806,235	3,320,135
Ammonium nitrate and nitric acids	1,153,113	1,310,109
Fuel oil, gas and others	153,426	664,807
	85,056,721	79,402,031
Unallocated assets	3,495,218	546,943
Total	88,551,939	79,948,974
Elimination of inter-segment assets	(12,016,589)	(8,265,676)
Total assets	76,535,350	71,683,298

28 Gain on the master restructuring agreement

(in thousand Baht)

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Debt repurchased				
Principal	-	2,026,834	-	2,026,834
Accrued interest	-	89,516	-	89,516
Payment methods				
Cash	-	(38,883)	-	(38,883)
Loans from financial institution	-	(1,506,948)	-	(1,506,948)
Total gain on the master restructuring agreement for the year	-	570,519	-	570,519

The Company repurchased debt at a discount price from financial institution creditors. The Company discharged its principal debts outstanding and accrued interest payable, respectively for payment. Discount on debt repurchase has been recognised as gain on the master restructuring agreement.

29 Investment income

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Dividend income					
Jointly-controlled entities	10	-	-	249,984	135,000
Other parties		2,082	9,371	2,082	9,371
		<u>2,082</u>	<u>9,371</u>	<u>252,066</u>	<u>144,371</u>
Interest income					
Subsidiaries		-	-	42,194	38,034
Other parties		23,221	34,909	8,592	17,742
		<u>23,221</u>	<u>34,909</u>	<u>50,786</u>	<u>55,776</u>
Other investment income					
Others parties		4,314	4,972	2,271	1,653
		<u>4,314</u>	<u>4,972</u>	<u>2,271</u>	<u>1,653</u>
Total		<u>29,617</u>	<u>49,252</u>	<u>305,123</u>	<u>201,800</u>

30 Other income

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Sale stream	8,920	30,961	8,920	30,961
Rental trucks income	204,125	112,324	204,125	112,324
Services income	-	-	79,703	53,718
Income from sale of spare parts	46,464	22,265	46,464	22,265
Others	197,009	122,204	154,201	129,013
Total	<u>456,518</u>	<u>287,754</u>	<u>493,413</u>	<u>348,281</u>

31 Selling expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Personnel expenses	465,912	429,536	368,027	332,057
Depreciation and amortization	69,816	63,384	47,509	40,003
Maintenance expenses	26,370	6,778	15,229	5,398
Delivery expenses	2,473,670	1,868,519	2,360,257	1,784,533
Other selling expenses	802,678	781,914	647,719	917,478
Total	<u>3,838,446</u>	<u>3,150,131</u>	<u>3,438,741</u>	<u>3,079,469</u>

32 Administrative expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Personnel expenses	469,865	383,628	377,232	301,077
Depreciation and amortization	35,884	26,722	33,430	25,163
Maintenance expenses	27,283	104,505	26,462	102,156
Loss on impairment of assets (reversal)	(13,103)	(1,591)	-	-
Bad and doubtful debt expenses (reversal)	(52,026)	(5,859)	(45,019)	(61,714)
Loss on sale investments	271,813	-	271,813	-
Other administrative expenses	412,672	423,569	321,864	382,141
Total	<u>1,152,388</u>	<u>930,974</u>	<u>985,782</u>	<u>748,823</u>

33 Employee benefit expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Management				
Wages and salaries	261,753	277,645	246,125	262,998
Others	36,248	34,874	34,561	32,697
	<u>298,001</u>	<u>312,519</u>	<u>280,686</u>	<u>295,695</u>
Other employees				
Wages and salaries	3,255,398	2,592,685	2,544,601	2,208,808
Others	460,628	254,759	346,144	195,641
	<u>3,716,026</u>	<u>2,847,444</u>	<u>2,890,745</u>	<u>2,404,449</u>
Total	<u>4,014,027</u>	<u>3,159,963</u>	<u>3,171,431</u>	<u>2,700,144</u>

The defined contribution plans comprise provident funds established by some companies of the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the company at from 3% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

