



ANNUAL REPORT 2013

THE SIAM CEMENT PUBLIC COMPANY LIMITED



SCG, a leading business conglomerate in the ASEAN region, has committed itself to conducting business in line with good corporate governance and sustainable development principles throughout the past 100 years. The Group’s longstanding tradition of learning, adjustment and development in all areas has enabled SCG to survive the wave of crises and challenges and earn widespread recognition as a role model for other businesses, both locally and internationally.

SCG was established in 1913 following a royal decree of His Majesty King Rama VI to produce cement, the main building material for infrastructure projects that greatly contributed to the progress of the country during that period. Since its inception, SCG has grown continually and diversified into three core businesses, namely SCG Cement-Building Materials, SCG Chemicals, and SCG Paper.

SCG has embarked on a new century of sustainable business operations with relentless commitment to organizational development. The Group pledges to drive innovation in products, services, processes, and business models to create higher value and address the needs of all parties concerned. This runs concurrent with promoting the sustainable progress of the communities where SCG operates to uplift people’s quality of life as well as contribute to a better society and a sustainable environment.

MEMBER OF

Dow Jones

Sustainability Indices

In Collaboration with RobecoSAM

SCG has been awarded Industry Leader in Construction Materials on the Dow Jones Sustainability Indices (DJSI) by Robeco Sustainable Asset Management (RobecoSAM) for three consecutive years since 2011 and has been ranked Gold Class, the highest group, for six consecutive years since 2008.

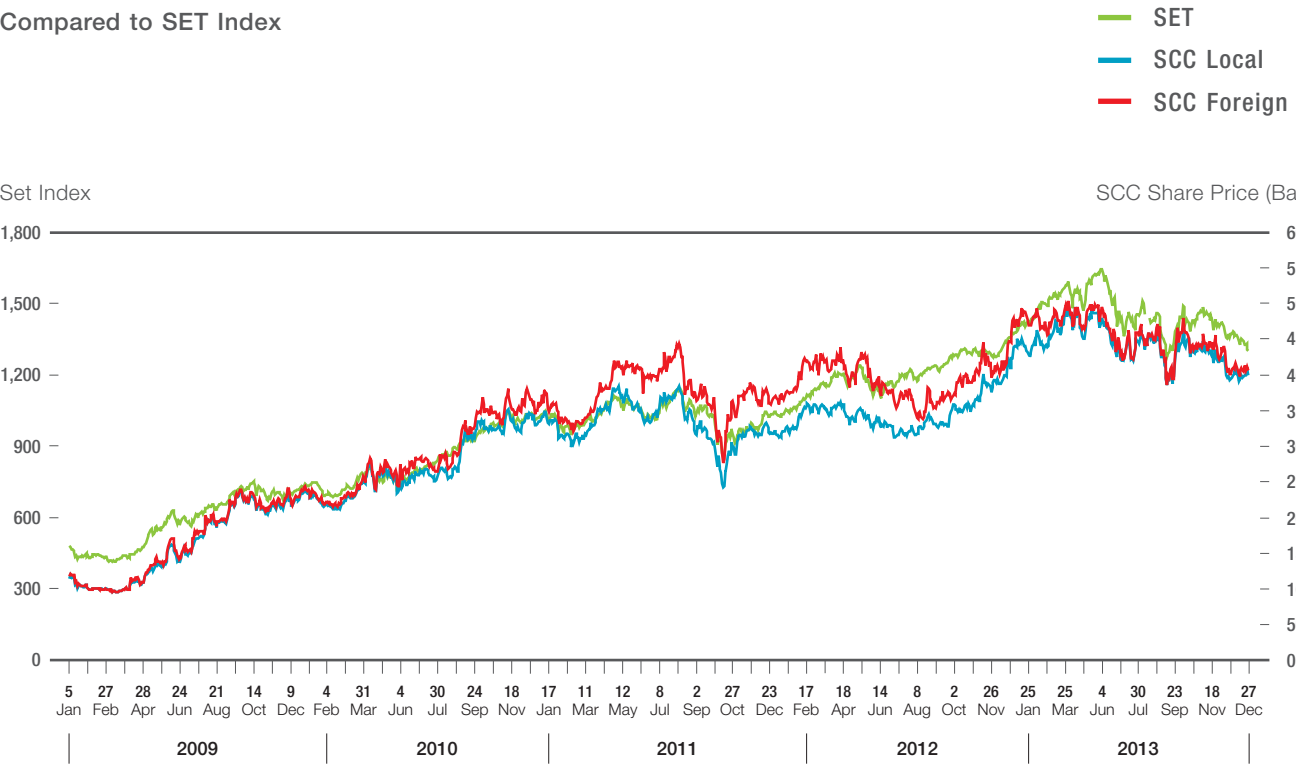
Content

Investor Information	1
Financial Overview	2
Message from the Board of Directors	4
Organizational Structure	6
Operating Results	8
SCG Cement-Building Materials	10
SCG Chemicals	12
SCG Paper	14
The Governance and Nomination Committee’s Report	16
The CSR Committee for Sustainable Development’s Report	17
Corporate Governance Report	18
Supplementary Information	62
Financial Statements	104
Report on the Board of Directors’ Responsibilities for Financial Statements	105
The Audit Committee’s Report	106
Consolidated Financial Statements of The Siam Cement Public Company Limited and Its Subsidiaries	108
Financial Statements of The Siam Cement Public Company Limited	188

Investor Information

Stock Code	SCC	Contacts
	(Listed on the Stock Exchange of Thailand - SET)	Corporate Headquarters
Registration No.	0107537000114	Tel. 66-2586-3333, 66-2586-4444
Type of Business	Holding company	Fax 66-2586-2974
Website	www.scg.co.th	e-mail: info@scg.co.th
Year of Establishment	1913	Corporate Secretary Office
First Trade Date	April 30, 1975	Tel. 66-2586-6098
Headquarter Address	1 Siam Cement Road, Bangsue, Bangkok 10800	Fax 66-2586-3007
		e-mail: corporate@scg.co.th
Registered Capital	1,600 Million Baht	Investor Relations Department
Paid-up Capital	1,200 Million Baht	Tel. 66-2586-3309
	Comprised of 1,200 Million ordinary shares	Fax 66-2586-3307
Par Value	1 Baht par value	e-mail: invest@scg.co.th
Preferred Share	None	Corporate Communications Office
Fiscal Year	January 1 - December 31 of each year	Tel. 66-2586-3770
Shareholders	The Crown Property Bureau Group holds approximately 31.6% of shares while the remaining shares are held by other institutional and individual shareholders	Fax 66-2586-2974
		e-mail: corpcomm@scg.co.th
		Independent Directors as Minority Shareholders’ Representative
		Fax 66-2586-3007
		e-mail: ind_dir@scg.co.th

5 Years Share Prices (2009 - 2013)



Financial Overview

The Siam Cement Public Company Limited and Its Subsidiaries

	2013	2012	2011	2010	2009
Income Statement (Million Baht)					
Revenue from sales	434,251	407,601	368,579	301,323	238,664
Costs and expenses	411,322	396,535	354,997	282,911	216,767
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA)	61,265	45,716	46,253	45,949	47,116
Profit for the year without non-recurring items ¹	36,522	23,580	25,298	27,387	24,408
Profit for the year ²	36,522	23,580	27,281	37,382	24,346
Statement of Financial Position (Million Baht)					
Assets ³	440,436	395,573	373,789	359,219	315,992
Liabilities ³	253,414	234,450	210,820	199,649	184,571
Shareholders' equity	187,022	161,123	162,969	159,570	131,421
Equity attributable to owners of the parent	161,792	143,186	140,199	133,117	104,510
Financial Ratio					
Total number of shares issued (Million Shares)	1,200	1,200	1,200	1,200	1,200
Book value per share (Baht)	134.8	119.3	116.8	110.9	87.1
Earnings per share (Baht)	30.4	19.7	22.7	31.2	20.3
Dividends per share (Baht)	15.5	11.0	12.5	12.5	8.5
Dividends payout ratio on profit for the year (%)	51.0	56.0	55.1	40.1	41.9
Return on revenue from sales (%)	8.4	5.8	7.4	12.4	10.2
Return on equity (%)	24.0	16.6	20.0	31.5	25.4
Return on assets (%)	8.7	6.1	7.4	11.1	8.1
EBITDA on total assets (%)	14.7	11.9	12.6	13.6	15.7
Debt to equity ratio (Times) ⁴	1.4	1.5	1.3	1.3	1.4
Price earnings ratio (Times)	13.1	22.3	13.8	10.9	11.6
Net debt to EBITDA ratio (Times)	2.6	3.0	2.4	1.8	2.6

¹ Represents profit before sales of investments, allowance for impairment of investments and others - net of income tax expense.

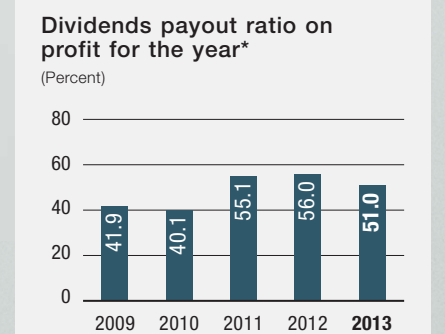
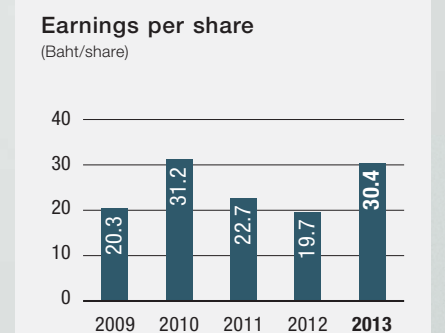
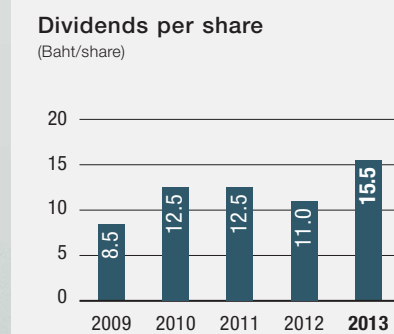
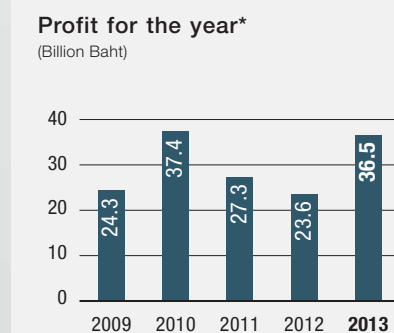
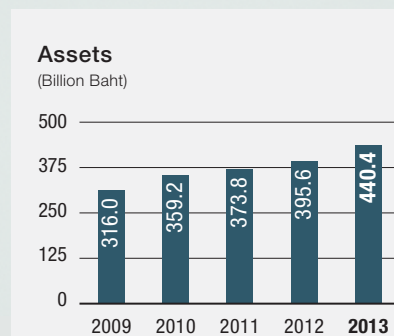
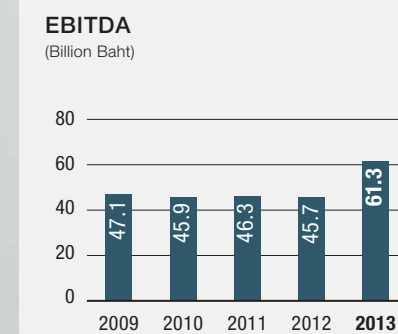
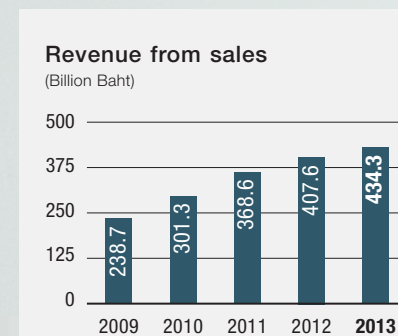
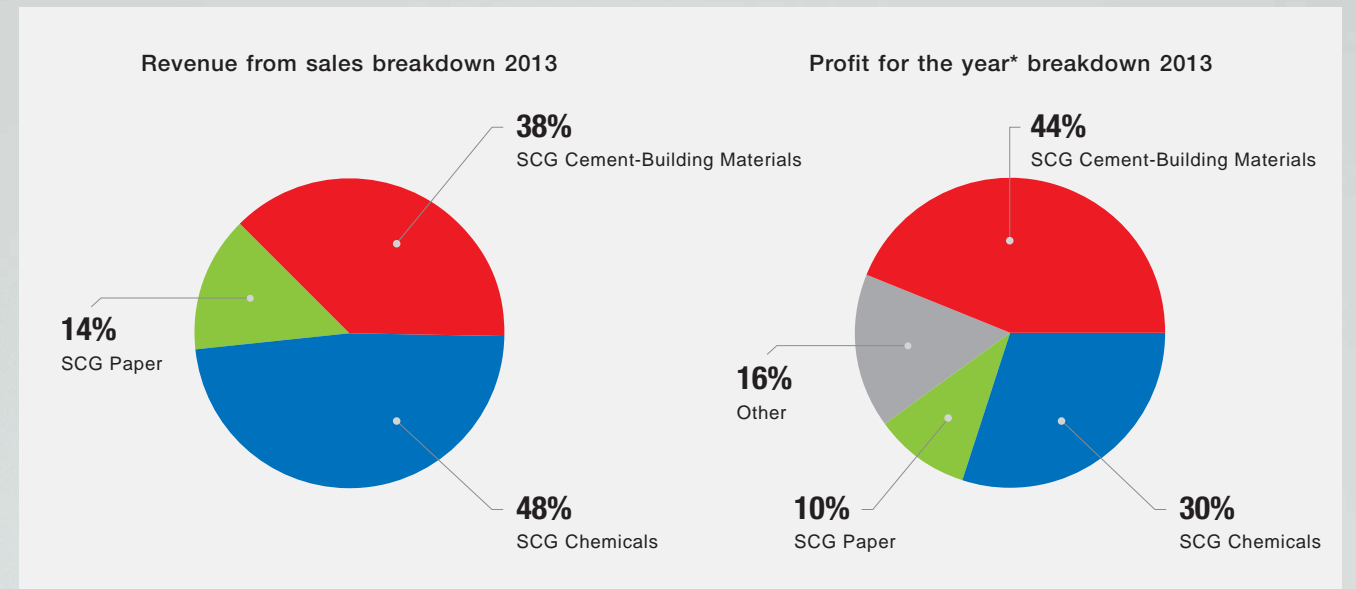
² Represents profit for the year attributable to owners of the parent.

³ The figures for year 2011 are restated for comparative purpose with 2012.

⁴ Debt to equity ratio = Liabilities divided by shareholders' equity

Operating Results

The Siam Cement Public Company Limited and Its Subsidiaries



* Profit for the year attributable to owners of the parent.

Message from the Board of Directors



Chirayu Isarangkun Na Ayuthaya

Chirayu Isarangkun Na Ayuthaya
Chairman

SCG has been dedicated to constantly developing its organization since its establishment in 1913, and has become an ASEAN sustainable business leader. Commemorating SCG's 100th Anniversary in 2013, His Majesty King Bhumibol Adulyadej bestowed SCG's Board of Directors and Management members with a royal anointed inscribed cornerstone for installation at the hall of SCG 100 Years Building at SCG's headquarters in Bangsue, Bangkok. His Majesty also made the following remarks: "Today, I thank the Board of Directors and all the staff for their contribution towards the progress and prosperity of SCG as well as the country's development. Please convey my congratulations to every staff member who is not present today and I would like to thank everyone of you for your efforts to ensure SCG's continued growth for the years to come." This is a truly precious blessing for SCG.

SCG carries out business in a sustainable manner through learning and swift adjustment in anticipation of changing circumstances, enabling SCG to continue to advance its competitive edge and grow steadily. In 2013, SCG reported revenue from sales of 434,251 Million Baht and profit for the year of 36,522 Million Baht. In commemorating SCG's 100th Anniversary, the Board of Directors in October 2013 resolved to pay a special interim dividend of 3.00 Baht per share in addition to the interim dividend of 5.50 Baht per share previously approved by the Board in July 2013. Having taken into account the SCG's performance, its overall financial status, and global economic conditions, the Board of Directors has resolved to propose to the 2014 Annual General Meeting of Shareholders to consider and approve the appropriation of dividends for the year 2013



Kan Trakulhoon

Kan Trakulhoon
President & CEO

at 15.50 Baht per share, or 51% of profit for the year listed on the consolidated financial statements. The final payment of dividend shall be 7.00 Baht per share.

100 Years of Innovations for Sustainability – A Commitment to Continued Development for a Better Tomorrow

Throughout its 100 years of operation, SCG has pledged to drive innovation in products, services, and processes to accommodate customer needs, uplift people's quality of life as well as contribute to a better environment and sustainable society. To that effect, SCG has focused on promoting research and development (R&D). In 2013, SCG invested over 2,068 Million Baht in R&D, representing an increase of 44.6% from the previous year. SCG's R&D and Product Design teams consisting of 1,262 members, 73 of whom hold doctoral degrees, are dedicated to developing high value added products and services (HVA). Sales of HVA have grown steadily to 149,924 Million Baht, accounting for 35% of revenue from sales, while sales of SCG eco value products amounted to 114,770 Million Baht, accounting for 26% of revenue from sales in 2013.

Realizing that research and development is a key contributing factor to enhancing the organization's capabilities to gear up for competition in ASEAN, SCG resolved to raise awareness and encourage organizations to focus on commercialization by staging the Thailand Innovation Forum: R&D to Commercialization. The forum brought together many high-ranking executives from the government and the private sectors to share ideas and practices to build and expand a network for sustainable R&D.

For the entire month of August 2013, SCG showcased the SCG 100th Anniversary Innovative Exposition at SCG Experience, providing opportunities for stakeholders from every sector and the general public to witness innovative products and services, which attested to SCG's steadfast commitment to innovation and development across all business units. Examples include innovative cement that can self-repair cracks; special plastic for medical devices that provides greater access to medical treatment for a better quality of life for all; and innovative dissolving pulp, a material sourced from the eucalyptus tree with added value as a bleached wood pulp for use as a major raw material in the production of rayon for the textile industry.

Entering SCG's Next Century – Becoming a Sustainable Business Leader in ASEAN

In 2013, SCG restructured business, consolidating its three business units in the cement, building materials, and distribution businesses into one business unit called SCG Cement-Building Materials. The business restructuring aimed to further strengthen SCG's operational excellence as well as to accelerate the development of products and services to fulfill consumer needs in a more timely and efficient manner, and to support business expansion in the long term. With this business restructuring completed, SCG is set to enter the second century with three core businesses: SCG Cement-Building Materials, SCG Chemicals, and SCG Paper.

With a firm belief in the potential of the ASEAN Economic Community (AEC) to support strong and sustainable growth, SCG has continued to expand its operations in pursuit of becoming an ASEAN sustainable business leader in accordance with SCG vision. In 2013, SCG invested 50,064 Million Baht in several projects. Chief among them is construction of the first integrated greenfield cement plant in Myanmar, with an annual capacity of 1.8 Million tons. Designed in line with the sustainable development approach, the plant employs the latest clean technology that poses no harm to the environment. In addition to a power plant and waste heat power generator (WHG), the project also includes supporting port facilities and other infrastructure for future expansion. Moreover, SCG acquired an 85% stake in Prime Group Joint Stock Company, Vietnam's leading ceramic tiles manufacturer, giving SCG a combined production capacity of 225 million square meters, currently the world's largest. Added to this was the acquisition of a 90% stake in PT Primacorr Mandiri, Indonesia's leading packaging producer with a combined production capacity of 37,000 tons per year. The move marked SCG's first inroad into the Indonesian packaging market, which is expected to grow rapidly in the foreseeable future.

For the operating results of SCG in the ASEAN region exclusive of Thailand in 2013, revenue from sales amounted to 38,929 Million Baht, an increase of 25% from the previous year, accounting for 9% of total revenue. At present, SCG's assets in ASEAN amounted to 71,844 Million Baht, or 16% of the Group's total assets. The number of employees excluding Thailand stands at 14,950, or 30% of the total workforce.

Taking Sustainability to New Heights – A Role Model in Sustainable Development in ASEAN

SCG has conducted business in tandem with the sustainable development approach with a focus on achieving a balance in economic, social, and environmental development under the principles of good corporate governance. The demonstrated commitment has earned SCG international recognition as a role model in sustainable development. In 2013, SCG was the first in ASEAN to have been ranked as World Sector Leader in Sustainable Development in Construction Materials Industry by Dow Jones Sustainability Indices (DJSI) for three consecutive years. The DJSI rank the world's leading sustainability-driven companies that adopt sustainable best practices based on economic, social, and environmental criteria to ensure investor confidence in sustainable business operations.

With the commitment to aligning with the Zero Waste to Landfill policy which significantly reduces waste, SCG is also dedicated to research and development to recycle waste. The efforts resulted in zero non-hazardous waste to landfill and reduced hazardous waste to landfill to 0.01%.

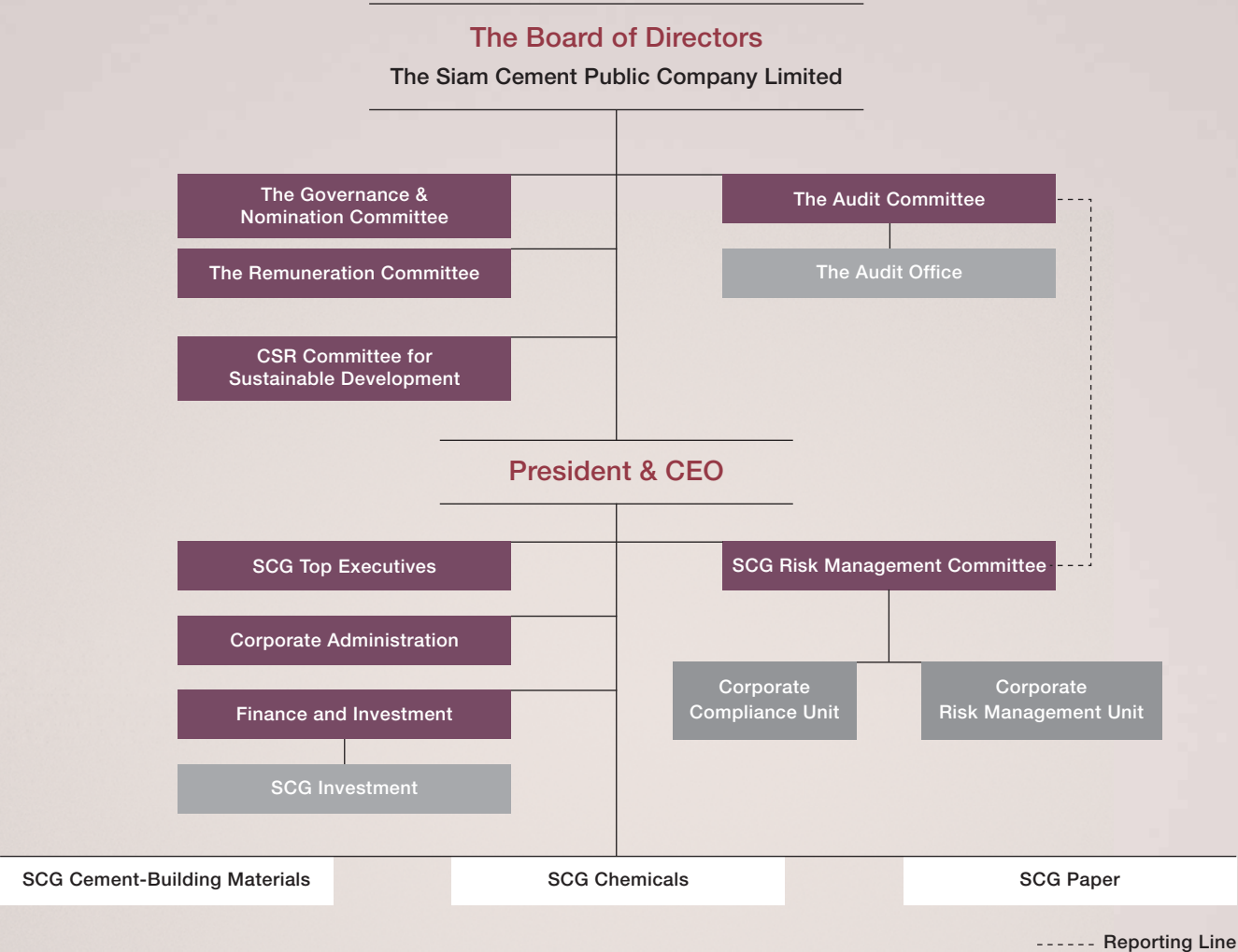
SCG pledges to expand its business operations in line with the sustainable development approach to other SCG operations in the ASEAN region, while also supporting and encouraging every sector to embrace the sustainable development approach in their operations.

Moreover, SCG supports business partners to implement the safety management system and develop environmentally-friendly production processes. For 2013, SCG's Green Procurement has grown steadily to 5,198 Million Baht. Further, SCG strives to encourage all its business partners to operate with commitment to ethics, disclosure, transparency, and accountability to all concerned parties with fairness in compliance with the SCG Supplier Code of Conduct. In 2013, SCG organized the Supply Chain Sustainability Forum for the first time in Thailand to set standards for joint business operations in accordance with SCG's sustainable supply chain management strategies. The endeavors underline the synergistic efforts and determination of SCG and its business partners to contribute to society, expand a sustainable development network as well as solidify stability for Thailand and the ASEAN region.

As SCG has reached a new milestone with its 100th year of operations and is entering its second century, the Board of Directors wishes to express its sincere appreciation to all shareholders, debenture holders, joint-venture partners, business partners, customers, staff, stakeholders, and domestic and international financial institutions for the continued support that has helped render SCG's success. We promise that SCG will continue to conduct business with integrity, prudence, transparency, and adherence to good corporate governance and sustainable development principles, acting in the best interests of all parties. We believe that by doing so, SCG will prosper, and so will Thailand, along with ASEAN.

Organizational Structure

(As at January 1, 2014)



The Board of Directors

01 Chirayu Isarangkun Na Ayuthaya Chairman	05 Panas Simasathien Director	09 Tarrin Nimmanahaeminda Independent Director
02 Snoh Unakul Director	06 Yos Euarchukiati Director	10 Pramon Sutivong Independent Director
03 Sumet Tantivejkul Independent Director	07 Arsa Sarasin Independent Director	11 Tarisa Watanagase Independent Director
04 Pricha Attavipach Independent Director	08 Chumpol NaLamlieng Director	12 Kan Trakulhoon Director, President & CEO

SCG Top Executives

(As at January 1, 2014)



01 Kan Trakulhoon President & CEO, SCG	02 Chaovalit Ekabut Vice President - Finance and Investment & CFO, SCG President, SCG Investment	03 Tanawong Areeratchakul Vice President - Corporate Administration, SCG
04 Pichit Maipoom President, SCG Cement-Building Materials Vice President - Operations, SCG Cement-Building Materials	05 Aree Chavalitcheewingul Vice President - Regional Business, SCG Cement-Building Materials	06 Nithi Patarachoke Vice President - Domestic Market, SCG Cement-Building Materials
07 Cholanat Yanaranop President, SCG Chemicals	08 Somchai Wangwattanapanich Vice President - Operations, SCG Chemicals	09 Roongrote Rangsiyopash President, SCG Paper

Operating Results

SCG Cement-Building Materials	10
SCG Chemicals	12
SCG Paper	14



Precast Concrete Panel,
an innovative quick wall system



Innovative plastic
for medical devices



Dissolving pulp, innovative highly pure
bleached pulp from eucalyptus trees
for rayon for the textile industry

SCG

Consolidated revenue from sales was 434,251 Million Baht. Consolidated EBITDA was 61,265 Million Baht, and consolidated profit for the year was 36,522 Million Baht, an increase of 55% from the previous year as a result of the wider chemicals margins and the rising demand for cement in the domestic market. SCG is dedicated to ongoing organizational development through its two main strategies: to expand business within ASEAN and to develop high value added products and services.

SCG Cement-Building Materials

Revenue from sales was 174,642 Million Baht. EBITDA was 26,274 Million Baht, and profit for the year was 16,092 Million Baht, up 23% from the previous year due to the consolidation of the ceramic business in Vietnam and the sanitary ware, faucet and fitting business in Thailand in which the company invested in 2013. SCG Cement-Building Materials focuses on business expansion in ASEAN and development of environmentally-friendly production technologies to accommodate future sustainable growth.

SCG Chemicals

Revenue from sales was 209,997 Million Baht. EBITDA was 20,342 Million Baht, and profit for the year was 11,292 Million Baht, a rise of 320% from the previous year, attributable to wider product-to-feed margins. SCG Chemicals is resolved to develop innovative products and services to address wide-ranging application needs and uplift people's quality of life.

SCG Paper

Revenue from sales was 59,135 Million Baht. EBITDA was 9,473 Million Baht, and profit for the year was 3,587 Million Baht, an increase of 1% from the previous year on the back of growing demand for packaging paper and corrugated containers in ASEAN. SCG Paper focuses on developing cooperation with business partners to enhance competitiveness and create innovations.

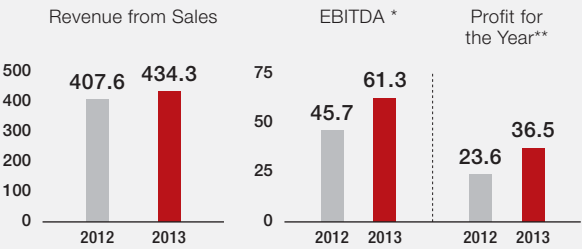
Other

EBITDA was 5,231 Million Baht, and profit for the year was 5,797 Million Baht attributed to SCG Investment's EBITDA inclusive of dividend from associated company of 6,127 Million Baht, and profit for the year of 8,757 Million Baht, subtracting corporate administrative and other expenses.

Summary of Operating Results

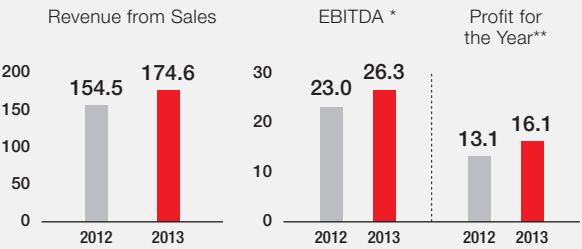
SCG

(Billion Baht)



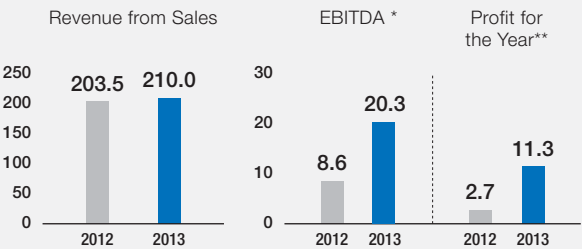
SCG Cement-Building Materials

(Billion Baht)



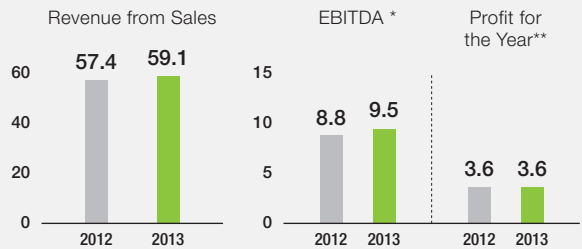
SCG Chemicals

(Billion Baht)



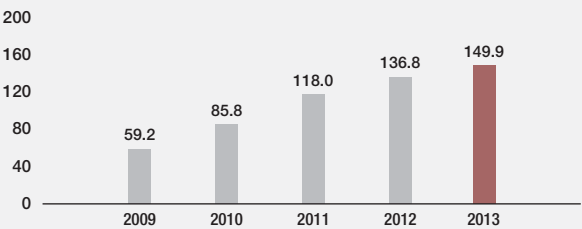
SCG Paper

(Billion Baht)



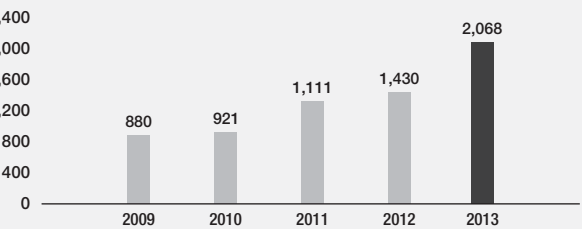
Revenue from Sales of HVA

(Billion Baht)

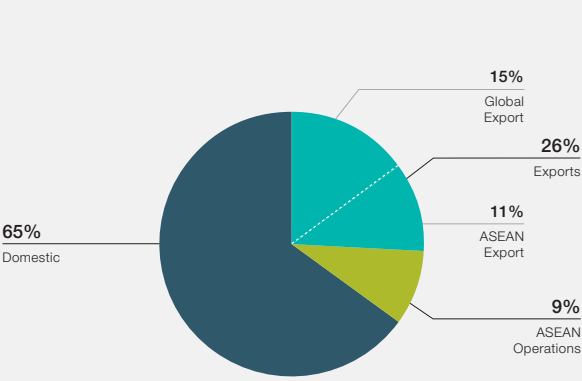


R&D Spending

(Million Baht)



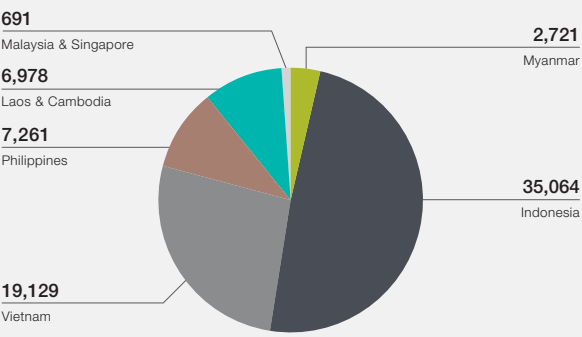
Revenue from Sales Breakdown



ASEAN Operations >> subsidiaries in ASEAN
Export Destinations >> from Thai subsidiaries

Regional Operations - Assets in ASEAN

(Million Baht)



Total Assets in ASEAN = 71,844 Million Baht
(16% of Total Assets)

* Includes dividends from associates.

** Profit for the year attributable to owners of the parent.

	2013	2012	2011	2010	2009
Information from Statement of Financial Position					
Current assets	51,935	38,736	30,347	23,087	20,373
Assets ¹	155,458	129,818	105,308	92,938	89,489
Liabilities ¹	72,186	63,544	47,443	34,175	29,466
Shareholders' equity	83,272	66,274	57,865	58,763	60,023
Information from Income Statement					
Revenue from sales	174,642	154,537	128,580	112,708	101,131
Costs and expenses	158,350	140,050	116,004	101,676	90,468
Profit for the year without non-recurring items ²	16,092	13,129	9,802	8,927	8,919
Profit for the year ³	16,092	13,129	9,802	8,927	8,919
EBITDA ⁴	26,274	23,009	19,334	17,720	18,074

1 The figure for year 2011 are restated for comparative purpose with 2012.

2 Profit before sales of investments, allowance for impairment of investments and others - net of income tax expense.

3 Profit for the year attributable to owners of the parent.

4 Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

Operating Results

In 2013, domestic demand for cement and building materials increased from the previous year driven by growth in government and private investment. Domestic demand for cement rose 7%, resulting in an increase in domestic sales whereas export sales declined. Meanwhile, sales of building materials grew steadily, attributable to the continued development of high value added products and services (HVA) to address customer needs.

Demand for cement and building materials in ASEAN saw a steady growth on the back of a rise in domestic and foreign investment as a result of the government's efforts to encourage foreign investment.

Revenue from sales of SCG Cement-Building Materials amounted to 174,642 Million Baht, up 13% from the year before. EBITDA was 26,274 Million Baht, an increase of 14% year-on-year, and profit for the year was 16,092 Million Baht, a rise of 23% from the previous year due to the consolidation of the ceramic business in Vietnam and the sanitary ware, faucet, and fitting business in Thailand that SCG invested in 2013.

Organizational Development

Business Development

- Invested 7,200 Million Baht in Prime Group Joint Stock Company, Vietnam's leading ceramic tiles manufacturer with an annual production capacity of 75 million square meters. SCG Cement-Building Materials now holds an 85% stake in this subsidiary.

- Increased production capacity of cement plant in Cambodia by 900,000 tons per year and installed a waste heat power generator (WHG) to reduce the purchase of electricity from power plants. Commercial production is expected in mid-2015.

- Constructed 12,420-Million-Baht cement plant in Myanmar with a production capacity of 1.8 million tons per year. Commercial production is expected in the second quarter of 2016.

- Increased shareholding in the sanitary ware, faucet,

and fitting business of Siam Sanitaryware Co., Ltd and Siam Sanitary Fittings Co., Ltd from 35.7% and 44.8% to 71.4% and 90.6%, respectively, which is valued at 2,600 Million Baht.

- Constructed a plant of MG stone, large synthetic stone, with a production capacity of 400,000 square meters per year. With an investment of 1,500 Million Baht, the plant is scheduled to commence operations in the second quarter of 2015.

- Constructed precast plant with a combined capacity of 2.4 million square meters. The 2,600-Million-Baht venture is slated for commercial production in the second quarter of 2015.

Human Resources Development

- Developed capabilities and potential of SCG staff in ASEAN to match the business strategy and direction, encompassing the recruitment process and inculcating virtues and ethics in sustainable business operations.

- Promoted learning and development of employees to create high value added products and services (HVA) and foster a sustainable learning organization.

- Optimized compensation and benefits, improved working environment, and fostered a good relationship between the company and employees. Examples included streamlining the organization structure and compensation scheme of Prime Group Joint Stock Company in Vietnam and improving the fringe benefits of employees at PT Keramika Indonesia Associasi, Tbk. in Indonesia.

Innovation Development

- Researched and developed Portland Composite Cement, which reduces CO₂ emissions in the production process. When used in ready-mixed concrete, it is similar in properties to concrete made with Type 1 Portland cement.

- Researched and developed cement for high compressive strength concrete and cement for general purpose concrete that render better quality and greater



"The consolidation of SCG Cement-Building Materials increases SCG's research and development capabilities to create high value added products and services (HVA) for customers as well as support business expansion throughout the supply chain and better accommodate market demands. Examples include innovative prefabricated components for precast concrete panel of a quick wall system. To accommodate better living, society, and the environment, SCG has introduced Eco Home System to offer a comfortable living and energy consumption reduction together with innovative products for the elderly in answer to sustainable business operations."

SANIT KETSUWAN

Managing Director, Precast Concrete Business

Precast Concrete Panel, a precast concrete wall system, offers quick and easy installation, significantly reducing installation time and expenses.

amounts of concrete.

- Researched and developed an innovative wall system, built using a special formula mortar in place of conventional masonry and plastering. The system provides added strength and significantly reduces man-hours.

- Researched and developed high compressive strength concrete with a flexural strength of 600-800 kg/cm², which is ideal for constructions requiring high strength such as high-rise buildings.

- Researched and developed innovation in the production and extrusion of wood substitute, for example, the production process that extrudes materials to complex or dimensional shapes for new applications.

- Developed an innovative quick wall system with prefabricated components that provides quick and easy installation and reduces masonry and plastering time.

- Developed Eco Solution for futuristic homes using Passive Green technology to reduce heat entering the house and improve thermal dissipation from within.

- Developed Elderly Experience: CARE, innovative housing products and services for the happiness and safety of the elderly, by staff who understand their specific needs.

- Developed decorating products to address different application needs, for example, faucet and washbasin set, which boasts a harmonious flowing line pattern. To make the COTTO brand known internationally, COTTO exhibited at Milan Fair in Italy, the globally renowned product and design exhibition.