34 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Included in cost of sales of goods:					
Changes in inventories of finished goods and work in progress		482,609	(1,951,875)	1,030,566	(1,847,157)
Raw materials and consumables used		12,560,862	10,348,529	6,957,428	5,951,234
Depreciation of property, plant and equipment	14	1,855,653	1,659,131	1,443,097	1,372,525
Amortisation of intangible assets	16	16,959	22,499	16,959	22,499
Included in selling expenses:					
Depreciation of property, plant and equipment	31	69,720	63,384	47,413	40,003
Amortisation of intangible assets	31	96	-	96	-
Included in administrative expenses:					
Depreciation of property, plant and equipment	32	24,278	19,827	21,824	18,268
Amortisation of intangible assets	32	11,606	6,895	11,606	6,895

35 Finance costs

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Interest expense :					
Related party	4	1,033	-	14,855	-
Bank loan and overdrafts		289,805	228,183	250,968	217,047
Other finance cost		-	5,148	-	-
Total interest expense		<u>290,838</u>	<u>233,331</u>	<u>265,823</u>	<u>217,047</u>
Less: amounts included in the cost of qualifying assets:					
- Construction contracts work in progress		(71,054)	-	(71,054)	-
Net		<u>219,784</u>	<u>233,331</u>	<u>194,769</u>	<u>217,047</u>

36 Income tax expense

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current tax expense				
Current year	89,905	921,523	-	825,370
Adjustment for prior years	<u>27,515</u>	<u>24,890</u>	<u>10,959</u>	<u>24,890</u>
Total income tax expense	<u>117,420</u>	<u>946,413</u>	<u>10,959</u>	<u>850,260</u>

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

The current tax expense in the consolidated and separate statements of income for the year ended 31 December 2012 is more than the amount determined by applying the Thai corporation tax rate to the accounting profit (loss) for the year principally because of the different treatment for accounting and taxation purposes of certain items of income and expense, in particular, the component of assets. In addition, the current tax expense in the consolidated and separate statements of income for the year ended 31 December 2011 is less than the amount determined by applying the Thai corporation tax rate to the accounting profit (loss) for the year principally because of the different treatment for accounting and taxation purposes of certain items of income and expense, in particular, the reversal of provision for fine, the gain on the master restructuring agreement, the dividend income, the difference of depreciation from extension of useful life of building and equipment.

37 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to chemical products, natural gas stations, power plants, plastic film products and organic fertilizer. The privileges granted include:

- (a) exemption from payment of import duty on machinery and equipment approved by the Board;
- (b) exemption from payment of corporate income tax for certain operations for a period of 3-8 years from the dates on which the income is first derived from such operations;
- (c) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in (b) above; and
- (d) a deduction of twice the actual transportation, electrical and water supply expenses for a period of 10 years from the respective revenues and a 25% reduction of the capital expenditure for the installation or the construction of the facilities in addition to the normal depreciation.

As a promoted company, the Company and its subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

(in thousand Baht)

	Consolidated financial statements					
	2012			2011		
	Promoted business	Non Promoted business	Total	Promoted business	Non Promoted business	Total
Export sales	2,179	8,896,370	8,898,549	1,937	7,073,627	7,075,564
Local sales	1,741,245	27,139,974	28,881,219	1,672,689	25,162,978	26,835,667
Eliminations	(1,538,871)	(9,883,100)	(11,421,971)	(1,573,962)	(7,793,059)	(9,367,021)
Total Revenue	204,553	26,153,244	26,357,797	100,664	24,443,546	24,544,210

(in thousand Baht)

	Separate financial statements					
	2012			2011		
	Promoted business	Non Promoted business	Total	Promoted business	Non Promoted business	Total
Export sales	-	405,316	405,316	-	198,821	198,821
Local sales	65,656	21,049,630	21,115,286	51,726	19,928,061	19,979,787
Total Revenue	65,656	21,454,946	21,520,602	51,726	20,126,882	20,178,608

38 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

(in thousand Baht/thousand shares)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit attributable to ordinary shareholders of the Company (basic)	248,240	9,751,342	22,655	9,285,163
Number of ordinary shares outstanding at 1 January	2,019,000	2,019,000	2,019,000	2,019,000
Effect of own shares held by a subsidiary	(22,216)	(22,216)	-	-
Weighted average number of ordinary shares outstanding (basic)	1,996,784	1,996,784	2,019,000	2,019,000
Earnings per share (basic) (in Baht)	0.12	4.88	0.01	4.60

39 Dividends

At the annual general meeting of the shareholders of the Company held on 26 April 2012, the shareholders approved the appropriation of dividend of Baht 0.15 per share, amounting to Baht 302.84 million. The dividend was paid to shareholders during 2012.