- Developed technology associated with the use of energy in ceramic tile production, for example, modification of formula that reduces energy consumption in firing tiles.

Sustainable Development in Business Operations

- Managed waste from the production process by using it as fuel or material substitute or reusing/recycling it in the production process in line with the Zero Waste to Landfill policy.

- Created a cooperation network with stakeholders to

develop factories that are friendly to the community and the environment through various projects.

- Joined an international cooperation network, namely World Business Council for Sustainable Development-Cement Sustainability Initiatives: WBCSD-CSI.

- Carried out green supply chain activities to ensure an eco-friendly production process and continuously minimize the impact on the community and environment by benchmarking its performance against international standards such as the Industry Ministry's Green Industry requirements, environmental performance assessment requirements, and the Green SCOR (The Supply Chain Operation Reference) of international bodies.

- Streamlined Siam Sanitaryware Co., Ltd's production process to achieve better energy efficiency by installing high pressure casting machine to replace the cast production of sanitary ware. This results in an energy saving of 8,900 gigajoules per year from the production process and a reduction of 1,300 tons of waste per year from moulds at the end of the life-cycle.

- Expanded best practices and energy-saving projects to other plants, resulting in an energy saving of 87,000 gigajoules per year from the burning of natural gas. The saving was derived from three projects including the burner replacement project to increase energy efficiency and reduce natural gas consumption; the project to recapture waste heat from the tile furnace for reuse in the production process, and the project to use heat reflective coatings to reduce heat loss through the furnace surface.

- Transferred various forms of safety standards to the overseas ceramic business, namely safety management, installation of efficient engine guards, maintenance of safety equipment.

- Promoted the creation of safety culture by executives through various activities such as the dialog and observation of safe work by the executives.

	2013	2012	2011	2010	2009
Information from Statement of Financial Position					
Current assets	51,321	46,423	43,257	38,178	31,339
Assets ¹	192,063	176,837	176,036	165,087	165,964
Liabilities ¹	109,273	99,968	95,337	93,875	96,998
Shareholders' equity	82,790	76,869	80,699	71,212	68,966
Information from Income Statement					
Revenue from sales	209,997	203,539	192,929	144,317	101,115
Costs and expenses	202,921	206,946	192,642	138,380	89,407
Profit for the year without non-recurring items ²	11,292	2,690	9,762	12,641	12,681
Profit for the year ³	11,292	2,690	11,190	22,609	12,556
EBITDA ⁴	20,342	8,628	14,394	16,024	19,482

1 The figure for year 2011 are restated for comparative purpose with 2012.

2 Profit before sales of investments, allowance for impairment of investments and others - net of income tax expense.

3 Profit for the year attributable to owners of the parent.

4 Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

Operating Results

In 2013, the chemicals business continued to see improving margins as the global economy showed signs of recovery, following difficult margins in 2012. The average prices of polyethylene and polypropylene resins were 1,488 and 1,519 USD per ton, an increase of 7% and 4%, respectively. Meanwhile, prices of Naphtha, main feedstock, was 922 USD per ton, a decrease of 3% from the previous year on the back of falling crude oil prices triggered by the growing supply in the U.S. This resulted in wider product-to-feed margins compared to the year before.

Revenue from sales of SCG Chemicals increased slightly to 209,997 Million Baht from the previous year as a result of Map Ta Phut Olefins Co., Ltd.'s maintenance shutdown in the fourth quarter. Nevertheless, EBITDA was 20,342 Million Baht, and profit for the year was 11,292 Million Baht, an increase of 136% and 320% year-on-year, attributable to the wider product-to-feed margins.

Organizational Development

Business Development

- PT Chandra Asri Petrochemical Tbk. (CAP) initiated various projects to accommodate the growing demand for petrochemical products in Indonesia. Chief among them are the expansion of production capacity at its olefins plant and construction of a synthetic rubber plant, which is a high value added product (HVA) in cooperation with Michelin Co., Ltd. In addition, PT Petrokimia Butadiene Indonesia, a subsidiary of CAP, is the first in Indonesia to produce butadiene.

- For progress of the joint investment in the first fully integrated petrochemicals complex in Vietnam with Thai Plastic and Chemicals Public Company Limited as well as Vietnamese and Qatari partners, the project signed the long-term ethane feedstock supply agreement and Land Lease Advance Agreement for the lease of project's land site. In addition, the project has appointed Financial Advisor and is in the process of engineering, procurement and construction bidding as well as securing necessary financing.

- Entered into a joint venture deal with A. Schulman Inc. with SCG Chemicals holding an 87% stake to establish SCG ICO Polymers Co., Ltd. to manufacture and supply rotational molding compounds for the manufacture of large items such as water storages, furniture, and kayaks. The joint efforts allow the new start-up to expand into the markets in Asia, Africa, the Middle East, and the former Soviet Union.

- Acquired all the stake of NSL Chemicals (Thailand) Pte Ltd. of Singapore, the shareholder of Bangkok Synthetics Co., Ltd., resulting in its increased shareholding in Bangkok Synthetics from 26.01% to 48.84%.

- Expanded the special grade polyethylene compound business in Australia. The materials are used for the manufacture of pipes.

- Increased production capacity of polyethylene compound resins for the production of pipes by 16,000 tons per year, and the production capacities of polyethylene rotational molding compounds resins and polyethylene rotational molding powder by 8,400 and 7,600 tons per year, respectively in response to the rising demand.

- Continued to develop special grades of resins for various applications such as medical devices, pipes, electrical appliances, and food packaging, resulting in sales of high value added products (HVA) increasing from 45% to 50% of the total sales.

- Developed the technology business of Texlore Co., Ltd. Examples include offering a service solution for energy-saving furnace coating and licensing the rights to Advanced CX HDPE Process to large manufacturers, resulting in revenue of 113 Million Baht from the technology business.



"SCG Chemicals is committed to the commercialization of its research. One of the most recent research projects we take great pride is the development of a medical device that enhances the efficiency of carpal tunnel syndrome surgery. The innovation is the culmination of plastic knowledge combined with the co-design of the device with the surgeons. The device makes the surgery easier, cutting down surgery time by one-third and reducing the wound by one-fourth. It also allows the patients to recover faster and makes the surgery more accessible and affordable by patients."

YUTTANA JIAMTRAGAN

Business Group Head, Compound & Formulation
Managing Director, SCG Performance Chemicals Co., Ltd.

A device used for carpal tunnel syndrome surgery, a plastic innovation for medical device, reduces surgery time and expenses whilst providing more access to treatment for a better quality of life.

Human Resources Development

- Leveraged the organizational development to stride toward becoming a sustainable business leader in ASEAN. To achieve these objectives, Enterprise Performance Management System (EPMS) was implemented to clearly link directions, strategies, and goals at the business, company, function, and personnel levels. The efforts have enabled the employees to understand the shared organization goals and supported cross-functional operations and chain of command to drive the organization toward the directions and established business goals effectively and efficiently.

- Established the Academy of Operation Excellence as a learning center for different areas such as production process, maintenance techniques, safe operations, and efficient business operations and management to promote the development of employees knowledge and skills on an ongoing basis to accommodate the growing business, both domestically and internationally.

Innovation Development

- Established a chemical R&D excellence center in England in cooperation with Oxford University to develop and enhance the potential of personnel in the research and development of chemical and plastic innovations.

- Acquired 49 patents in a broad spectrum of technology areas associated with chemical, chemical engineering, mechanical engineering, and product design.

- Licensed the rights to Advanced CX HDPE Process in conjunction with Mitsui Chemicals of Japan to large manufacturers with a production capacity of over 350,000 tons per year.

- Joined forces with Prince Songkla University, Pacific Healthcare Co., Ltd., and The National Innovation Agency to develop and produce a device, using polypropylene for carpal tunnel syndrome surgery that cuts down the surgery time by one-third and reduces the wound to one-fourth. The device makes the surgery easier as well as more accessible and affordable for patients.

Sustainable Development in Business Operations

- Streamlined the manufacturing processes in line with World Class Operations and Green Manufacturing to reduce natural resource consumption and emission of greenhouse gases from the production processes. Examples include:

- Developed eco-friendly plant maintenance with concern for safety, occupational health, and the environment, for example, reduction of maintenance waste, control of emissions of volatile organic compounds to meet the standards, and control of water use in maintenance.

- Reduced energy consumption by 43,000 gigajoules per year, resulting in a saving of 20 Million Baht annually from the improvement of the sludge treatment system at Siam Mitsui PTA Co., Ltd.

- Reduced energy consumption by 130,000 gigajoules per year, resulting in a saving of 85 Million Baht annually from the improvement of the cooling tower, boiler, and flare tower at Map Ta Phut Olefins Co., Ltd.

- Achieved the ISO 50001 energy management system certifications by Rayong Olefins Co., Ltd., and Map Ta Phut Olefins Co., Ltd.

- Developed environmentally-friendly manufacturing processes and services, resulting in revenue from sales of SCG eco value increasing from 16% to 39% of SCG Chemicals' total revenue from sales. Examples include:

- Vinyl wall panels which prevent heat from entering the house and reduce energy consumption by 45%.

- Propylene products which reduce emissions of greenhouse gases from the production processes by 10%.

- A special type of acrylic sheets that reduces energy used in thermal forming by 8%.

- PET resins produced using at least 5% of raw materials from plants for the manufacture of special grade drinking bottles.

	2013	2012	2011	2010	2009
Information from Statement of Financial Position					
Current assets	21,782	19,927	16,963	16,088	13,121
Assets ¹	65,169	58,439	52,463	50,127	47,942
Liabilities ¹	26,133	22,656	19,936	19,957	19,780
Shareholders' equity	39,036	35,783	32,527	30,170	28,162

Information from Income Statement

Revenue from sales	59,135	57,430	54,839	51,714	42,729
Costs and expenses	54,731	53,127	50,461	46,972	39,740
Profit for the year without non-recurring items ²	3,587	3,560	3,331	3,490	2,286
Profit for the year ³	3,587	3,560	3,331	3,490	2,286
EBITDA ⁴	9,473	8,844	8,811	9,129	7,901

1 The figure for year 2011 are restated for comparative purpose with 2012.

2 Profit before sales of investments, allowance for impairment of investments and others - net of income tax expense.

3 Profit for the year attributable to owners of the parent.

4 Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

Operating Results

In 2013, revenue from sales of SCG Paper amounted to 59,135 Million Baht, a 3% increase from the previous year on the back of increasing sales from packaging paper and corrugated containers. EBITDA was 9,473 Million Baht, up 7% from last year. Profit for the year was 3,587 Million Baht, an increase of 1% year-on-year. Overall operating results remained stable.

Packaging Chain: Total sales volume increased 3% from the previous year, following rising demand for packaging paper and corrugated containers in the ASEAN region in response to the growing economy.

Fibrous Chain: Total sales volume increased 7% from the year before as a result of the higher sales of pulp. However, printing & writing paper sales volume dropped due to more production capacity added to the market and less demand in Thailand market.

Organizational Development

Business Development

- Acquired a 75% of stakes in Dyna Packs Co., Ltd. and Orient Containers Co., Ltd., the corrugated containers manufacturers in Thailand, with a production capacity of 121,000 tons per year.
- Acquired 90% of shares in PT Primacorr Mandiri, giving SCG Paper the first entrance into the corrugated containers market in Indonesia, which is expected to grow rapidly due to the growths in local consumption and investment from overseas. The acquisition boosted the combined production capacity in Thailand and ASEAN of 1,013,000 tons per year.
- Entered into definitive agreement with Nippon Paper

Industries Co., Ltd. of Japan to make a 30% investment in the fibrous chain business, which would allow for further enhancement of product efficiencies, new product development, marketing efforts, and distribution capabilities, in accordance with SCG's business directions to focus on driving high value added products and services (HVA) to become a sustainable business leader in ASEAN.

Human Resources Development

- Established SCGP Excellence Training Center Co., Ltd. to develop employees' knowledge, skills, and expertise through practical-based learning. The center provides technical training on the production of pulp, paper, corrugated containers, etc. together with functional training for employees at all level. It is also dedicated to knowledge management to support innovation creation and achieve operational excellence.
- Built a network with educational institutions and renowned producers of equipment and machinery both locally and internationally to jointly develop courses on production techniques and to procure lab equipment and simulation software (SPEC Simulation Program) for teaching to maximize employees' learning efficiency.
- Focused on raising safety awareness of employees at all levels in their work and daily life through the "Safe Drive Save Lives" campaign.

Innovation Development

- Developed offset and digital printing for corrugated containers to expand the range of products and services to effectively meet the application needs of customers as part of the efforts to become a leader in the integrated packaging business.



"SCG Paper is dedicated to creating innovations in a sustainable way under the concept 'Thinking Forward for Sustainability' through research and development of eucalyptus species, the sustainable and renewable resources that offer a wide array of applications. Chief among them are safe pulp and paper for food packaging, and dissolving pulp, a raw material for rayon/ viscose for the textile industry. The products fully utilize wood to ensure the maximum benefit for people's life and to be more friendly to the environment."

PANTHEP SUPACHAIYAKIT

Managing Director, Thai Paper Co., Ltd.

The special bedding is made from dissolving pulp, innovative highly pure bleached pulp from eucalyptus trees, a raw material for rayon for the textile industry.

- Produced food contact paper, which is highly safe in every stage of production from material selection, clean manufacturing process to product safety. This has resulted in the product having become the first food packaging in Thailand to meet the GMP (Good Manufacturing Practice) requirements and compliant for direct food contact product standards in Thailand, Europe, and the U.S.

- Developed eucalyptus species and photoautotrophic technology used for stimulating the growth conditions of eucalyptus to select the species that are tolerant to various climates and soil types, for example, withstanding long dry seasons, and tolerating saline and alkaline soils. The technology helps reduce the trial period of eucalyptus planting at the actual planting sites from 4 to 2 years in response to the fast-changing global warming situation.

- Produced dissolving pulp from eucalyptus plantation by improving the existing production process to manufacture dissolving pulp, a raw material for rayon for the textile industry, which is light, humidity-absorptive, air- and heat-ventilated, easily cared for, and resistant to detergents.

- Developed two quality grades of white liner board to serve market demand. A high quality strong white liner board provides better support for stacking weights and prevents damage during transportation, which is ideal for the cold storage industry. On the other end, a medium quality white liner board is made from 100% recycled paper.

Sustainable Development in Business Operations

- Strived to create innovations in a sustainable way in line with the concept "Thinking Forward for Sustainability" to meet the ever-growing needs sustainably under the natural resource constraints.

- Green Product** The products must be manufactured from eucalyptus, which is a sustainable and renewable material. Through proper waste management, they are easily recyclable, thereby helping reduce waste and promote future sustainability. At the same time, the products address three aspects of consumers' needs both for today and tomorrow, which are good health, enjoy living, and more convenience.

- Green Process** With concern for the environment throughout the green value chain, the company has employed the best and most advanced technology that is friendly to the environment and surrounding communities. In addition to energy waste management and waste water treatment to minimize its environmental impacts, the company also supports research and development in the use of biomass energy in the production process to the fullest benefit and efficiency. To that effect, wood chips from pulp production or waste such as rejects from paper recycling and sludge are decomposed and recycled as fertilizer.

- Green Mind** The company is dedicated to raising the environmental awareness of employees and consumers along with improving the standards of community activities to provide a model in creating income and jobs for people in the community and to function as a learning center for the public. Examples include the Prototype Community Learning Center Project of Phoenix Pulp and Paper Public Company Limited which supports learning about soil improvement and restoration to allow for the growing of garden plants to increase household income and also serves as a learning center for nearby communities. Added to this is SCG Paper Green Academy dedicated to developing the youths living in the vicinity of the plants to be more environmentally concerned.

The Governance and Nomination Committee's Report

The Governance and Nomination Committee carried out its responsibilities as assigned by the Board of Directors. Main duties include the recommendation of policies and implementation guidance regarding the corporate governance of SCG to the Board, categorized into five areas as follows: the rights of shareholders, the equitable treatment of shareholders, the role of stakeholders, the disclosure and transparency, and the responsibilities of the Board of Directors. The Committee's duties also include the identification and nomination of qualified candidates to replace the retiring directors at the Annual General Meeting of Shareholders in 2014.

In 2013, the Governance and Nomination Committee held a total of five meetings, with an attendance record of 96%. Significant duties performed by the Committee in 2013 were as follows:

1. Corporate Governance Policy

To strengthen corporate governance at SCG and support SCG's business to achieve a balance of economic, social and environmental value sustainably, the Governance and Nomination Committee proposed additional corporate governance policies in 2013. These policies included anti-corruption policy; Supplier Code of Conduct, and the policy to limit the number of listed companies in which each director may hold a directorship to a maximum of five companies. Moreover, the Committee also proposed the disclosure of the policy to advocate all shareholder groups, including institutional shareholders, to attend the shareholders' meeting.

In addition, the Governance and Nomination Committee also reviewed and modified the Charter of the Board of Directors as well as the charters of other sub-committees to ensure their conformance with the laws, international best practices, and the guidelines of the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Thai Institute of Directors Association.

2. Corporate Governance Implementation Guidance

In 2013, the Governance and Nomination Committee endorsed the development and enhancement of SCG corporate governance practices in various matters as follows:

- Transparent and complete disclosure of the personal information of qualified candidates nominated to be elected as directors and the dissemination of information regarding the shareholders' meeting in both the Thai and English languages on the SCG Website at least two months prior to the meeting;
- Amendment of the Company's Articles of Association to enable shareholders to exercise their rights in the election

of individual directors, and allow the proxies of shareholders to vote in the shareholders' meeting in line with the authorization provided by such shareholders;

- Encouraging shareholders to participate in environmental conservation, the preservation of religious sites, and the preservation of the arts and cultural heritage of Thailand;
- Expanding channels available on the SCG Website for stakeholders to report malpractices, corruption, or non-compliance with laws, regulations, the SCG Code of Conduct, Anti-Corruption Policy, or issues concerning the SCG Supplier Code of Conduct;
- Disclosure of shareholding and changes in shareholding by the Company's directors and senior executives in the SCG Website and Annual Report;
- Disclosure of Memorandum of Association and Articles of Association of the Company on the SCG Website;
- Disclosure of the Board of Directors' approval authority and the roles and responsibilities of the Chairman;
- Formation of the Corporate Compliance Unit;
- Disclosure of the name, qualifications, and professional experience of the Head of Internal Audit Office and the Company Secretary;
- Enhancing the knowledge of the Board of Directors and enabling the exchange of perspectives regarding corporate governance with external organizations; such as by hosting a dialog for the Board of Directors, senior executives, and legal professionals outside the organization with expertise regarding mergers and acquisitions, to discuss the role of the Board in such transactions.

3. Nomination of Qualified Candidates to Replace Retiring Directors at 2014 Annual General Meeting of Shareholders

The Governance and Nomination Committee (excluding directors having special interests) diligently considered the qualifications of the candidates nominated as directors to replace the retiring directors at the Annual General Meeting of Shareholders in 2014 and resolved to propose to the Board of Directors to re-elect the four retiring directors, i.e. Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Yos Euarchukiati and Mr. Kan Trakulhoon to be directors of the Company for an additional term.

On behalf of the Governance and Nomination Committee



Sumet Tantivejkul

Chairman of the Governance and Nomination Committee

The CSR Committee for Sustainable Development's Report

SCG places importance on conducting business based on the sustainable development approach, which includes supporting and strengthening society and the community by taking social and community problems and concerns to develop and create prototype projects in relevant various dimensions such as tuning community attitudes, driving participatory execution, building a collaborative network, promoting social enterprises, and disseminating knowledge through learning centers. Such projects can be a body of knowledge which the organizations or other projects can adapt and expand for beneficial purposes. SCG has participated in the development of projects as follows:

- The SCG Conserving Water for Tomorrow Project: Having been actively implemented since 2003, the project is aimed at reducing the repercussions from water resource problems throughout the watershed via the construction of a total of 62,812 check dams to rehabilitate forests and reserve water for use in agriculture through to the treatment of water before being released. The project facilitates the development of community groups, stimulating activities which enable communities to become self-reliant, while creating jobs and occupational groups to generate income for the community, including the establishment of a knowledge center and network to distribute benefits to other areas.