At the annual general meeting of the shareholders of the Company held on 27 April 2011, the shareholders approved the appropriation of dividend of Baht 0.15 per share, amounting to Baht 302.85 million. The dividend was paid to shareholders during 2011.

40 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly floating. The Group is primarily exposed to interest rate risk from its borrowings (see note 18).

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective Interest rate	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2012	(% per annum)	(in thousand Baht)			
Current					
Bank overdraft and short-term loans from financial institutions	MOR - MOR+2	1,603,271	-	-	1,603,271
Current portion of long-term loans	MLR - 2 - MLR	1,284,702	-	-	1,284,702
Non-current					
Long-term loans from financial institutions	MLR - 2 - MLR	-	1,355,263	36,000	1,391,263
Total		2,887,973	1,355,263	36,000	4,279,236
2011					
Current					
Bank overdraft and short-term loans from financial institutions	MOR - MOR+1	865,967	-	-	865,967
Current portion of long-term loans	MLR - 2 - MLR	1,062,999	-	-	1,062,999
Non-current					
Long-term loans from financial institutions	MLR - 2 - MLR	-	2,353,877	-	2,353,877
Total		1,928,966	2,353,877	-	4,282,843

	Effective Interest rate	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2012	(% per annum)	(in thousand Baht)			
Current					
Bank overdraft and short-term loan from financial institutions	MOR - MOR+2	1,057,437	-	-	1,057,437
Current portion of long-term loans	MLR - 2 - MLR	1,250,425	-	-	1,250,425
Non-current					
Long-term loans from financial institutions	MLR - 2 - MLR	-	1,355,263	36,000	1,391,263
Total		2,307,862	1,355,263	36,000	3,699,125
2011					
Current					
Bank overdraft and short-term loans from financial institutions	MOR - MOR+1	352,905	-	-	352,905
Current portion of long-term loans	MLR - 2 - MLR	1,047,697	-	-	1,047,697
Non-current					
Long-term loans from financial institutions	MLR - 2 - MLR	-	2,319,600	-	2,319,600
Total		1,400,602	2,319,600	-	3,720,202

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated sales, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
United States Dollars					
Cash and cash equivalents	5	93,759	93,676	782	142
Trade accounts receivable	7	358,300	285,287	-	-
Interest-bearing liabilities	18	(724,773)	(668,772)	(246,943)	(192,564)
Trade accounts payable	19	(444,508)	(368,293)	(919)	(63,212)
Gross financial position exposure		(717,222)	(658,102)	(247,080)	(255,634)
EURO					
Cash and cash equivalents	5	62	219	48	141
Interest-bearing liabilities	18	(134,081)	(118,626)	(120,484)	(118,626)
Trade accounts payable	19	(7,994)	(60,309)	-	(60,309)
Gross financial position exposure		(142,013)	(178,716)	(120,436)	(178,794)
Others					
Cash and cash equivalents	5	281	256	252	255
Trade accounts payable	19	(273)	-	-	-
Gross financial position exposure		8	256	252	255
Currency forwards - sold		-	314,416	-	-

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on obtaining sufficient collateral from customers before commencing trading. The collateral include bank guarantees, bill of exchange aval by banks, cash guarantees, or the personal guarantee by a creditworthy person. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity and debt securities, held to maturity and available for sales, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

The fair value of forward exchange contracts is based on their listed market price.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair values of financial assets and liabilities, together with the carrying values shown in the statement of financial position at 31 December were as follows:

	<i>(in thousand Baht)</i>			
	Consolidated financial statements			
	2012		2011	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets:				
Prepaid rentals	100,527	187,914	111,283	190,488

	<i>(in thousand Baht)</i>			
	Separate financial statements			
	2012		2011	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets:				
Prepaid rentals	74,878	140,429	82,508	142,353

Forward foreign exchange contracts

At 31 December the outstanding forward foreign exchange contracts are summarised as follows:

Currency	Consolidated financial statements							
	2012				2011			
	Amount	Average	contract	Fair value	Amount	Average	contract	Fair value
	Contract rate				Contract rate			
	(in thousand USD)		(in thousand Baht)	(in thousand USD)		(in thousand Baht)		
Forward contracts sold								
US Dollar	-	-	-	-	10,013	31.40	314,416	319,564
Total			<u>-</u>	<u>-</u>			<u>314,416</u>	<u>319,564</u>

The fair values of forward foreign exchange contracts have been calculated using market rates quoted by the Group's bankers to terminate the contracts at the reporting date.

41 Commitments with non-related parties

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Capital commitments				
<i>Contracted but not provided for</i>				
Agreements for construction, machine and equipment	1,028,110	945,823	1,000,276	774,892
Non-cancellable operating lease commitments				
Within one year	85,722	69,436	42,893	29,579
After one year but within five years	113,479	103,686	67,649	46,461
After five years	2,901	4,352	2,901	4,352
Total	<u>202,102</u>	<u>177,474</u>	<u>113,443</u>	<u>80,392</u>
Other commitments				
Unused letters of credit	325,433	341,255	324,318	341,255
Purchase agreement for raw material	2,828,394	387,500	-	-
Forward contracts - sold (see note 40)	-	314,416	-	-
Bank guarantees	306,053	228,269	245,206	193,547
Total	<u>3,459,880</u>	<u>1,271,440</u>	<u>569,524</u>	<u>534,802</u>

42 Contingent liabilities

As at 31 December 2012, the Company had the major lawsuits as follows:

- 1) In 2011, an overseas company as the plaintiff filed its complaint against the Company with the Central Intellectual Property and International Trade for sea freight and interest in the amount of Baht 5,394,078. On 30 December 2011, the Court issued its judgment of dismissal of the complaint of the overseas company. The overseas company, subsequently, appealed to the Supreme Court on 23 April 2012. This case is in the process of consideration by the Supreme Court.
- 2) On 26 May 2009, a Thai company, as the plaintiff, filed a lawsuit against the Company and others in the total of 6 persons to the Southern Bangkok Criminal Court on the charges in relation to Sections 5, 307, 308, 311, 313 and 315 of the Securities and Exchange Act B.E. 2535. On 25 November 2011, the Court issued its judgment of dismissal of the complaint of the plaintiff. The plaintiff filed an appeal. This case is in the process of consideration by the Appeal Court.

- 3) In 1996 and 1997, the Company entered into the supply and engineering contracts for the Fourth Cement Plant Project with two overseas companies totaling DM 298 million (or EUR 151 million equivalent) which as at 31 December 2012 were equivalent to Baht 6,170 million (2011: Baht 6,224 million), individually the çPrevious Supply Contracté and the çPrevious Engineering Contracté. The Company's legal adviser has an opinion that these contracts have not been completed as the Company's banker has withdrawn finance for the project under the conditions of the borrowings from the bank. As at 31 December 2012 the Company had made advance payments for machinery of Baht 271 million (2011: 274 million), shown as other non-current assets in the consolidated and the separate financial statements. No allowance has been made for any impairment in value of these advance payments or for any other matters relating to the supply and engineering contracts. The management believes that finally the Company would receive such machinery after finance is made available. In May 2001, the Official Receiver ordered payments to be made to two creditors totalling DM 132 million (or EUR 68 million equivalent), including interest. On 4 July 2001, the Company filed the petitions with the Central Bankruptcy Court appealing against the decision of the Official Receiver. The Central Bankruptcy Court's decision dated 27 December 2001, ordered the Company to make payments to 2 such creditors totalling DM 93 million (or EUR 47 million equivalent), which as at 31 December 2012 are equivalent to a total of Baht 1,920 million (2011: Baht 1,943 million) including interest charged at the rate of 7.5% per annum (the Potential Liability of the Company). The Company disagreed with the Central Bankruptcy Court's decision and appealed to the Supreme Court on 25 January 2002. Currently, the Supreme Court is considering its decision. The outcome of this matter is presently uncertain and, therefore, the Company has not recorded such liabilities in the financial statements.