- Innovative Technology for the Restoration of Saline Land Project: SCG began supporting the National Center for Genetic Engineering and Biotechnology in 2008, in order to use science and technology to assist in the research and development of new rice strains and economic crops which give high yields on saline land. At present, rehabilitation of saline land in the northeastern region of Thailand has been carried out over 42,000 Rais, enabling farmers to earn a living in line with their way of life as well as to increase income via another second job, including contributing to knowledge exchange and the creation of a network to expand know-how on solving soil salinity problems to the wider society.

- The New Model for Thailand's Economic Development Research Project: SCG has supported the Thailand Development Research Institute (TDRI) for a period of three years since 2013 to study and research the competitiveness of the manufacturing sector. SCG believes that the results of such research would be of benefit to business sector adjustment and changes in state policy with regard to developing the Thai economy to be more competitive in the future.

- The Tales in the Garden Festival Project: Fostering childhood development through story-telling, ongoing for more than ten years, the project encourages parents to develop and stimulate their children by boosting their concentration, imagination and creativity through the tales.

- The Sharing Opportunities, Drawing the Future Program: The program is aimed at encouraging SCG employees to carry out projects which benefit society in various areas across the country, through a process incorporating the participation of members of the community. Over the past seven years, 18,069 employees participated in a total of 1,182 projects carried out in all provinces.

In addition to the development of the above prototype projects, SCG also supported activities in the areas of education, religion, arts & culture, and public health by providing direct support through foundations and charitable organizations over 140 projects. SCG expects and desires to see the Thai society develop and grow progressively, and is confident that a good quality of life is crucial to the development in other areas relentlessly. SCG therefore strives to continuously develop social capability in diverse areas so as to be a part to drive Thailand's competitiveness.

On behalf of the CSR Committee for Sustainable Development



Snoh Unakul

Chairman of the CSR Committee for Sustainable Development

Corporate Governance Report

Corporate Governance Policy

SCG conducts business with responsibility and fairness, adhering to principles it has long practiced. SCG's business principles are defined by its ethical framework and constantly improved in view of economic and social changes. These principles call for balancing both sustainable benefits and respectful treatment of all stakeholders.

SCG considers corporate governance to be a part of its business policy, which the Board of Directors has agreed to review and evaluate on an annual basis. In addition, the Company makes improvements, amendments and changes in corporate governance in line with the changing economic and social situation. The Board of Directors has assigned the Governance and Nomination Committee to take charge of corporate governance matters as well as to consider trends and new developments at the international level. For example, the Committee compares the rules and practices of the world's leading companies and stock exchanges with those of SCG in order to find areas for improvement and assesses compliance with the corporate governance policy. In addition to the annual review of such policy, charters of the Board of Directors and committees are periodically reviewed to ensure their conformance with laws, international best practices and the guidelines of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Board of Directors, moreover, specifies corporate governance to be one of the main items on the agenda at the Board of Directors' meeting.

The Governance and Nomination Committee set forth a policy to develop the SCG Principles of Corporate Governance so they can be applied to establishing business strategies to prepare the Company for ASEAN's economic growth accelerated by the coming implementation of the ASEAN Economic Community. Examples include the

updating of SCG Corporate Governance principles to be in line with an official ASEAN CG Scorecard.

In 2013, the Board of Directors resolved to approve, with the recommendation of the Governance and Nomination Committee, the revision of the charters of the Board of Directors and Sub-committees to align with the current Scope of Authority and in compliance with applicable laws, international practices, the Principles of Good Corporate Governance of the Stock Exchange of Thailand (SET) and the Thai Institute of Directors (IOD), and ASEAN CG Scorecard. The revision is posted on SCG website.

For the year 2013, SCG obtained five awards from Corporate Governance Asia magazine as follows:

1. Asia's Best CEO
2. Asia's Best CFO
3. Best CSR
4. Best Investor Relations Company (Thailand)
5. Best Investor Relations Professional

In addition, SCG won a rating of "Excellent" in the Thai Investors Association's 2013 Annual General Meeting Checklist survey (AGM Checklist). The Thai Institute of Directors gave SCG an "Excellent CG Scoring" in the 2013 Corporate Governance Report on Thai Listed Companies. The Securities and Exchange Commission (SEC), CSR Club, Thai Listed Companies Association, and Thaipat Institute gave SCG an "Excellent" in Sustainability Report Award 2013. On top of this, the Company received a SET Award for 2013 – the special "SET Award of Honor in Best Corporate Social Responsibility", from the Stock Exchange of Thailand (SET) and Money & Banking magazine, for its excellence for the sixth consecutive years.

SCG Code of Conduct

In 2007, SCG updated the SCG Code of Conduct by adding guidelines for each business, illustrative examples, clearer practices, and a whistleblower policy that protects any employee who files a complaint or reports on improprieties or suspected violations of laws, SCG rules and regulations, the Company's Articles of Association, the SCG Code of Conduct, and Anti-corruption Policy (Whistleblower Policy). In addition, the Company formed a working team responsible for devising the policies and providing consultancy regarding the SCG Code of Conduct. This team comprises top management from functions responsible for ensuring compliance with the SCG Code of Conduct and from the business units. This working team monitors performance and gives advice on relevant issues.

To further raise awareness of the SCG Code of Conduct among employees and to maintain strong adherence to SCG's corporate governance standards, the Company shares knowledge and promotes adherence to the SCG Code of Conduct to each employee at every level with a focus on raising awareness from the first day of employment onward. The Company has published a booklet on the Code of Conduct and distributed it to all new SCG employees along with conducting informational events to expound the Code of Conduct principles and practices to ensure that employees understand it clearly and use them as guidelines in performing their duties vigorously. This will be a key factor in assessing the yearly performance of employees. In 2013, SCG produced video clips that re-enact cases described in the Code of Conduct booklet to communicate the ideas as clearly, realistically and memorably as possible. The focus was on enabling employees to readily and knowledgeably practice these principles on the job and in daily life. The Company sent an e-Newsletter to each employee's email address and posted the video clips on the internal website continuously since 2012.

In addition, the Company provides channels for employees to express their views and share experiences together with providing employees information and consultation via the "SCG Code of Conduct" and "SCG Code of Conduct Consultation System" on the internal website. Internal Audit Office also focuses on constantly organizing workshops to support all SCG Business Units to operate in compliance with the principles of corporate governance and SCG Code of Conduct.

SCG sees its corporate governance policy and Code of Conduct as essential guidelines for the organization; therefore, it puts strong emphasis on principles and practices concerning responsibility and fairness toward all stakeholders. The principles include a clear outline of the structure, components, duties, independence and performance of the Board of Directors; transparency of information disclosure; a strict auditing system; and strict risk management policies. These build trust among shareholders and create additional value for them. SCG has disclosed related information through a growing variety of media to give stakeholders easier access to the information. Among these media and information channels are the Annual Report, 56-1 Form, website of the Stock Exchange of Thailand (SET), and SCG website, which together provide diverse and convenient access to information.



Policy on Protection and Fairness for Employees Who Inform on or Disclose of Wrongful Conduct or Non-compliance with the Laws, Rules and Regulations, the Company's Articles of Association, SCG Code of Conduct, and Anti-corruption Policy (Whistleblower Policy)

SCG has given great priority to good corporate governance. The Company carries out business with fairness to all parties and stresses the importance of transparency and accountability. SCG thus opens up opportunities for its employees and stakeholders to report or inform any irregularity in the business operations of SCG such as financial transactions, and compliance with legal requirements, regulations, ethical practices, and anti-corruption policy through specific channels provided. To assure that such reporting or provision of information will not cause trouble to the complainant or informant, SCG has established a mechanism for protecting and relieving the distress that might occur unfairly to those who report or inform from being abused or threatened. The Audit Office responsible for the security of the Whistleblower System has designated a separate server using two-level password authentication to prevent any leak of information.

In 2013, SCG established additional channels for the outside stakeholders to complain about or report on corruption or incompliance with laws, rules and regulations, the Company's Articles of Association, SCG Code of Conduct and Anti-corruption Policy as well as SCG Supplier Code of Conduct. They include the SCG website at www.scg.co.th under SCG Whistleblower System or directly reporting to the Company via Independent Directors or Audit Committee in addition to the receipt of complaints made verbally or in writing via letter, email, or intranet from employees. This will be followed by a procedure for fact investigation established by the Company and a report to the Board of Directors. Moreover, contact information is clearly provided, and the procedure as well as channels are stated on the Company's website and Annual Report.



(For complaints concerning the quality of products and services, consumers can file complaints via each company's website.)

In 2013, there were 10 internal complaints via the whistleblower system. Internal Audit Office concluded investigations most of all these complaints, two of which are regarded as instances of fraud with immaterial economic value. However, these too were taken into consideration for fine-tuning the Company's system to prevent fraud in the future.

Anti-corruption Efforts

On countering corruption, in the year 2012 the Company signed a Declaration of Intent of the Thailand's Private Sector Collective Action Coalition Against Corruption, whereby SCG's president & CEO vowed to adhere to the Coalition's aim to fight corruption in all forms. To that effect, the Company assessed risks associated with corruption and prepared itself for self-assessment on anti-corruption measures.

The Board of Directors of The Siam Cement Public Company Limited resolved to announce the Anti-corruption Policy on May 29, 2013 to clearly prescribe the principles, guidelines, and communication associated with corruption in addition to those stated in handbooks on SCG Code of Conduct, Corporate Governance, SCG Four Core Values, and SCG Stakeholder Engagement Policy.

SCG applied for the certification of its anti-corruption compliance program by having the self-evaluation concerning its anti-corruption mechanisms verified by Audit Committee. The Company was certified on July 5, 2013.

The Siam Cement Public Company Limited is the first conglomerate company in Thailand to have been proclaimed a Certified Company by The Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) Council.

SCG focused on communicating and implementing the anti-corruption mechanisms across the Company. SCG



President & CEO informed employees at all levels through Message from CEO via the Company's intranet. SCG Anti-corruption Policy is accessible on www.scg.co.th.

Guidelines on SCG's Corporate Governance

1. The Rights of Shareholders

SCG has a policy to support, promote, and facilitate every shareholder including institutional investors to ensure that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend Shareholders' Meetings, the right to propose in advance the Meeting agenda, the right to nominate a person to be a director, the right to express opinions independently, and the right to make decisions on important affairs of the Company, e.g., the election of directors, the appointment of auditors and fixing of the audit fee, approval of significant transactions influencing the Company's direction, as well as amendment of Memorandum of Association and Articles of Association of the Company, etc. Each shareholder has the right to vote at meetings according to the number of shares owned whereby one share is entitled to one vote, and no particular share allows privilege over the rights of other shareholders.

Apart from the abovementioned rights of the shareholders, SCG has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

1. SCG provides essential, clear, and up-to-date information for shareholders regarding the Company's business. Even though some information is not required to be disclosed by law, if SCG considers that it is of significance to shareholders, the Company will notify shareholders of the information through SCG's website and the Stock Exchange of Thailand.

2. Prior to the date of the Meeting, SCG provides clarifications and rationales for each agenda item to ensure that all shareholders have significant and sufficiently detailed information for study well in advance. Such information, both in Thai and English, will be posted on SCG's website around two months before the date of meeting and the related documents are submitted to shareholders more than 20 days prior to the Meeting. The shareholders' right to attend the Meeting and the right to vote on resolutions will be clearly stated in the Meeting notice submitted by the Company.

3. Any shareholder who is unable to attend a Meeting is entitled to appoint a representative, e.g., an independent director or other person, to act as proxy, using any one of the proxy forms attached to the notice of the Meeting. The Company has prepared the proxy forms in compliance

with the specifications defined by the Ministry of Commerce whereby the shareholders can exercise their voting rights as wished. The proxy forms can also be downloaded from SCG's website. For shareholders' convenience, SCG provides the duty stamp to be sealed on the proxy form. Shareholders who arrive after the Meeting has commenced are able to vote on the agenda item being considered provided that a resolution is not yet made. Late-arriving shareholders shall constitute part of the quorum starting from the agenda item for which they are in attendance and can exercise their voting rights unless the Meeting states otherwise.

4. Shareholders can send queries about details of each agenda or other information via email: corporate@scg.co.th or to the Company address prior to the Meeting.

5. For 2013, the Company held the Annual General Meeting of Shareholders on March 27, 2013. Eleven directors attended the Meeting as follows:

1. Mr. Chirayu Isarangkun Na Ayuthaya
Chairman
2. Mr. Snoh Unakul
Director
3. Mr. Sumet Tantivejkul
Independent Director
4. Mr. Pricha Attavipach
Independent Director
5. Mr. Panas Simasathien
Director
6. Mr. Yos Euarchukiati
Director
7. Mr. Arsa Sarasin
Independent Director
8. Mr. Chumpol NaLamlieng
Director
9. Mr. Tarrin Nimmanahaeminda
Independent Director
10. Mr. Pramon Sutivong
Independent Director
11. Mr. Kan Trakulhoon
Director and President & CEO

One absent Director was Air Chief Marshal Kamthon Sindhvananda, Independent Director and Chairman of the Audit Committee, who completed his term and expressed his intention of not being elected as a Director of the Company.

The Company deemed it appropriate to organize the Meeting at Athenee Crystal Hall on the 3rd floor of Plaza Athenee Bangkok, A Royal Meridien Hotel, as was previously done in 2012. This was in response to the increasing numbers of shareholders attending the Meeting each year, because SCG would like to make it easier for them to attend,

raise questions, and express opinions all in the same room in order to ensure a smooth and effective meeting. The venue is easily accessible as it is situated on Wireless Road within close reach of a BTS station. An exhibition of SCG 100th Anniversary was showcased at the entrance of the Hall to keep shareholders abreast of SCG's information in different areas from the past to present. The Company also prepared a special gift for shareholders attending this year's Meeting. It was a concrete elephant sculpture which underlines the strong bond between SCG and shareholders, having built upon SCG Four Core Values for 100 years.

6. On the date of the Meeting, the Company uses a barcode system for registration based on the reference number already included in the registration form and proxy form to ensure convenience for shareholders and facilitate the registration.

7. Prior to the Meeting, the Secretary to the Board explained to the Meeting the procedures of voting, counting of votes, and announcing of voting results, which can be summarized as follows:

- 7.1 In voting for each agenda, each shareholder or a proxy authorized by any shareholder to vote on his/her behalf was entitled to vote equal to the number of shares held, whereby one share would be equal to one vote. Votes were to be cast by the raising of hands.

- 7.2 In casting votes by the raising of hands, any shareholder who wished to vote for, vote against or abstain from such agenda shall mark the voting card accordingly with his/her signature affixed. The officers of the company shall scan the barcodes and collect the voting cards only for the shareholders who voted against or abstained to count the number of opposing and abstaining votes for each agenda. All the voting cards for the Shareholders who voted for all the matters shall be collected altogether when the Meeting adjourns.

- 7.3 In vote counting, a system of negative deduction shall be used whereby the "disapprove" and "abstain" votes shall be deducted from the total number of votes attending the Meeting for each agenda. The remaining votes shall then be counted as "approve" votes. In counting and summing up the votes for each agenda, the votes indicated in proxy forms shall also be counted.

- 7.4 During the casting of the votes on each agenda, the votes shall be counted from the total number of votes cast by the shareholders present at the Meeting with the right to vote in such agenda, which might vary from item to item since shareholders might leave the Meeting or later enter into the

Meeting. The results of the vote count shall be announced at the Meeting after the completion of the counting of votes for each agenda item. However, vote counting for some agenda items might take longer. In such cases, the Chairman might request the Meeting to proceed with the consideration of the next item on the agenda to avoid disrupting the meeting. The Meeting will be informed of the result as soon as the vote counting has finished.

8. One-third of the directors must retire from office on a rotational basis in each Annual General Meeting of Shareholders, and the election of directors to replace the retired directors takes place during the Meeting. Shareholders will be informed that if the number of nominated persons does not exceed the number of directors required for that election, all of them shall be elected as directors. However, if the number of candidates exceeds the number of directors required, each candidate is then elected individually. During the Meeting, shareholders are entitled to freely propose names of individuals for directorship of the Company.

In 2012, the Board of Directors suggested by the Governance and Nomination Committee proposed that the 2012 Annual General Meeting of Shareholders consider and approve the amendments to Clause 25 of the Company's Articles of Association to enable a proxy to vote on a solution as authorized by a shareholder and Clause 30 to enable a shareholder to vote on an individual candidate. However, after the remarks and inquiries made by the shareholders to which the management replied, the Board of Directors deemed it appropriate to withdraw the matter from this Meeting without putting it to a vote as it was not an urgent matter and further consideration would be given to the matter in detail.



As a consequence, in 2012, the Governance and Nomination Committee reviewed the matter and proposed amendments to the two clauses of the Company's Article of Association. The Board resolved to re-propose the agenda item to the 2013 Annual General Meeting of Shareholders in compliance with the criteria on good corporate governance of the Thai Institute of Directors (IOD) and its AGM Checklist.

The 2013 Annual General Meeting of Shareholders resolved to approve the amendments to Clause 25 and Clause 30 of the Company's Articles of Association as proposed by the Board. Details are as follows:

Clause 25: A shareholder who has any special interest in a resolution cannot vote on such resolution, except for voting on the election of Directors.

Clause 30: The election of Directors at a general meeting of shareholders shall be carried out in accordance with the following rules and procedures:

- (1) A shareholder shall have one vote for each share he holds or represents.
- (2) At the election of Directors, the shareholders shall vote for each individual candidate nominated for Directors, but not exceeding the number of Directors required for that election. The vote shall not be distributed.
- (3) The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as Directors in that order until all of the Director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of Directors to be exceeded, the remaining appointment shall be made by the chairman of the meeting who shall have a casting vote.

The Company has completed the registration of the amendments to both Clauses as approved by the Shareholders' Meeting with the Ministry of Commerce. They shall come into force at the 2014 Annual General Meeting of Shareholders.

9. At the Meetings, the Company provides clarifications and rationales for each agenda item as stated in the Meeting notice and shareholders are allowed to freely express their opinions, give suggestions and raise questions on any agenda item before casting votes, so that shareholders can obtain sufficiently detailed information on the matter question. Should shareholders have questions or inquiries, specialists in specific fields are available to answer queries under the authority of the Board with representatives from the Auditor of the Company as witnesses.

10. For any item on the agenda at the Shareholders' Meeting, the shareholders can call for a casting of votes by secret ballot if at least five shareholders make such request.

The Shareholders' Meeting shall resolve to approve the casting of votes by secret ballot upon a majority of votes.

11. An agenda item regarding the Board's remuneration is included to inform shareholders of the amount and type of remuneration received by each director including meeting allowance and bonus. Full details can be found in the Company's Annual Report on page 41-43.

12. The agenda of the 2013 Annual General Meeting of Shareholders was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request for the Meeting to consider any agenda item other than those specified in the invitation letter.

13. The Company disclosed the voting results and resolutions for each agenda item at the 2013 Annual General Meeting of Shareholders to the public via SET Portal and SCG website after the Meeting has ended.

14. The Company prepared the minutes of the Shareholders' Meeting completely encompassing all material information: names of directors attending and not attending the Meeting, resolutions of the Meeting, voting results for each agenda item, key questions, clarification, and opinions. The Company prepared the Minutes of the 2013 Annual General Meeting of Shareholders' and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce within 14 days from the date of the meeting as stipulated by law. They were disseminated on the Company's website.

2. The Equitable Treatment of Shareholders

SCG shall provide equitable treatment to every individual shareholder, major or minor, as well as institutional or foreign investors. To that effect, the Company strives to find tools to ensure equality, especially for minor shareholders, which include:

Provision of opportunities for minor shareholders to propose matters to be included in the Meeting agenda and to nominate candidates for the election of Board members who retire on rotation prior to the date of the Shareholders' Meeting

Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company have the right to suggest issues to be included in the agenda of the Annual General Meeting of Shareholders for 2014. Shareholders were allowed to exercise this right three months in advance between September 1 – November 30, 2013 so that the Governance and Nomination Committee could screen the issues before presenting them to the Board of Directors for consideration. Should the proposed issue be included on the Meeting agenda, the Company shall

specify in the notice of the Meeting that the agenda item was proposed by a shareholder. However, in case the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders. Moreover, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members in the same period. The Governance and Nomination Committee shall consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of directors. The Committee then presents the nominees to the Board for consideration before proposing them to the Shareholders' Meeting for approval. The Company made available a form for advance proposals for the Meeting agenda and director candidates, for the convenience of shareholders. However, no shareholder proposed any agenda item or candidate prior to the Meeting.

Assigning Independent Directors to Take Care of Minor Shareholders

SCG provides channels for minor shareholders to give suggestions, express opinions or file complaints to the independent directors directly via e-mail at ind_dir@scg.co.th. The independent directors are responsible for handling each matter appropriately, for example, investigating and seeking a proper solution. On the other hand, if there is a suggestion that is considered to affect the stakeholders or the business, the independent director will report it to the Board of Directors' meeting for consideration and include it in the agenda of the Shareholders' Meeting. In 2013, there were no comments or complaints from shareholders.

Internal Information Control

The Board of Directors has established measures to control the use, and prevent misuse of internal information (Insider Trading) in writing and notified the involved persons, namely the Board of Directors, SCG's top executives, and employees dealing with internal information, including their spouses and children who are minors. They are as follows:

- All concerned persons are prohibited from trading Company shares for a two-week period prior to release of the Company's quarterly and annual financial statements, and for 24 hours after the release ("Blackout Period").
- Should they have knowledge of confidential information that could have any impact on the Company's share price, they are prohibited from trading Company shares until 24 hours after the public disclosure.
- The secretary to the Board and the company secretary will inform the Board of directors, SCG Executive Committee and related employees of the prohibition period not less than one week prior to such period.

In addition, the Board of Directors will monitor all required actions in accordance with the related measures. Any changes in the shareholding of a director or top executive must be reported in every Board of Directors’ meeting and disclosed in the Company’s annual report.

Preventing Conflicts of Interest

The Board has established policies and measures regarding conflicts of interest as follows:

- SCG has a clear and transparent shareholder structure. There is no cross-holding among major shareholders, thereby preventing any conflict of interest or transfer of benefits from one party to another. The shareholder structure of SCG and its subsidiaries is published in the Company’s annual report, as are each Board member’s holdings of ordinary shares and debentures.
- There is a clear separation of duties and responsibilities among the Board, management, and shareholders, thereby ensuring no overlap of duty or responsibility. Any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.
- The Company has an established policy governing the use of internal information and has incorporated the power of authorities and employee regulations in writing, with penalties for the executives or employees in the event the internal information is disclosed to the public or used for personal benefit.
- Directors, top executives, employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading stock futures linked to SCG ordinary shares in order to ensure compliance with SCG’s Corporate Governance Policy.
- The SCG Code of Conduct includes additional guidelines that prohibit employees from using the Company’s assets or spending working hours to search, contact or conduct activities related to share-trading on a regular basis for personal gain or on behalf of others without justifiable reason and not for SCG’s interests.

Establishing Sound Relationships with Shareholders

In 2013, SCG invited interested shareholders to participate in the Company’s CSR activities. The efforts not only opened up opportunities for shareholders to take part in activities beneficial to society and the environment but also fostered sound relationships with shareholders of the Company. In this regard, SCG provided equal rights for both major and minor shareholders. Seven such activities



were held during the year as follows:

1. Admiring the National Heritage: Rattanakosin Exhibition Hall between February 12-15, 2013
2. SCG Paper Open House in Kanchanaburi on April 30, 2013
3. SCG Cement-Building Materials Open House in Saraburi on May 8, 2013
4. SCG Chemicals Open House in Rayong on May 23, 2013
5. SCG 100th Innovative Exposition, between August 2 – September 1, 2013
6. SCG BWF World Junior Championships 2013, a youth badminton tournament, between October 23 – November 3, 2013
7. Beautiful Temples: The Cultural Heritage of Rattanakosin, between November 7-8, 2013

The activities organized by SCG all year round were well-received by shareholders. SCG is planning to organize activities dedicated to promoting an ongoing good relationship with shareholders to foster and maintain positive relations with shareholders on a broad scale.

3. The Role of Stakeholders in Corporate Governance

SCG conducts business with the highest awareness of its responsibility to ensure sustainable and mutual benefits to all related parties. The Board of Directors oversees the management system to ensure that the Company acknowledges the rights of stakeholders, both as stated by law and as clearly written in the “SCG Corporate Governance Policy,” and the “SCG Code of Conduct,” and guarantees that those rights are protected and treated equally. SCG published a written “SCG Stakeholder Engagement Policy” in 2010 in order to adhere to its responsibility to stakeholders and respond to changing social, environmental and business trends and the fact that stakeholders nowadays are more sophisticated with higher expectations regarding treatment, the expression of opinion, and decisions and actions taken on matters affecting

them. The Policy gives employees clear guidelines on how to do business by adding value for shareholders in the long run while at the same time always considering the impacts on other stakeholders. The Company upholds its commitment to being a good citizen in society, especially in communities where its operations are located, by doing business with a sense of respect for the rights of stakeholders and ensuring that they are given fair treatment. The Company listens to opinions and concerns, promotes understanding among stakeholders, supports creative cooperation on matters of interest to stakeholders, and assists in the development of society and the environment, all of which are intended to ensure that SCG conducts business on the basis of fairness to all involved parties. The policy, which is published on the SCG website, covers four main areas:

- Definition of stakeholders.
- Policy on treatment of stakeholders.
- Guidelines on treatment of stakeholders.
- Management duties.

In 2011, SCG compiled the existing policies and practices toward various groups of stakeholders as well as additional policies and practices. They were put together in writing and disseminated on the Company’s website to provide employees with clear guidelines. Having been approved by the Board of Directors, “SCG Policies and Practices toward Stakeholders” have already been introduced. They encompass 12 groups of stakeholders as follows:

1) **Shareholders:** Besides the basic rights of shareholders and the rights stipulated by law and the Company’s Articles of Association such as the right to request a verification of the number of shares; the right to receive share certificates; the right to attend the Shareholders’ Meetings; the right to vote at the Meetings; the right to freely express opinions at the Shareholders’ Meetings; and the right to receive a fair return, SCG also gives shareholders the right, as the owners of the Company, to make suggestions and comments on the Company’s affairs to the independent directors. Each comment and suggestion will be carefully considered and presented to the Board of Directors.

2) **Employees:** SCG truly believes that its employees are the most valuable assets and is determined to ensure that every employee is proud of and confident in the organization. During the previous year, the Company organized activities to promote a collaborative working environment to drive innovation and enhance the competence of employees, readying them to work both in Thailand and abroad, and to cope with the volatile economic situation. Furthermore, SCG focused on treating employees and workers fairly as well as promoting employees’ health and safety, excellent working conditions, and competitive remuneration.

3) **Customers:** SCG puts great importance on providing customers with maximum benefits in terms of the quality and price of its products and services. Likewise, the Company is determined to develop and maintain sustainable relationships with customers. It has set up a support office to provide product information, solve problems and receive complaints in order to ensure customers’ total satisfaction with SCG’s products and services.

4) **Suppliers:** SCG operates its business within a competitive context by strictly upholding its promises, the SCG Code of Conduct, and commitments to suppliers.

5) **Business Partners:** SCG has a policy of taking good care of its business partners regarding the environment, work safety and remuneration. Further, the Company is resolved to develop the capabilities and knowledge of business partners both at work and beyond to enable them to work more efficiently.

6) **Joint Venture Partners:** SCG respects the rights of joint venture partners and treats every partner equitably and fairly. The Company works collaboratively with joint venture partners to ensure that the joint ventures achieve the shared goals.

7) **Creditors:** SCG complies with the terms of loans and obligations to its creditors such as business creditors and depositors. The Company, moreover, organizes various projects in order to keep good relations with creditors such as activities for debenture holders.

8) **Community:** SCG conducts business with fairness to all related parties and with concern for social responsibility. In addition, the Company is open to comments and suggestions from every part of society to ensure a shared approach to operating business sustainably alongside social and community development. The Company supports activities that promote quality of life and create happiness for communities and the public wherever it operates, both in Thailand and in other ASEAN countries. SCG organizes various activities for the benefit of society, especially projects to develop the potential of young people in different fields, namely, science, technology, sports, and the arts. In addition, the Group provides emergency relief at times of disaster.

9) **Government Agencies:** SCG attaches significance to government agencies as stakeholders of the Company. Guidelines for engaging in transactions with government agencies are defined in the SCG Code of Conduct, and the Anti-corruption Policy to allow employees to proceed accurately and appropriately. The Company also cooperates with government agencies, providing technical assistance and support for various activities.

10) **The Media:** SCG stresses the importance of disclosing information to the media so that they can

communicate the information to the public accurately and rapidly. To establish good relationships with the media, the Company organizes various activities such as plant visits, socially beneficial activities, and meetings to exchange views.

11) **Competitors:** SCG operates its business within a competitive context by being fair and strictly following the law and the SCG Code of Conduct. During the year, there was no dispute with competitors.

12) **Civil Society Sector, Academia, Opinion Leader:** SCG carries out business with concern for social responsibility and all stakeholders. The Company is committed to disclosure of information, transparency, and verification as well as to welcoming comments and suggestions from all involved parties to find an approach to collaboration to ensure that sustainable business operations take place alongside social and community development.

Furthermore, SCG encourages its employees and related parties to take part in activities that benefit local communities and the general public in achieving sustainable growth. Even amid the economic downturn, the Company continues to devote its creativity, knowledge, and capabilities to enhance the efficiency of these projects in order to maximize benefits for local communities and the public.

For the environment, SCG sets guidelines for sustainable development in respect of environmental management and conservation under the concept of “the 3Rs,” which are to “Reduce, Reuse/Recycle and Replenish.” This concept is applied to operations in all of SCG’s businesses. The guidelines shape the design of the plants, help develop and improve production processes, and lead the Group to utilize eco-friendly technology. SCG ensures that systematic management is in place for its production processes, products and services as well as for the restoration and improvement of natural resources. In addition, the Company constantly promotes awareness regarding environmental conservation and encourages its employees and related parties to participate in protecting the environment.

Reflecting SCG’s concern for the environment and society, the Company has introduced the “SCG eco value” label for eco-friendly products and services that are produced by using special processes that minimize environmental impacts, based on the ISO 14021 standards. In 2013, 82 products were certified for the SCG eco value label. Revenue from sales of SCG eco value products currently account for 26% of total revenue from sales. By 2015, the number is expected to increase to one-third of total revenue from sales.

SCG has set its sights on achieving “Zero Waste to Landfill”. The efforts include reducing waste at its source



and selecting raw materials that produce the least waste. At the same time, waste will be sorted or recycled for reuse as alternative fuels or materials for cement production. In addition, the Company has a policy of purchasing products from suppliers that recycle or reuse their used products to maximum benefit or purchasing products with a longer service life.

Moreover, SCG has joined forces with businesses in Map Ta Phut Industrial Estate to establish the “Community Partnership Association”. At present, the number of members has grown from 5 to 13. At the same time, SCG, in cooperation with cement manufacturers in Saraburi Province, set up “Cement Partnership Project” to develop prototype eco-friendly cement plants that exceed the statutory standards. The project also aims to work side by side with the community to solve problems and to enhance the quality of life of the community like family members. A similar partnership has also been expanded to other industries. In 2013, SCG established the “Community Partnership Project” in collaboration with cement manufacturers and coal importers in Nakhon Luang District, Phra Nakhon Si Ayutthaya Province to develop environmentally-friendly operations, allowing the industry and the community to coexist symbiotically and sustainably.

SCG joined forces with the National Center for Genetic Engineering and Biotechnology as well as other government and business agencies to help farmers in the Northeast faced with severely saline soils where rice or other cash crops cannot grow. To that effect, scientific and technological know-how was used to research and develop saline-tolerant rice varieties while SCG worked with local soil experts to introduce the techniques for the cultivation of rice along with other cash crops, enabling crops to grow well on saline soils. Moreover, the community set up a self-help farmer group in the form of a community enterprise to promote jobs and supplementary means to increase their household income. SCG takes aim at promoting the know-how in saline soil reclamation on a broader scale to serve as a prototype in developing the productivity of Thai agricultural society.

SCG continues its focus on water conservation. The “SCG Conserving Water for Tomorrow” project has made progress in providing support to communities for the building of check dams, which restore the balance of nature and lead to the sustainable growth of the community. Through the end of 2013, SCG, together with communities and networks, have built more than 62,000 check dams to celebrate 100 years of SCG business sustainability. Moreover, SCG strives to raise awareness among the public and communities about conservation of water and the environment in order to achieve sustainable growth. Details of SCG’s environmental and social activities are available in the annual Sustainability Report, at www.scg.co.th.

In 2013, SCG developed the SCG Supplier Code of Conduct to give SCG’s suppliers a better understanding and provide them with guidelines in dealing in business with SCG. The five principles are as follows:

1) **Ethical Business Practices:** Conduct their business with adherence to honesty, integrity and fairness to all stakeholders. They shall provide a full and accurate disclosure of information, keep any confidential information, and respect the intellectual property rights of others.

2) **Labor Protection and Human Rights:** Avoid discriminatory employment practices, and give importance to labor protection especially child labor, female employees, and foreign workers. Suppliers must not use or exploit forced labor. They shall pay workers accurately and fairly including wages, benefits and define the working hours according to the laws.

3) **Occupational Health and Safety:** Provide a safe and healthy work environment as well as controlling accident risks and health impacts associated with the performance of duty. Suppliers shall also provide sufficient and reliable personal protective equipment.

4) **Environment:** Operate with concern for natural resources and the environment consistent with the 3Rs concept: Reduce, Reuse/Recycle, and Replenish.

5) **Laws and Regulations:** Abide by all applicable laws, rules, and regulations.

Furthermore, SCG organized the Supply Chain Sustainability Forum under the theme of “Walking Together to Contribute to a Sustainable Society and the Environment” to promote a SCG Supplier Code of Conduct among suppliers and the demonstrate SCG’s concern for social responsibility.

Moreover, SCG provides opportunities for all stakeholders to make comments and suggestions to SCG Investor Relations via email at invest@scg.co.th. The suggestions will be compiled, reviewed, and reported to SCG management and the Board of Directors, respectively.



4. Disclosure and Transparency

SCG recognizes the importance of information disclosure because it greatly affects decision-making by investors and stakeholders. It is necessary, therefore, to define and administer measures concerning the disclosure of information, both financial and non-financial. Information disclosed via the SET Portal of the Stock Exchange of Thailand and SCG’s website shall be complete, sufficient, reliable and up-to-date, written in both Thai and English. SCG is committed to obeying the law, regulations and obligations mandated by the Securities and Exchange Commission (SEC), the SET and relevant government bodies. Regular amendment takes place to ensure that SCG is up-to-date in its adherence to laws, regulations and obligations, and to guarantee SCG’s transparency in conducting business. Examples include:

1. Disclose accurate, complete and timely financial information and non-financial information.

2. Prepare a report on the Board’s responsibility for financial statements and present it along with the Audit Committee’s report in the Annual Report.

3. Establish a policy that requires the Company’s directors and executives to report their own interests, and those of any related persons, which are vested interests relating to the management of the Company or its subsidiaries. The criteria and reporting procedures are as follows:

- Report when first taking office as a director or executive.
- Report every time there is a change in director’s or executive’s vested interests.
- Report at every-year-end.
- Allow any director retiring on rotation and being re-elected to not report his/her own interests again should there be no change in the information.
- Require a director or executive to submit the Report on Interests via the company secretary, who will gather and store the documents and submit them to the chairman

of the Board of Directors and the chairman of the Audit Committee for acknowledgement within seven days after the Company receives the documents.

4. Announced a policy in 2010 requiring all directors to disclose and/or report their securities trading and holdings to the Board of Directors' meeting.

In 2013, the Board of Directors announced a policy requiring all management to disclose their securities holdings both directly and indirectly as well as the changes in securities holdings of the directors and top executives by reporting the number of shares they held at the beginning of the year and at year end together with that traded during the year in the Company's annual report.

5. Disclose procedures about Board member selection and the Board's performance assessment.

6. Disclose the performance and attendance record of each member of the Committee.

7. Disclose the date of the director's appointment in the Company's annual report.

8. Disclose information on the remuneration each director receives as a member of the Committee.

9. Disclose the policy on the remuneration of directors and top executives, including forms, types and amount of remuneration for each committee member.

10. Disclose detailed information on the organizational structure and investments of subsidiaries and associate companies.

11. Disclose the audit fee and non-audit fees in the Company's annual report.

12. Disclose the Company's Memorandum of Association and the Company's Articles of Association on the Company's website.

13. Disclose policy on environmental and social responsibility and related performance.

14. Report on corporate governance policies and related performance.

15. Reveal significant investment projects and relevant impacts of the projects via the SET Portal of the Stock Exchange of Thailand and SCG website to ensure that shareholders, investors, the media, and related parties are kept informed of information accurately, extensively, and transparently. For example, in 2013 the Company disclosed its investment projects in various businesses. Chief among them were the quality enhancement of high value-added (HVA) products and the expansion of the LDPE resin production capacity of SCG Chemicals, and the acquisition of a packaging business in Thailand and Indonesia of SCG Paper. Meanwhile, SCG Cement-Building Materials included the construction of a cement plant in Myanmar, an investment in a ceramic tile business in Vietnam, and a joint venture with Nichirei Logistics (Japan) Co.,Ltd to

provide temperature-controlled logistic services.

Moreover, in 2013, the Board of Directors still upheld information disclosure guidelines related to SCG so as to systematize the Company's information disclosure and avert any damage caused by improper disclosure. This reassured shareholders, investors, the general public and all stakeholders that SCG is committed to disclosing information clearly, equitably and in compliance with the law. To that effect, the existing practices have been compiled and formulated in SCG's Disclosure Policy set forth in 2008. The Company has designated the persons responsible for disclosing non-public information as well as establishing guidelines on the disclosure of different types of information to the public and setting up critical periods in which extreme caution should be taken prior to the disclosure of information to the public. Details of the guidelines are available for stakeholders and the general public on SCG's website.

The Investor Relations Department of SCG is responsible for communications with institutional investors, retail investors, shareholders, analysts and relevant government bodies on an equal and fair basis. Should the shareholders require additional information, they can contact the Investor Relations Department directly via invest@scg.co.th. In 2013, SCG arranged activities for the president & CEO and the vice president to meet retail investors, institutional investors and analysts on a regular basis, whereby the operating results, financial statements and position, management discussion and analysis, and industry trends were presented. During the year these activities included:

- Domestic roadshows and conferences for the President & CEO as well as Vice President to meet with domestic institutional investors to clarify, communicate, and create accurate understanding based on SCG's business approach and general information. A total of eight events were held.

- Meetings for the President of each business unit to meet with analysts and domestic institutional investors to inform and communicate business strategies and directions, providing them with knowledge and insights into each of SCG's business.

- Analyst conferences held on a quarterly basis.
- A total of 12 overseas roadshows.
- Various company visits as well as direct replies to inquiries from investors via telephone and email on a regular basis.