On 15 March 2012, the Company entered into a new Supply Contract with the same overseas supplier company, a new Engineering Contract with the wholly owned subsidiary on one of the overseas companies and settlement agreement with the two overseas companies under which the overseas companies shall suspend all rights under the Potential Liability of the Company according to the Central Bankruptcy Court's order until the effective date of the New Supply Contract and the New Engineering Contract. Upon the effective date of the New Supply Contract and the New Engineering Contract, the overseas companies shall waive all rights against the Company under the Potential Liability of the Company, i.e., the Company will not be liable to these two overseas companies. The Company shall fulfill the conditions under both agreements to made agreements effective.

- 4) The Company, the government authority and a government officer were sued by the Claimant that the Claimant processed of 8 plots of land under utilization certificates. Issuance of concession by the government authority was not legitimate and overlapped 8 plots of land of the Claimant.

The Central Administrative Court had considered and adjudged on 5 July 2012 that Issuance of concession by the government authority was legitimate and did not overlap 8 plots of land of the Claimant. The Complaint was therefore dismissed.

The Claimant filed an appeal to the Supreme Administrative Court. This case is in the process of consideration for acceptance of the appeal by the Central Administrative Court.

- 5) As at 31 December 2012, the Company and its subsidiaries had contingent liabilities arising from certain claims filed by certain creditors with the Official Receiver in the amount of Baht 65 million. Consequently, the Official Receiver and/or the Central Bankruptcy Court issued an order to the Company and the subsidiaries to pay such creditors in the amount of Baht 16 million. Currently, both the Company and the creditors have appealed against such order to the Central Bankruptcy Court and the Supreme Court. The Company has not recorded any liability in the financial statements for these claims as the outcome is uncertain.
- 6) On 23 December 2008, a Thai company, as the plaintiff, filed a lawsuit against the Company with the Rayong Provincial Court on the grounds of breach of contract and claim for damages of approximately Baht 228 million. The Company disputed these charges and filed a defence that these matters were not true and that the management of the plaintiff has no power to submit the contesting that lawsuit against the Company. On 29 February 2012, the plaintiff filed with the Court a request for withdrawing the case. The Court granted permission and struck the case out of the case list. The case is therefore final.

43 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 12 - Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Group does not recognise deferred tax in the financial statements.

The Group will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 and 2011 will be as follows:

	<i>(in thousand Baht)</i>			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Statement of financial position				
Estimated changes as a result of the adoption retrospectively of TAS 12 - Income taxes:				
Increase (decrease) in deferred tax assets	473,464	461,593	427,750	350,063
Increase (decrease) in deferred tax liabilities	6,333,026	5,941,317	6,333,026	5,836,586
Increase (decrease) in revaluation surplus	(5,753,069)	(5,374,481)	(5,762,389)	(5,283,505)
Increase (decrease) in Fair value	50	49,763	50	49,763
Increase (decrease) in retained earnings	(106,543)	(155,006)	(142,937)	(252,781)
Increase (decrease) in shareholders' equity	<u>(5,859,562)</u>	<u>(5,479,724)</u>	<u>(5,905,276)</u>	<u>(5,486,523)</u>

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

44 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2011, which are included in the 2012 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2012 financial statements as follows:

	2011					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<i>(in thousand Baht)</i>						
Statement of financial position						
Other current assets	217,963	-	217,963	144,050	(44,362)	99,688
Receivable and advances to related parties	180	-	180	483,454	44,362	527,816
Intangible assets	320,233	(7,567)	312,666	312,666	-	312,666
Property, plant and equipment	58,292,006	7,567	58,299,573	52,540,839	-	52,540,839
Other payables	640,034	-	640,034	615,566	(226,404)	389,162
Other current liabilities	1,687,963	(1,268)	1,686,695	1,485,491	(69,133)	1,416,358
Payable and advances from related parties	5,234	1,268	6,502	126,322	295,537	421,859

The reclassifications have been made because, in the option of management, the new classification is more appropriate to the Group's business.