5. The Board of Directors: Its Responsibilities

The Structure of the Board of Directors

5.1 Composition of the Board of Directors

The Board of Directors comprises nationally respected, knowledgeable and competent persons who are responsible for drawing up corporate policy and collaborating with the top executives in making operating plans, both short-term and long-term, including financial policy, risk management policy, and organizational overview. The Board, which plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis, comprises the following names:

1. Mr. Chirayu Isarangkun Na Ayuthaya
Chairman
2. Mr. Snoh Unakul
Director
3. Mr. Sumet Tantivejkul
Independent Director
4. Mr. Pricha Attavipach
Independent Director
5. Mr. Panas Simasathien
Director
6. Mr. Yos Euarchukiati
Director
7. Mr. Arsa Sarasin
Independent Director
8. Mr. Chumpol NaLamlieng
Director
9. Mr. Tarrin Nimmanahaeminda
Independent Director
10. Mr. Pramon Sutivong
Independent Director
11. Mrs. Tarisa Watanagase
Independent Director
12. Mr. Kan Trakulhoon
Director, President & CEO

Among the Board directors, four have been appointed as authorized directors, namely, Mr. Snoh Unakul, Mr. Yos Euarchukiati, Mr. Panas Simasathien and Mr. Kan Trakulhoon. Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

11 non-executive directors

One executive director, who is the company's president & CEO

The six independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Mr. Tarrin Nimmanahaeminda, Mr. Pramon Sutivong and Mrs. Tarisa Watanagase

Qualifications of Independent Directors of SCC

On January 30, 2013, the Company revised the qualifications of independent directors to be more stringent than those prescribed by the Office of Securities and Exchange Commission. These qualifications require that an independent director:

1. Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including shares held by related persons of such independent director.

2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than two years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.

3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of other directors, of an executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.

4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgement, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

The term "business relationship" in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated

according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 Million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.

8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.

9. Shall be able to attend meetings of the Board of Directors and make independent judgment.

10. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.

11. Shall be able to look after the interests of all shareholders equally.

12. Shall be able to prevent conflicts of interest.

13. Shall not have been convicted of violating security or stock exchange laws, financial institution laws, life insurance laws, general insurance laws, anti-money laundering laws or any other financial law of a similar nature, whether Thai or foreign, by an agency with authority under that certain law. Such wrongful acts include those involved

with unfair trading in shares or perpetration of deception, fraud or corruption.

14. If qualified according to all items 1-13 specified above, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary or any juristic person with a conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

Scope of Authority of the Board of Directors

The Board of Directors has the following authorities:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:

1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).

1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).

1.3 Performing its duties in compliance with laws, objectives, the Company's Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience).

1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).

2. Directing the vision, mission, as well as business and risk management policies of SCG for stability and the balanced and sustainable benefits of all stakeholders, while continuously adding value for shareholders.

3. Reviewing the operating plan, strategies, budget, and business goals, and developing the capabilities of SCG for competitiveness at the global level.

4. Reviewing top executive development plan and the succession plan for the president while overseeing to ensure the effective performance assessment of top executives on an annual basis and determining appropriate remuneration in line with the Company's operating results to provide both short-term and long-term incentives.

5. Overseeing to ensure effective risk management systems together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.

6. Devoting their time and efforts to the Company without seeking benefits for themselves or others and not acting in conflict of interest or in competition with the Company or SCG.

7. Directing the Company's operation in compliance with the laws, objectives, the Company's Articles of Association, resolutions of the Board of Directors and

resolutions of Shareholders' Meetings in good faith and with care to preserve the highest interests of the Company and fairness to all involved parties.

8. Overseeing and developing SCG's corporate governance to keep it consistent with international standards to provide guidelines for business operations while monitoring to ensure compliance and being a role model in complying with the principles of good corporate governance and SCG Code of Conduct.

9. Overseeing and monitoring of each business unit and SCG's overall performance by requiring their performance reports periodically, and setting policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility and development of SCG's employees.

10. Encouraging staff at all levels to be conscious of ethics and morality and comply with SCG's principles of corporate governance, SCG Code of Conduct and the Anti-corruption Policy while promoting awareness of the importance of internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

11. Protecting the fair rights and interests of both major and minor shareholders along with supporting shareholders in exercising their rights to protect their own interests, and receive accurate, complete, transparent, veritable, and timely information.

12. Recognizing the roles, duties, and responsibilities of the Board of Directors, paying respect to the rights of shareholders, treating shareholders and other stakeholders fairly, conducting the business transparently, disclosing information accurately and adequately as well as establishing a clear process and channels for receiving and handling complaints from informants or stakeholders.

13. Assessing the performance of the Board of Directors annually by performing three types of assessments, namely that of the Board and its Committees as a whole, that of each individual director as a self-assessment, and that of the chairman together with monitoring the assessment results of the Board and its Committees which will be jointly deliberated by the Board of Directors.

14. Overseeing and monitoring to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and Sub-committee members are determined appropriately.

15. Attending all meetings of the Board of Directors and Shareholders' Meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.

Performing its duties, the Board of Directors may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

The Board meeting suggested to consider the appropriateness and necessity to set up a compliance unit in response to SCG's business expansion and to systemize the overlapping work of different functions in each Business Unit that had been designated to take responsibility for each specific area.

SCG Management in 2013 commissioned an external consultant to consider the guidelines in establishing a compliance unit, setting control, communication, and reporting systems as well as defining the scope of responsibilities of the compliance unit to ensure maximum efficiency and consistency with SCG's organizational structure. SCG is in the process of using the study results to leverage the structure and set up systems to support and monitor to ensure the efficiency of the compliance unit.

Scope of Authority of the Chairman of the Board of Directors

The Chairman of the Board of Directors has the following authority:

1. Sets Board meeting agenda in consultation with the President & CEO and oversees to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.

2. Provides leadership and direction to the Board of Directors and chairs meetings of the Board.

2.1 Conducts a Board meeting according to the agendas, the Company's Articles of Association, and applicable laws.

2.2 Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.

2.3 Sums up the Board meeting resolutions and the actions to take clearly.

2.4 Sets up a Board meeting without the presence of the Executive Director.

3. Chairs meetings of shareholders according to the agendas, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.

4. Supports and be a role model in compliance with the principles of good corporate governance and SCG Code of Conduct.

5. Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the President & CEO and the Management in accordance with the Company’s policy.

6. Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.

7. Oversees to ensure the Board of Directors has appropriate structure and composition.

8. Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.

9. Oversees to ensure the performance assessment of the Board of Directors as a whole and self-assessment of directors, Chairman, and Sub-committee members. The assessment results are reviewed to find ways to improve their performance and enhance the knowledge and capabilities of the directors and Sub-committee members.

The Board of Directors’ Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company’s Articles of Association, the Board of Directors charter, and the shareholders’ meeting resolutions. Such matters include defining and reviewing corporate vision, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-term business plan. Added to this is the defining of the target operating results, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, merger and acquisition, corporate spin-off, and joint venture deals.

**Directors’ Term of Service on Board
Duration of Each Term**

At the Annual General Meeting of Shareholders each year, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the office. In choosing those directors who retire, length of service on the board should be considered, so that those who have served longest are most eligible to retire. Nevertheless, a retiring director is eligible for re-election. Currently, the Board of Directors consists of 12 members, whose term of office is 3 years.

Number of Consecutive Terms a Director Is Permitted to Serve

The Company believes that each of its elected directors is a highly qualified individual who is respected for being knowledgeable, virtuous, moral and effective. If shareholders show confidence in a director by re-electing him or her, the Board of Directors will honor that decision. Therefore, the Company does not set a limit on consecutive terms of service by a director.

Further, in 2011, the Board of Directors resolved to limit the number of terms for which an individual may serve as an independent director to a maximum of three consecutive terms. The first term started from May 25, 2011. The appointment date of each independent director will be disclosed in the Company’s annual report.

Board of Directors’ Meetings

It is the duty of each member of the Board to consistently attend the Board’s meetings to stay informed of SCG’s operations and make decisions regarding them. The Board holds at least eight scheduled meetings per year, making sure that the agendas are set forth clearly prior to each meeting. In addition, the Board may organize special meetings to consider and decide urgent matters.

At the meetings, the Chairman and the President & CEO of the Company jointly determine which agenda items are relevant to the meetings. Every individual member of the Board is entitled to propose agenda items.

In 2013, the Board held 10 meetings, eight scheduled meetings and two special meetings. Prior to each meeting, all members received the agenda and supporting documents five working days prior to the date of the meeting to allow adequate time for preparation.

When considering the matters presented to the Board, the Chairman of the Board presides over and duly conducts the meetings. All members of the Board are allowed to express their opinions independently. Resolutions are passed with a majority vote, whereby one director is eligible for one vote. A director with a vested interest in the issue under consideration or a director ineligible to vote shall be excused and/or abstain from voting. In case of a tied vote, the chairman of the meeting will cast his vote to reach a resolution.

SCG executives are allowed to attend the Board’s meetings to provide useful information to the Board, and to learn directly about the Board’s initiatives and policies for effective implementation. However, the executives are not allowed to attend the meeting for certain agenda items which are reserved only for the Board of Directors or for non-executive directors in order to ensure independence of consideration.

In addition, the Board attaches significance to managing the conflicts of interest of the concerned parties with prudence, fairness and transparency. The information shall be fully disclosed. Any director with a vested interest in the matter under consideration must not be involved in the decision process.

After the Meeting, the company secretary is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the chairman. Directors may make comments, corrections or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely in the corporate secretary’s office together with all related documents, which

are backed up electronically to facilitate data searches.

In addition, for the months in which the Board of Directors meeting is not held, all directors are continuously informed of the operating results. The Company submits to the directors relevant documents, together with information about any significant developments that occurred during the month, in order to keep them informed.

Non-executive directors hold a meeting among themselves to discuss the succession plan for top executives and to evaluate the performance of the President. So as to ensure that the non-executive directors can express their opinions independently, the President is excluded from attending a meeting held to evaluate his performance and other related issues.

The Attendance of the Directors in 2013 (January 1, 2013 - December 31, 2013)

	Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	The CSR Committee for Sustainable Development	The 2013 Meeting of Shareholders
	(Total 12 directors) Total 10 times / year	(Total 4 members) Total 6 times / year	(Total 5 members) Total 5 times / year	(Total 3 members) Total 6 times / year	(Total 5 members) Total 4 times / year	(Total 12 directors) Total 1 time / year
1. Mr. Chirayu Isarangkun Na Ayuthaya	10/10				4/4	1/1
2. ACM Kamthol Sindhvananda*	3/3	1/1				-
3. Mr. Snoh Unakul	10/10		4/5		4/4	1/1
4. Mr. Sumet Tantivejkul	10/10		5/5		4/4	1/1
5. Mr. Pricha Attavipach	10/10	6/6				1/1
6. Mr. Panas Simasathien	10/10		5/5			1/1
7. Mr. Yos Euarchukiati	10/10			6/6	2/4	1/1
8. Mr. Arsa Sarasin	10/10		5/5			1/1
9. Mr. Chumpol NaLamlieng	10/10			6/6		1/1
10. Mr. Tarrin Nimmanahaeminda	9/10	6/6	5/5			1/1
11. Mr. Pramon Sutivong	10/10	6/6		6/6		1/1
12. Mrs. Tarisa Watanagase**	7/7	5/5				-
13. Mr. Kan Trakulhoon	10/10				4/4	1/1

Notes:

- 1. The six independent directors are number 4, 5, 8, 10, 11 and 12
- 2. The four Audit Committee members are number 2*, 5, 10, 11 and 12**
- 3. The five Governance and Nomination Committee members are number 3, 4, 6, 8 and 10
- 4. The three Remuneration Committee members are number 7, 9 and 11
- 5. The five CSR Committee for Sustainable Development members are number 1, 3, 4, 7 and 13
- 6. The 2013 Annual General Meeting of Shareholders held on March 27, 2013.

* Retired from the company's directorship and chairman of the Audit Committee since March 27, 2013

** Has been a company's director and a member of the Audit Committee since March 27, 2013

Limitation of the Number of Listed Companies in Which a Director May Hold Directorship

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests because it helps ensure that directors have sufficient time to handle their duties. The Board of Directors has agreed to set the policy prescribing that each director should hold directorship of a maximum of five listed companies. In addition, SCG has a guideline in case the President & CEO is appointed as director of another company. The matter will be proposed to the Board of Directors for approval.

Separation of the Roles of the Board of Directors and the Management

The Company defines clear roles and responsibilities regarding the Board of Directors and the management. The Board shall be responsible for establishing the policies and overseeing the management's implementation of those policies. The management, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. Therefore, the Chairman and the President & CEO of the Company shall not be the same person, and each must be nominated and elected by the Board in order to ensure their appropriateness. Furthermore, the Board is responsible for establishing a succession plan covering the top executives, which is subject to annual review.

The Chairman shall not be a member of the management and shall not participate in the management of SCG's business; nor shall the Chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between supervision of the Company's overall policy, and management of the business.

In 2013, SCG's top executives comprised the following ten executives:

- President & CEO, SCG
- Vice President – Finance and Investment & CFO, SCG
- Vice President – Corporate Administration, SCG
- President, SCG Cement-Building Materials
- Vice President-Operations, SCG Cement-Building Materials
- Vice President-Regional Business, SCG Cement-Building Materials
- Vice President-Domestic Market, SCG Cement-Building Materials

- President, SCG Chemicals
- Vice President-Operations, SCG Chemicals
- President, SCG Paper

The ten executives are authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

Nomination of Board Members

The Governance and Nomination Committee is responsible for selecting qualified candidates to replace the directors who are retiring on rotation at the end of their terms, or whatever the case may be, and proposing a list of nominees to the Board for resolution at the Shareholders' Meeting. The Governance and Nomination Committee selects the candidates with credentials in a wide range of professions, excellent leadership, breadth of vision, a proven record of ethics and integrity, and who are able to share their opinions independently. The qualities of the candidates are defined by considering the necessary skills that the Board of Directors is still lacking in. Furthermore, the Governance and Nomination Committee shall consider the personal qualities of the candidates proposed for selection as Board members as regards:

- Integrity and accountability.
- Informed judgment.
- Maturity and stability, being a good listener, and the ability to express individual, independent opinion.
- Commitment to work principles and professionalism.

Special expertise and certain knowledge required for the Board are also taken into consideration, so that the Board can formulate strategies and policies and oversee implementation of the strategies effectively.

Rules and Procedures for the Election of Directors

1. Prior to the Annual General Meeting of Shareholders, the Governance and Nomination Committee proposes to the Board the names of persons to replace directors who are retired by rotation. The nominees will then be listed for consideration for election during the Meeting. All shareholders have an equal right to propose other candidates. Authority to select directors rests with the shareholders.

2. A shareholder shall have one vote for each share he holds or represents.

3. At the election of Directors, the shareholders shall vote for each individual candidate nominated for Directors, but not exceeding the number of Directors required for that election. The vote shall not be distributed.

4. The candidates shall be ranked in descending order from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. If the votes cast for the candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the chairman of the Meeting shall cast the deciding vote.

At the 2013 Annual General Meeting of the Shareholders, the four board members who were due to retire by rotation were:

1) Mr. Chirayu Isarangkun Na Ayuthaya, 2) Air Chief Marshal Kamthon Sindhvananda, 3) Mr. Tarrin Nimmanahaeminda, and 4) Mr. Pramont Sutivong. Air Chief Marshal Kamthon Sindhvananda expressed his intention of not being re-elected as a Director of the Company.

According to the Company's Articles of Association, the one-third of directors who have served longest must retire from office. In the nomination process, each director proposes appropriate persons to the Governance and Nomination Committee. The Committee, which excluded the members having special interests, considered a total of ten nominees, nominated by each director. Three of them were retiring directors according to the Agenda, and seven were newly qualified nominees. The Committee then nominated four qualified nominees, namely, 1) Mr. Chirayu Isarangkun Na Ayuthaya, 2) Mr. Tarrin Nimmanahaeminda, 3) Mr. Pramont Sutivong, and one new candidate, namely Mrs. Tarisa Watanagase. The Shareholders' Meeting on March 27, 2013 resolved to elect all of the four candidates as Directors of the Company by a majority vote of the total votes of Shareholders attending the Meeting and having the right to vote.

The Secretary to the Board of Directors and the Company Secretary

The Secretary to the Board of Directors

The Board appointed Mr. Worapol Jennapar as the secretary to the Board of Directors responsible for providing advice to the Board regarding the performance of duties in compliance with the law, preparing the minutes of the Board's meetings, and attending every Board meeting. He is deemed by the Board to be highly

knowledgeable and experienced, especially in legal matters, allowing him to provide appropriate advice to the Board regarding laws, rules, regulations and the SCG Corporate Governance Policy.

The Company Secretary

The Board appointed Mrs. Pornpen Namwong as the company secretary responsible for organizing the meetings of the Board, committees and shareholders. The company secretary is also in charge of preparing the minutes of the Board's meetings, the minutes of shareholders' meetings, and Annual Report as well as filing documents as stipulated by law. She is deemed by the Board to be appropriate because she is knowledgeable in managing corporate secretarial work, having served as director of the corporate secretary office, which supports the corporate secretarial work involving compliance with laws, rules, regulations and the SCG Corporate Governance Policy.

The Company constantly supports the company secretary to undergo training and development in the areas of law, accounting, or corporate secretarial work. The qualifications and experience of the company secretary are disclosed in the Company's annual report.

5.2 The Sub-committees

The Board has further established the Audit Committee, Governance and Nomination Committee, Remuneration Committee, and CSR Committee for Sustainable Development to be responsible for their specific areas and report directly to the Board for its consideration or reference. The Board of Directors is entitled to form other Sub-committees to handle any specific situations as seen appropriate. In this regard, SCG put in place its Charter of the Board of Directors and Charter of the Sub-committees specifying rights and duties, which is published on the Company's website. Moreover, an evaluation of the performance of the Board of Directors and Sub-committees and review of their operational results are conducted at least once a year. In 2013, the same performance evaluation forms of the Board of Directors, the Sub-committees, and the Chairman as in 2012 were used with slight modification to the performance evaluation forms for the Audit Committee which was revised in 2013.

1) The Audit Committee

The Audit Committee comprises four independent directors, all of whom are well accepted and have a full

understanding of, and experience in, accounting or finance. Mr. Tarrin Nimmanahaeminda and Mrs. Tarisa Watanagase, with their extensive knowledge and experience, are responsible for reviewing the reliability of the financial statements. The Audit Committee members’ duties include a review to ensure that operations have been carried out in accordance with the Company’s Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of SCG’s financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. The Audit Committee acts and expresses opinions independently.

Internal Audit Office with Mr. Anuwat Jongyindee as its Director acts as an operations unit reporting directly to the Audit Committee. The Audit Committee also consults regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee must set up meetings with the Company’s external auditor, which exclude the management, at least once a year in order to hear their comments. In addition, the Committee may seek external consultation and professional advice from independent consultants or specialists, as deemed appropriate, at the Company’s expense.

Internal Audit Committee of the Company comprises the following four members:

- | | |
|-------------------------------|----------|
| 1. Mr. Tarrin Nimmanahaeminda | Chairman |
| 2. Mr. Pricha Attavipach | Member |
| 3. Mr. Pramon Sutivong | Member |
| 4. Mrs. Tarisa Watanagase | Member |

The Audit Committee’s Term on Board

The Audit Committee is subject to a three-year term. The directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Audit Committee

The Audit Committee is authorized to fulfill the following duties:

1. Check that the Company has an appropriate financial reporting system and disclosure of information in its financial statements in accordance with the legally defined accounting standard, with transparency, correctness, and adequacy.

2. Promote the development of financial reporting systems in compliance with international accounting standard.

3. Check that the Company has appropriate and effective internal control and internal audit systems according to internationally accepted approaches and standards.

4. Check that the Company has in place preventive operation system to enhance operating effectiveness and efficiency.

5. Check the corporate risk management system.

6. Check that the Company is in full compliance with the Securities and the Stock Exchange Law and other laws relating to the Company’s business.

7. Check the report on dishonesty, establish preventive measures and check the Company’s whistleblowing process.

8. Check the correctness and effectiveness of the information technology system relating to internal control, financial reports, and risk management and suggest updates and improvements as needed.

9. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Stock Exchange of Thailand.

10. Check that the performance assessment, both as a whole and self-assessment, of the Audit Committee is made annually.

11. Review and comment on operations of the Audit Office and coordinate with the Company’s auditor.

12. Prepare the Audit Committee’s report to be disclosed in the Company’s Annual Report and duly signed by the Chairman of the Audit Committee and containing opinions on various matters as required by the Stock Exchange.

13. Consider, select, propose the appointment and remuneration of, and assess the efficiency of the Company’s independent auditor.

14. Organize meetings with the Company’s auditor, without the attendance of management, at least once a year.

15. Check that performance assessment of the Audit Office is in compliance with international standards.

16. Consider and approve the audit plan, budget, and manpower of the Audit Office.

17. Provide comments on the appointment, removal, transfer, or dismissal of the Director of the Internal Audit Office.

18. Consider the independence of the Audit Office based upon the scope of work, reports, and line of command.

19. Review the self-assessment about anti-corruption measures which have been checked and assessed by Internal Audit Office to ensure that the Company has the anti-corruption mechanisms in place as reported in the self-assessment form of the Thai Institute of Directors Association (IOD).

20. Perform other actions as required by law or as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Audit Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the Committee may seek independent opinion from professional consultants as deemed appropriate, at the Company’s expense.

The Audit Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company’s operations and is directly accountable to shareholders, stakeholders, and the public.

Responsibilities of the Audit Committee

1. In case the Audit Committee is informed by the auditor about suspicious behavior of directors, managers or persons responsible for business operation of the Company, which may violate paragraph 2 of Section 281/2, Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, the Audit Committee is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the auditor, within 30 days of the date it is informed.

2. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the Company, the Audit Committee is to report such events to the Board of Directors in order to find remedy within a period deemed appropriate by the Audit Committee:

- (1) Transactions which may cause conflicts of interest.
- (2) Fraud or irregular events or material flaws in the internal control system.
- (3) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the Company’s business.

Should the Board of Directors or management fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the SEC or the SET.

2) The Governance and Nomination Committee

The Governance and Nomination Committee comprises five of the Company’s directors, all of whom are non-executive directors. The chairman of the Governance and Nomination Committee is an independent director. The Committee is responsible for proposing, revising, and supervising the Company’s corporate governance matters. The Committee is also in charge of the nomination of persons qualified to become directors to replace those who are retired by rotation, or as the case may be. In addition, the Committee reviews the performance evaluation system of the Board of Directors and other committees, as well as the succession plan for the position of president.

The Governance and Nomination Committee of the Company comprises the following five members:

- | | |
|-------------------------------|----------|
| 1. Mr. Sumet Tantivejkul | Chairman |
| 2. Mr. Snoh Unakul | Member |
| 3. Mr. Panas Simasathien | Member |
| 4. Mr. Arsa Sarasin | Member |
| 5. Mr. Tarrin Nimmanahaeminda | Member |

The Governance and Nomination Committee’s Term on Board

The Governance and Nomination Committee is subject to a three-year term. The Directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Governance and Nomination Committee

The Governance and Nomination Committee is authorized to fulfill the following duties:

Corporate Governance

1. Draw up the scope and policy of SCG’s corporate governance and present them to the Board of Directors.

2. Make recommendations on the practice of SCG’s corporate governance and give advice on corporate governance to the Board of Directors.

3. Oversee and monitor the performance of the Company’s Board of Directors and the management to ensure their compliance with SCG’s corporate governance policy.

4. Review the practice of corporate governance within SCG to ensure it is appropriate for the Company's business operations and consistent with international best practices and make recommendations to the Board of Directors for further improvement and keeping it up-to-date.

5. Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.

6. Review the appropriateness of retaining the directorship should there be any change in a director's qualifications.

7. Recommend methods to assess the performance of the Board of Directors and the committees and review them annually. In addition, follow up and conclude the assessment results to the Board of Directors for acknowledgement and utilize such information for the improvement of work efficiency and enhancement of the directors' knowledge and capabilities.

8. Report regularly on progress and performance results to the Board of Directors after every meeting of the Governance and Nomination Committee.

9. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the committees. Should there be an alteration to the Charter of the Board of Directors and the committees, the Governance and Nomination Committee shall review and make appropriate recommendations in keeping it up-to-date.

10. Review the performance appraisal of the Governance and Nomination Committee on a regular annual basis as a whole and as self-assessment.

11. Perform other duties as assigned by the Board of Directors.

Nomination of Directors and Top Executives

1. Specify qualifications of any person to be nominated for directorship and lay down the director nomination process to replace the retiring director, considering diverse candidates with skills, experience, gender and expertise useful for the Company.

2. Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case may be and submit a list of nominees to the Board of Directors and/or Shareholders' Meeting for resolution.

3. Recommend a plan for succession of the Company's President & CEO and the top executives to the Board of Directors for consideration.

4. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Governance and Nomination Committee is authorized to call for and order the management, heads of offices or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

Nomination and Succession Plan for Top Executive Positions at SCG

SCG has put in place a proper and transparent nomination process for key management positions at every level in order to ensure that all of top executives are professionals who perform their duties independently from the major shareholder and other shareholders. The succession plan for the president and top executives is carried out by the Governance and Nomination Committee and considered by the Board of Directors. SCG's nomination process commences with the process of recruiting candidates who possess both talent and integrity. Young talents are the focus of recruitment, so that they can be groomed to become leaders in the future. Qualified employees will undergo a high potential assessment and pursue development courses following individual career development plan. These talents will be assigned challenging tasks, and their positions will be rotated periodically in order to further develop their leadership skills and all-round knowledge in every area of SCG's business. The plan is implemented at every level of employment to ensure that staff members are ready to fill any positions that become vacant.

3) The Remuneration Committee

The Remuneration Committee comprises three of the Company's directors. The Committee is responsible for monitoring and studying changes and trends in the remuneration of the Board of Directors and SCG top executives to suggest remuneration policies that can motivate these executives to lead the Company toward success as well as to retain smart and ethical employees within the organization.

The Remuneration Committee of the Company comprises the following three members:

- | | |
|---------------------------|----------|
| 1. Mr. Chumpol NaLamlieng | Chairman |
| 2. Mr. Yos Euarchukiati | Member |
| 3. Mr. Pramon Sutivong | Member |

The Remuneration Committee's Term on Board

The Remuneration Committee is subject to a three-year term. The Directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Remuneration Committee

The Remuneration Committee is authorized to fulfill the following duties:

1. Propose guidelines and methods for remuneration to be paid to the Board of Directors and the committees appointed by the Board of Directors, including bonus and attendance fee.

2. Recommend the policy on SCG management remuneration including salary and annual bonus, in line with the Company's operating results and the performance of each top executive. Whenever it deems appropriate, the Committee shall consider the hiring of consulting firms to advise on project implementation.

3. Assess the performance of the President & CEO on an annual basis in order to determine his/her remuneration before proposing the Board of Directors for approval.

4. Assess the performance of each SCG top executive on an annual basis, based on the recommendation of the President & CEO, in order to determine his/her remuneration before proposing this to the Board of Directors for approval.

5. Consider the annual budget for the salary increase, changes of wage and compensation, and bonus of top executives before proposing to the Board of Directors.

6. Review, study, and track regularly the changes and trends in remuneration for the Board of Directors and SCG top executives in order to propose for the approval of the Board of Directors.

7. Consider the remuneration of the Board of Directors and SCG top executives, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in that industry and to motivate them to foster the Company's continuing development.

8. Report regularly on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee.

9. Assess the performance of the Remuneration Committee and report the assessment results to the Board of Directors for acknowledgement.

10. Review and recommend for the Board of Directors' approval if there may be any alteration to the Charter of the Remuneration Committee in keeping it applicable and up-to-date.

11. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Remuneration Committee is authorized to call for and order the management, heads of offices or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the Committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

4) The CSR Committee for Sustainable Development

The CSR Committee for Sustainable Development comprises five of the Company's directors and three top executives. The Committee is responsible for establishing policies and guidelines on CSR activities for sustainable development, proposing the setting of annual CSR budget as well as monitoring the Committee's performance and reporting to the Board of Directors.

The CSR Committee for Sustainable Development comprises the following eight members:

- | | |
|---------------------------------------|----------|
| 1. Mr. Snoh Unakul | Chairman |
| 2. Mr. Chirayu Isarangkun Na Ayuthaya | Member |
| 3. Mr. Sumet Tantivejkul | Member |
| 4. Mr. Yos Euarchukiati | Member |
| 5. Mr. Kan Trakulhoon | Member |
| 6. Mr. Kajohndet Sangsuban | Member |
| 7. Mr. Roongrote Rangsiyopash | Member |
| 8. Mr. Tanawong Areeratchakul | Member |

5.3 Performance Appraisal and Knowledge Enhancement

Performance Appraisal of the Board

SCG makes available the performance evaluation form of the Chairman. The directors are required to appraise the Chairman's performance, since his role in defining policy and ensuring good corporate governance is essential to the Company. In addition, the performance appraisal of the Board consisting of group assessment (as a whole) and self-assessment must be carried out on an annual basis at least once a year. The assessment results are reviewed in

order to find ways to continue to improve the Board’s performance. The performance appraisal of the Board both as a whole and self-assessment comprises eight major topics as follows:

1. Knowledge and understanding about the role and responsibilities of a director in accordance with the laws, rules, and regulations stipulated by various agencies or institutions such as SEC, SET, or Federation of Accounting Professions.
2. Strategy-setting and policy-making.
3. Performance of duties as director /committee.
4. Monitoring financial performance and reporting.
5. Board of Directors’ meetings.
6. Nomination of the Company’s directors and President & CEO.
7. Setting remuneration for the directors and top executives.
8. Performance appraisal of the President.

In 2013, the assessment result of the Board as a whole was 95% and the result of self-assessment was 92%.

Development of Directors and Top Executives

The Governance and Nomination Committee deemed it appropriate to arrange activities to enhance knowledge beneficial to the performance of duties and responsibilities of the Company’s directors.

In the past years, the Company held two dialogs, allowing for an exchange of opinions among the directors, top executives, and outside experts as follows:

- On July 6, 2011, a dialog on the “Laws, Rules, and Regulations Concerning the Listed Companies Essential to Directors and Suggestion for Preventive Measures” was held, allowing for an exchange of views between the directors and officers of the SEC and the Stock Exchange of Thailand (SET).
- On July 23, 2012, a dialog on “Corporate Governance and Risk Management” between the Company’s Board of Directors, top executives, and Dr. Bandid Nijathaworn, President & CEO of Thai Institute of Directors Association (IOD) was held.

In 2013, the Governance and Nomination Committee suggested that the Company organize a dialog on “The Role of the Board of Directors in Mergers and Acquisitions” for the Company’s directors in accordance with their need survey results. Held on July 25, 2013, the dialog focused on the following issues:

- Relevant laws and regulations concerning the mergers and acquisitions of listed companies.

- Considerations/issues to be addressed by the Board of Directors in the event of mergers and acquisitions.
- Role and responsibilities of the Board of Directors of listed companies in mergers and acquisitions

In addition, the directors also attended national events designed to promote good corporate governance and allow for the exchange of opinions with regionally-renowned experts such as The 2nd National Director Conference 2013 organized by the IOD. Moreover, during the Board of Directors’ meetings, the Audit Committee reported on any cases of corruption or accounting cover-ups, both domestic and foreign, to keep the directors and top executives informed of the cases to prevent such fraud from happening to the Company and its associates.

SCG prepared a handbook for directors, which includes the summary of laws, rules and regulations related to the directors as well as practices to keep directors informed of roles, duties, principles and practices for a director. The handbook is distributed to all directors for use as reference regarding basic information. In addition, directors are also kept abreast of laws related to or promoting good corporate governance such as anti-corruption legislation. In 2012, the Company distributed a handbook for independent directors published by the Stock Exchange of Thailand to every Board member with a concise summary for the Governance and Nomination Committee during the meeting. However, the Board recommended producing a document or publication to enhance the directors’ knowledge and understanding about the applicable laws and regulations. The Governance and Nomination Committee deemed it appropriate for the management to compile rules, requirements, and information useful for the directors’ performance of duties into a publication with an executive summary for easy understanding and reference. Therefore, in 2013 the Company revised its handbook for directors in both wording and presentation of information, making it more concise and easier to understand as well as modifying and adding rules in accordance with the currently prescribed regulations.

For new directors, SCG established a Director Induction Program to facilitate their prompt performance of duties. SCG has commissioned the company secretary to coordinate the work in three areas:

1. To compile the necessary information for directors to ensure their compliance with laws, rules, and regulations related to the directors.
2. To provide important information essential for the directors’ performance of duty such as the Articles of

Directors’ Training Conducted by Thai Institute of Directors Association (IOD)

Directors of the company \ Training courses	Finance for Non-Finance Director (FND)	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Role of the Chairman Program (RCP)	Role of the Compensation Committee (RCC)	Audit Committee Program (ACP)
1. Mr. Chirayu Isarangkun Na Ayuthaya				RCP 1/2000		
2. Mr. Sanoh Unakul		DAP 32/2005				
3. Mr. Sumet Tantivejkul	FND 5/2003		DCP 30/2003			ACP 11/2006
4. Mr. Pricha Attavipach	FND 8/2004	DAP 107/2014	DCP 39/2004			ACP 11/2006
5. Mr. Panas Simasathien			DCP 2/2000 DCP Re 1/2005			
6. Mr. Yos Euarchukiati				RCP 1/2000		
7. Mr. Arsa Sarasin	FND 39/2008	DAP 5/2003		RCP 32/2013		ACP 19/2007
8. Mr. Chumpol NaLamlieng				RCP 2/2001		
9. Mr. Tarrin Nimmanahaeminda						
10. Mr. Pramon Sutivong		DAP 6/2003		RCP 4/2001	RCC 9/2009	ACP 45/2013
11. Mrs. Tarisa Watanagase			DCP 4/2000			
12. Mr. Kan Trakulhoon			DCP 29/2003			

Association, SCG’s directors handbook, the handbook for directors of listed companies, and summary of operating results, for use as quick reference.

3. To arrange for a meeting with the Chairman and directors and the executives or head of each function to stay informed and make queries about SCG’s business in depth.

Moreover, SCG encourages all members of the Board and the top executives to attend various seminars and courses beneficial to their responsibilities, allowing them to constantly meet and exchange opinions with directors and top executives of different organizations. Some of these courses are organized by the SCG Human Capital Institute, and some by governmental agencies or independent organizations, such as the Thai Institute of Directors Association. The SEC requires directors of all listed companies to complete at least one of the following training courses: Director Certification Program (DCP), Director Accreditation Program (DAP) or Audit Committee Program (ACP). Experience gained from these courses is useful to SCG’s development.

To support the Board’s responsibilities, SCG has assigned the secretary to the Board and company secretary to work in coordination with the Board and the top executives. In addition, the Corporate Secretary Office is responsible for overseeing the legal matters, relevant standard practices and activities of the Board to ensure implementation of the Board’s resolutions.

5.4 Remuneration for the Board and the Top Executives

SCG sets appropriate remuneration for members of the Board and the top executives at rates comparable to those of leading companies listed in the SET, and other top companies in the same industries. Remuneration for the Board is also considered based on SCG’s operating results, before being proposed for approval in the Shareholders’ Meeting. Remuneration for the top executives is set by the Board of Directors, based on their responsibilities and performance, and the operating results of each business.

Apart from ordinary remuneration, the Shareholder’s Meeting on March 24, 2004 passed a resolution approving the Company to pay a bonus to the Board of Directors in an amount not exceeding 0.5% of total dividends paid to shareholders. The Board of Directors is responsible for consideration of the appropriate amount of bonus and the amount to be paid to each director. The resolution is effective from the date of approval until any subsequent resolution. The bonus for directors will be considered based on the growth of profits of the Company, while the bonus of top executives is considered based on the performance of each business as well as individual performance.

As for remuneration for the committees, the Board of Directors is entitled to set the remuneration for each committee according to Clause 40 of the Company’s Article of Association. However, to ensure transparency in

tune with good corporate governance, the Board found it appropriate to seek from the Shareholders' Meeting the approval of the remuneration for three committees, namely, the Audit Committee, the Governance and Nomination Committee, and the Remuneration Committee. In 2006, the 13th Annual General Meeting of Shareholders on March 22, 2006 passed a resolution approving the remuneration for the committees at the same rates as proposed by the Board. Later in 2011, the 18th Annual General Meeting of Shareholders on March 30, 2011 approved new remuneration rates for the three committees.

Director Remuneration

In the 11th Annual General Meeting of Shareholders held on March 24, 2004, a resolution passed concerning the remuneration and bonuses of directors. Monthly remuneration for all directors was set at 1,800,000 Baht, to be distributed among the directors in such manner that they themselves may consider appropriate. Regarding bonuses, permission was granted for the Board itself to determine the appropriate amount, but the amount cannot exceed 0.5% of total dividends paid to shareholders, and should be apportioned among the directors in such manner

The Remuneration for the Committees

	Fixed Remuneration (Baht / Person / Year)	Attendance of the Meetings (Baht / Person / Time)
The Audit Committee		
Chairman	180,000	45,000
Director	120,000	30,000
The Governance and Nomination Committee		
Chairman	150,000	37,500
Director	100,000	25,000
The Remuneration Committee		
Chairman	150,000	37,500
Director	100,000	25,000

The chairman of the committees' remuneration receives 1.5 portion while each member of the committees receives one portion.

they themselves may consider appropriate. This took effect from the day the resolution was passed by a vote of the shareholders and remained in effect until the Shareholders' Meeting determined otherwise.

The Apportionment of Board Remuneration and Bonuses

Monthly Remuneration

The Board of Directors passed a resolution to pay the chairman a 1.5 portion, or 216,000 Baht per month, and the other 11 board members one portion, or 144,000 Baht per month.

Director Bonuses

The Board of Directors passed a resolution to pay the chairman a bonus of 1.5 portions and each of the other board members bonuses of one portion of total bonuses as approved in the Shareholders' Meeting.

Remuneration for the Committees

The Board of Directors passed a resolution to remunerate members of the committees on the basis of a fixed fee and attendance fee as follows:

The Remuneration for the Board of Directors and the Subcommittees in 2013
(January 1, 2013 - December 31, 2013)

Directors	Remuneration (Baht)				Directors' Bonus paid in 2013* (Baht)	Total (Baht)
	The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee		
1. Mr. Chirayu Isarangkun Na Ayuthaya ¹	2,592,000	-	-	-	9,000,000	11,592,000
2. ACM Kamthon Sindhvananda ^{**}	432,000	90,000	-	-	3,767,071	4,289,071
3. Mr. Snoh Unakul ²	1,728,000	-	200,000	-	6,000,000	7,928,000
4. Mr. Sumet Tantivejkul ³	1,728,000	-	337,500	-	6,000,000	8,065,500
5. Mr. Pricha Attavipach	1,728,000	300,000	-	-	6,000,000	8,028,000
6. Mr. Panas Simasathien	1,728,000	-	225,000	-	6,000,000	7,953,000
7. Mr. Yos Euarchukiati	1,728,000	-	-	250,000	6,000,000	7,978,000
8. Mr. Arsa Sarasin	1,728,000	-	225,000	-	6,000,000	7,953,000
9. Mr. Chumpol NaLamlieng ⁴	1,728,000	-	-	375,000	6,000,000	8,103,000
10 Mr. Tarrin Nimmanahaeminda ⁵	1,728,000	422,500	225,000	-	6,000,000	8,375,500
11. Mr. Pramon Sutivong	1,728,000	300,000	-	250,000	6,000,000	8,278,000
12. Mrs. Tarisa Watanagase ^{***}	1,296,000	241,667	-	-	2,232,929	3,770,596
13. Mr. Kan Trakulhoon	1,728,000	-	-	-	6,000,000	7,728,000
Total	21,600,000	1,354,167	1,212,500	875,000	75,000,000	100,041,667

- Notes:**
- 1. Chairman of the Board of Directors
 - 2. Chairman of the CSR Committee for Sustainable Development ^{****}
 - 3. Chairman of the Governance and Nomination Committee
 - 4. Chairman of the Remuneration Committee
 - 5. Chairman of the Audit Committee Committee
 - * The directors' bonus paid in 2013 consisted of the bonus payment based on the final dividend of the year 2012 paid to shareholders on April 25, 2013 and the interim dividend of the year and the special interim dividend of the year 2013 paid on November 28, 2013 as represented in the item of "Administrative expenses" on the consolidated statements of income, page 112.
 - ** Retired from the company's directorship and chairman of the Audit Committee since March 27, 2013
 - *** Has been a company's director and a member of the Audit Committee since March 27, 2013
 - **** The CSR Committee for Sustainable Development has no remuneration.