45 Others

- As of 23 July 2010, there was a case in which a foreign company (Plaintiff) sued a joint venture of the Company (1st Defendant) and others (2nd to 5th Defendants) at the South Bangkok Civil Court (๓๓๓๓๓๓๓๓). The Court has since ruled that the five Defendants shall record the name and address of the office of the Plaintiff in the shareholders registry, and list the shareholders of the 1st Defendant. These five Defendants had testified that the Plaintiff is not a shareholder of the 1st Defendant and without authorisation to pursue such matter. It was requested that such claim be dismissed. The Company (co-defendant) is one of the shareholders of the 1st Defendant that joined the case to be a co-defendant and to counterclaim, asking the Court to rule that the Plaintiff and/or another foreign company (a shareholder of the 1st Defendant) could act jointly or on behalf of the other, in transferring 1.8 million shares, which were held by one of the shareholders of the 1st Defendant, at the price of Baht 191.7 million, to the co-defendant or a designated person of the co-defendant. This is because one of the shareholders of the 1st Defendant breached the terms and conditions of the joint venture agreement between the 1st Defendant and the co-defendant, and a shareholder of a 1st Defendant.

On 5 October 2011, such claim was dismissed by the Court, who ruled that the Plaintiff shall transfer 1.8 million shares to the co-defendant or a designated person of the co-defendant at a price not exceeding the net asset value, calculated based on the date of transfer, deducted by the amount of dividend, Baht 887.1 million. If the Plaintiff fails to carry out such transfer, the judgement of the Court shall represent the intention of the Plaintiff. The 1st Defendant shall record such shares in the name of the co-defendant, or a designated person of the co-defendant, in the shareholders registry, and list the shareholders of the 1st Defendant. The co-defendant shall be responsible for effectuating the payment of the share price to the Plaintiff. Also, the Court has read the judgement to the parties and the Plaintiff shall, within 30 days, comply with the judgement. If the Plaintiff fails to comply, there could be a confiscation, arrest or imprisonment, pursuant to the Civil Procedure Code. The Plaintiff, the five Defendants, and the co-defendant, have been informed of such order since

5 October 2011. All parties shall comply with the judgement and complete their actions by Friday, 4 November 2011.

On 21 October 2011, the Plaintiff filed an appeal, a petition for a stay of execution and a petition for a stay of execution in an emergency case. Subsequently, on 25 October 2011, the judge in charge of the case considered the petition for a stay of execution and the petition for a stay of execution in an emergency case. The Court decided that these petitions were not for an emergency case and therefore dismissed them. On the same day, the Plaintiff filed a petition to the Chief Judge of the South Bangkok Civil Court to return the case file and record. Such petition of the Plaintiff caused the judge in charge of the case to withdraw from such case. In fact, the Chief Judge of the South Bangkok Civil Court subsequently distributed the case to another judge. However, as for the case in which the Plaintiff filed an appeal and a petition for a stay of execution, the five Defendants and the co-

defendant filed an appeal and an objection to the petition for a stay of execution. The Court of Appeal is currently considering such case, and the parties have the duty to comply with the judgement and the order of the Court of First Instance, until a contrary order or judgement of the Court of Appeal is granted.

All parties shall comply with the judgement and complete their actions by Friday, 4 November 2011. However, the Plaintiff has thus far failed to receive payment for the outstanding share price that the co-defendant has to pay to the Plaintiff before the Plaintiff can transfer the shares to the Defendant in accordance with the judgement. Therefore, on Monday, 7 November 2011, the Company (co-defendant) brought the share price which was to be paid to the Plaintiff in accordance with the judgement; such share price did not exceed the net asset value calculated on the date of transfer, deducted by the dividend amount of Baht 887.1 million. Therefore, the outstanding share price which the co-defendant has to pay the Plaintiff in accordance with the judgement is Baht 19.6 million. The co-defendant prepared a cashier's cheque to pay the outstanding share price, after deduction of dividends, for collection by the Plaintiff on Friday, 4 November 2011. The Plaintiff defaulted and the co-defendant had to pay the Plaintiff to settle the co-defendant's liability under the law by placing such money at the Office of Property Deposit, Legal Execution Department, on Monday, 7 November 2011. The judgement of the Court shall reflect the intention of the Plaintiff, and once the co-defendant paid the full and complete share price to the Plaintiff according to the judgement of the defendant, the 1st Defendant recorded 1.8 million shares held by one of the 1st Defendant's shareholders, in the name of the Company (co-defendant), in the shareholders registry, and the list of shareholders of the 1st Defendant; and submitted a copy of the list of shareholders (BOJ. 5) of the 1st Defendant to the Registrar of Partnership and Company, Bangkok Department of Business Development, Ministry of Commerce. After the Plaintiff had defaulted and the co-defendant had paid the share price to the Plaintiff according to the judgment and the order of the Court, on the same day, which was on 7 November 2011, resulting in the Company (Co-defendant) increases its shareholding in the 1st Defendant from 50% to 89%. The co-defendant had to place its payment of the outstanding share price to the Plaintiff at the Office of Property Deposit. This was as a result of the Plaintiff's default of its obligation to comply with the judgement and order by Friday, 4 November 2011. The Legal Execution Department issued a receipt as evidence to the co-defendant on 10 November 2011.

Later, on 15 November 2011, the Plaintiff filed a petition for temporary protection and asked the Court to prohibit the 1st Defendant from making changes to the list of the shareholders of the 1st Defendant until the case is finalised. The five Defendants and the co-defendant collectively objected. Afterwards, on 7 February 2012, the Court, under a new judge in charge of the case, ordered the withdrawal of the shares transfer from the 1st Defendant to the co-defendant. Also, there was an order to inform the Registrar of Partnership and Company, Bangkok Department of Business Development, Ministry of Commerce, of such order; and the Registrar was thusly informed of such order. The 1st Defendant filed an appeal against such Court order on 2 March 2012. The Court of Appeal is currently considering such case.

The 1st Defendant relies on the shareholders registry of the 1st Defendant, with names and addresses as appeared in the shareholders registry and the list of shareholders of the 1st Defendant as of 7 November 2011; of which the 1st Defendant has submitted such documents to the Registrar of Partnership and Company, Bangkok Department of Business Development, Ministry of Commerce. Such shareholders registry and the list of shareholders of the 1st Defendant are correct.

Subsequently, on 26 December 2012, the foreign company filed a complaint with the South Bangkok Civil Court against the Company and other 13 defendants on the grounds of tort, director's liability, return of properties and request for damages. The Plaintiff claimed inter alia that the extraordinary general meeting No.1/2555 of the joint venture of the Company approving payment of dividends of Baht 445 million to the Company is illegal and that the Company return the such dividends together with the interest thereon at the rate of 7.5% per annum to the foreign company. This case is pending in the Court.

The transfer of shares of the joint venture is currently being considered by the Appeal Court and therefore pending resolution of this matter the Company has prepared consolidated financial statement as at 31 December 2012 using former proportion at shareholder. Dividends received from joint venture during the period related to the increase in share holding were recorded as deferred income.

- 2) At the 2012 Annual General Meeting of Shareholders of the Company, held on April 26, 2012, it was resolved and approved to issue and offer for sale debentures for working capital and future project investment purposes of the Company. The debentures will be issued in the amount up to Baht 10,000 million. The maturity of which will not be over 7 years from the issuing date of each issuance. Interest rate offered will be subject to the prevailing market conditions at the time of issuance and offering.



บริษัท ทีพีโอ โพลีน จำกัด (มหาชน)
TPI POLENE Public Company Limited

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