5.5 Internal Control and Audit System

1. Internal Control

SCG’s vision is to be recognized as an innovative workplace, and a role model in corporate governance and sustainable development in ASEAN region. The Management recognizes that to become a leading organization, the Company must have efficient and effective corporate governance, risk management and internal control systems in accordance with international standards regarding operational practices and information technology systems. This is in compliance with Audit Committee policy which mandates that SCG’s internal control and internal audit applies with international standards as follows:

- Corporate Governance reference: Organization for Economic Co-operation and Development (OECD)/Stock Exchange of Thailand (SET)/Thai Institute of Directors Association (IOD)
- Risk Management reference: COSO Enterprise Risk Management/ISO 31000
- Internal Control reference: COSO Internal Control-Integrated Framework/COBIT

The Management kept track of the modifications in COSO (The Committee of Sponsoring Organizations of Tradeway Commissions) Internal Control-Integrated Framework released in May, 2013. The Company evaluated SCG’s internal control processes and found that internal control of SCG is in accordance with COSO’s 5 components and 17 principles. In addition, SCG modified and developed tools to meet the changing of risks, and set proactive and preventive system for domestic and overseas businesses. In 2013, the Management approved relevant internal control principles or tools to be consistent with changes in risks as follows:

1.1 Compliance Practice Guideline

1.1.1 Overseas Compliance Guideline

SCG expanded its investments in the ASEAN region, with a diversified investment portfolio according to the appropriateness of each country e.g. establishing additional manufacturing plants, mergers and acquisitions, etc. The investments may involve various risks such as political, economic, social, legal, regulatory or environmental risks. To build awareness and reduce such risks, the Management established the Overseas Compliance

Guideline for use as a reference manual for operations. In this regard, the Management set agenda for overseas companies in executive meetings to communicate and clarify the use of the Guidelines, and application to relevant laws, regulations and the culture of each country. The Guideline comprises such details as objectives, compliance with laws and company regulations, key internal controls and concern points, as well as prohibited activities and lessons learned.

1.1.2 Approval Authority Manual

The empowerment of authority to each management level ensures flexibility in operations. The Approval Authority Manual is used as a reference manual to support the use of authority and management decisions at respective levels. In 2013, as business restructuring and the expansion of overseas investments, the Management reviewed the Approval Authority Manual to align the current operating conditions for companies in Thailand. In this regard, a new Approval Authority Manual for overseas companies is published, and workshops are carried out to clarify its use to management and employees.

1.1.3 Manual for the Control of the Development of Truck Scale Program

SCG uses a scale for receiving raw materials or distributing a large quantity of products. Apart from the accuracy of the scale, the scale program is also an important factor contributing to ensuring the accuracy of weighing details. To ensure accuracy, transparency and accountability of business transactions among SCG, business partners, and customers, the Management approved the Manual for the Control of the Development of Truck Scale Program to serve as a guideline for consideration of relevant risks and control points when developing the program. The Management also approved this program for copyright as SCG intellectual property.

1.2 Information Technology System Control

At present, information technology (IT) is considered an important factor to support business operations,

as a facilitating tool and for gathering information to support decision-making in timely manner. In order to promote the consistent use of IT throughout SCG, the Management reviewed risks arising from diversified business expansions, rapidly changing technologies, security of IT network system, as well as the use of IT to support management for domestic and overseas businesses. As a result, SCG IT Governance Committee was established in 2013. The Committee is in charge of determining policy and guidelines for using information technology to attain maximum benefits in investment and share use of IT among all business units in Thailand and overseas, as well as supporting, promoting and monitoring important projects. The Committee also serves as a consultant to the sub-working group.

1.3 Developing continuous monitoring and continuous auditing systems for business units

SCG has developed continuous monitoring and continuous auditing system as a tool for analyzing, tracking and solving irregularities, as well as determining preventive measures which are critical in promoting an efficient internal control system.

1.4 Conducting Business Self Audit

The Audit Committee, as a role for supervising the effectiveness of internal control, mandates that Business Self Audit must be conducted to stimulate businesses to gain deeper insight into prevention of continuously changing risks. This may result in the need to change internal control processes to address such risks accordingly. The Audit Office provides consultancy regarding control processes and monitors throughout the process from the beginning to the sale of products and services, including after-sale service, by using the Value Chain concept. The Audit Office trains the Business Self Audit team to perform an audit efficiently and effectively in operation to determine whether established controls are sufficient. In the event of changes in risk, such controls must be changed to support the achievement of the Group’s objectives. The audit report must be submitted to the Audit Office as supporting information for future audit plan and the review of internal control systems. This process will install risks and internal controls mindset into employees at all levels of SCG.

1.5 Developing the Whistleblower System

SCG earlier created a Whistleblower System to allow employees to report non-compliance with code of conduct, rules, regulations and laws or fraudulent acts. The system promotes intensive adherence to ethics and sustainable development. In 2013, the Management therefore expanded this system to enable participation of other stakeholders apart from SCG employees, allowing stakeholders outside the Company to report dishonesty via <https://whistleblower.scg.co.th/>, or report such irregularities directly to the Independent Board of Directors or the Audit Committee, for further investigation and reporting to the Board of Directors respectively.

2. Internal Audit

The Audit Committee supervises the Audit Office to ensure that it works with independence, integrity, ethics and expertise in line with International Standards for the Professional Practice of Internal Audit (The Institute of Internal Auditors: IIA), and Information Technology System Auditing Standards (Information Systems Audit and Control Association: ISACA; Global Technology Audit Guide: GTAG). In addition, the Charter of Audit Committee and the Internal Audit Office charter clearly prescribe the mission, scope of work, authority, duties and responsibilities as well as the operating and auditing guidelines. Both charters are reviewed annually.

The Audit Committee approved the Medium Term Plan (2011-2013) of the Audit Office regarding achieving Global Internal Audit Excellence in 2013. To ensure professionalism in line with international standards, the Audit Committee also approved the Quality Assurance Review (QAR) by internal assessments based on IIA, ISACA, and GTAG guidelines. The Audit Office sent the surveys to all stakeholders, both internally and externally totaling 7 groups comprising 306 people. This survey included evaluation of IT audits’ quality which are beyond international standards. The evaluation consists of 2 primary principles which ensure compliance with international standards for functional and IT auditing practices, and evaluation of stakeholder satisfaction. The assessment has been completed by the Audit Office, with evaluation results exceeding designated criteria of 80% satisfaction.

In addition, the Audit Committee approved the training program of “Certified Professional Internal Audit of Thailand” for all auditors. The program aims to enhance

knowledge and skills, as well as share experiences with qualified lecturers with credentials in a wide range of business fields. The Audit Office gathered the evaluation results from the internal assessment and training program to develop the internal audit professional skills as follows:

2.1 Creating High Value Services

Committed to enhancing audits to create high value services in a sustainable and continuous manner, assurance and consulting services are provided by the Audit Office independently and fairly to add value and enhance SCG's operating performance. The high value services are as follows:

- 2.1.1 Implemented integrated audit by setting up a team dedicated to auditing special projects with high risks. The team comprising both IT and functional auditors, jointly assessed risks, made suggestions on consolidating the work process, applied IT system to enhance audit efficiency and monitored any irregularities in the process of work.
- 2.1.2 Enhanced the Proactive Preventive System by using shortcomings identified from operations to develop an appropriate system and prevent recurring risks, and providing lessons learned for other functions, companies, or business units throughout SCG.
- 2.1.3 Focused on providing consultancy to each company. During internal auditing or assessment of internal control system with relevant parties, the Audit Office will provide information and suggestions on correct work procedures and the internal controls appropriate for the nature of each business; every time the Audit Office carried out an audit at a company and found points to be improved. After the consultation, the Audit Office followed up on these recommendations in order to prevent mistakes from recurring.

2.2 Establishing Local Internal Audit Teams

At present, SCG significantly expanded investments in various countries according to the Group's vision to be an ASEAN sustainable business leader. To facilitate overseas operations and ensure efficiency in accordance with SCG policies, the Audit Committee approved to set up overseas audit teams to evaluate efficiency and effectiveness in governance, risk management, and internal control

processes, which are under the authority of the Director of the Internal Audit Office in Thailand, including policy and practice. Audit teams in Thailand and overseas work collaboratively to create value added for SCG.

In 2013, SCG sent auditors from Thailand to work in collaboration with local audit teams, whose companies were acquired by SCG in Indonesia and Vietnam. The auditors will jointly assess risks, perform auditing, and create proactive preventive system. In addition, the Audit Office has recruited Vietnamese auditors and set up a medium-term plan for expansion to other companies and other countries in the future.

2.3 Compiling the Anti-corruption Audit Guideline

SCG stresses the importance of conducting business with transparency, fairness, and in line with clear practices, apart from laws and regulations. This includes the SCG Four Core Values, SCG Code of Conduct and SCG's corporate governance policy etc. However, anti-corruption practices have not been clearly identified. In 2012, SCG joined the anti-corruption member network and became a certified company with Thailand's Private Sector Collective Action Coalition Against Corruption on July 5, 2013. This was considered as an opportunity to review and official announce Anti-corruption Policy to external parties, as well as communicate to employees at all levels for their information and consistent practice. To create a reasonable level of confidence for the Management, the Audit Office provided the Anti-corruption Audit Guideline as internal audit practices, evaluating the possibility of corruption and the effectiveness of internal controls.

2.4 Information Technology Audit

Due to SCG's rapid expansion, the latest IT systems must be introduced to support business operations. In developing core IT systems, a working group will be set up, comprising representatives from the Audit Office as consultants, with the responsibility of providing suggestions regarding the establishment of appropriate control processes and testing of control system. This is aimed to decrease problems or losses which may result from setting-up the IT system. After the setting-up is completed, an IT audit will carry out the testing once again.

2.5 Developing Auditors' Competencies

The results of the internal assessments on Quality Assurance Review (QAR) and training program have been compiled by the Audit Office for the purposes of continuously developing the audit expertise as follows:

2.5.1 Reviewing Internal Audit Competency

The Audit Office reviewed internal audit competency in 2013 to ensure that it remains in accordance with international standards, and the results of the Certified Professional Internal Audit of Thailand (CPIAT) training; auditors will conduct the evaluation together with their supervisors for setting Individual Development Plan (IDP).

2.5.2 Developing Internal Audit Global Knowledge

- Kept track of best practices in good governance, risk management and internal controls among leading audit firms both domestically and overseas, and applied appropriate practices in line with the nature of SCG's business.
- Encouraged the internal auditors' development through continuous training both internally and externally. They are equipped with knowledge, competence and expertise in internal auditing, as well as other skills needed by SCG.
- Promoted and supported the improvement of internal auditors' expertise so as to become qualified as certified internal auditors or to attain other related professional certifications, based upon designated Key Performance Indicators (KPIs). In this regard, the Audit Office has achieved targeted goals of promoting at least 40% of total auditors to receive professional certification.

2.5.3 Development of Business Knowledge

- Enhanced the internal auditors' business acumen by inviting experts from each business unit, as well as external experts, to give presentations sharing their knowledge about business and major changes in business, thereby empowering the internal auditors to better assess risks and to provide practical consultancy.

- Established a recruiting policy for internal auditors by transferring employees with knowledge and expertise in operations from other departments to serve as internal auditors and assigning them to other areas of the Group to acquire new knowledge.
- Organized knowledge-sharing activities to share interesting issues or material findings in audit work on a regular basis.

2.5.4 Information Technology Knowledge

- Adopted IT knowledge to support the auditing process, and define red-flag warnings to alert auditors to material risks in business operations.
- Supported auditors' capacity development, enabling them to possess audit knowledge, skills and competency of international standards as well as to provide advice on IT management at an international standard.

5.6 Risk Management

At SCG, risk management is a key process contributing to the attainment of the Group’s objectives and goals, leading to value added for the Group, shareholders, and stakeholders while contributing to the SCG’s sustainable growth.

SCG Risk Management Framework

To ensure timely response to rapidly changing business environment, address potential problematic situations, and exploit risks to identify new business opportunities domestically and overseas, SCG this year revamped its Enterprise Risk Management Framework to be progressively in line with international standards, adding value throughout the value chain and creating a pervasive risk culture throughout the Company. The SCG Risk Management Framework consists of:

1. Strategy Establishment

SCG establishes explicit objectives and risk appetite in managing risk in order to ensure consistent risk management practices across the organization.

2. SCG Risk Management Structure and Responsibilities

Continuously committed to developing and improving risk management structure and capability, this year SCG has established the SCG Risk Management Committee chaired by the SCG President and CEO. The Committee oversees, supports and monitors risk management in all areas, including compliance. The organization structure of SCG’s risk management is illustrated below:

The Board of Directors and Audit Committee

The Board of Directors lays out risk management

policies and oversees risk management process and practice of both domestic and overseas units. The Audit Committee evaluates the risk management to ensure that it is efficient, effective and compliant with the established guidelines.

SCG Risk Management Committee

The SCG Risk Management Committee consists of the President and Vice President of each business unit. The SCG President and CEO serves as the Committee Chairman. The SCG Risk Management Committee has the following core responsibilities:

- 1. Improves/determines risk management structure and designated responsible parties for risk management.
- 2. Considers and approves risk management policies, strategies, framework and plans.
- 3. Reviews risks and monitors SCG risk profile.
- 4. Reports risks and risk management to the Audit Committee.

2.1 Risk Management at the Corporate Level

Risk management at the corporate level comprises of top executives from all business units who establish directions, policies, goals and strategies for managing risks which have a material and pervasive impact upon SCG’s business operations. In this regard, SCG has set up relevant committees/ corporate units to manage specific areas and closely monitor ensuing situations. These include:

2.1.1 The SCG Sustainable Development Committee

defines policies and guidelines for sustainable development in the areas of safety, health, environment, community and social responsibility to be on par with international standards, while setting an example at the national level. The Committee also monitors relevant indicators and risk trends and reports to the SCG Risk Management Committee and the Board of Directors.

2.1.2 The SCG Crisis Management Committee

consists of the SCG Management members who are assigned the duty to set policies and strategies and make decisions on how to handle crises that affect, legally and otherwise, business operations and corporate image. The Committee also cooperates with external parties to support handling of these crises and provides updates on such situations to the Board of Directors.

2.1.3 The SCG Financial Committee manages financial risks in the following ways:

- Establishes policies and guidelines for managing financial and foreign exchange risks with regard to investment transactions, loans, deposits, and international transactions.
- Establishes policies and oversees management of financial derivatives and cash.
- Monitors financial status, foreign exchange and interest rate trends, and reports such updates to the SCG Risk Management Committee.

2.1.4 The Commodity Hedging Price Risk Management Committee

establishes policies, guidelines and strategies for managing risks from rising or volatile prices of major raw materials and fuels used in manufacturing processes to manage costs and enhance competitiveness in the global market, and proposes such information to the SCG Risk Management Committee and the Board of Directors.

2.1.5 The Corporate Risk Management Unit

communicates risk management policies and strategies established by the SCG Risk Management Committee to all relevant parties. The Unit monitors trends and key situations which may impact SCG’s long term goals in order to establish strategies and countermeasures, tracks and continuously improves SCG’s risk management capabilities, promotes sharing of risk management knowledge, build risk management culture throughout the Group, and reports risk management outcomes to the SCG Risk Management Committee.

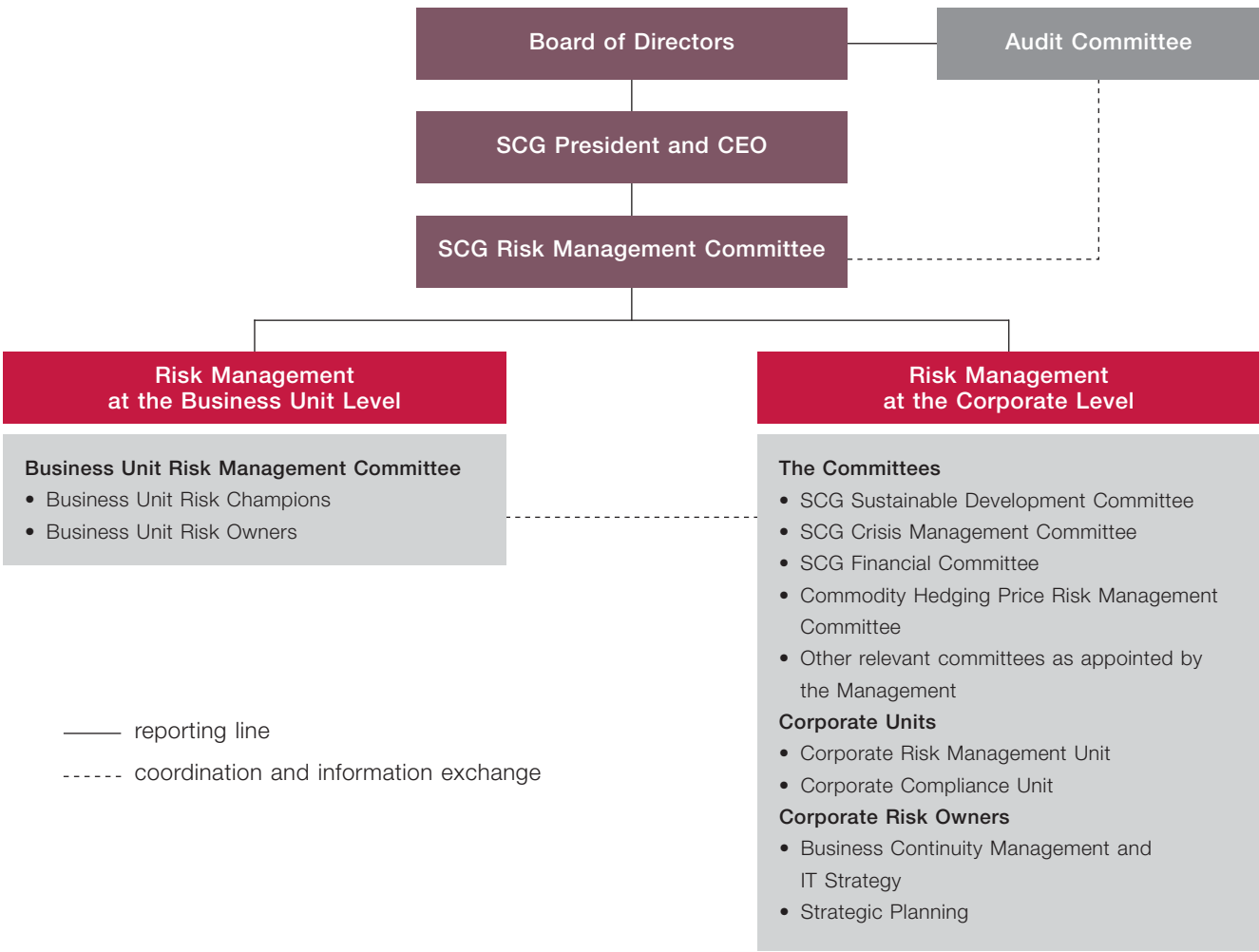
2.1.6 The Corporate Compliance Unit

develops control, communication and reporting systems and defines roles and responsibilities of compliance functions to ensure effectiveness and appropriateness.

2.1.7 Corporate Risk Owners

are central corporate units responsible for managing risks which may have a pervasive impact upon SCG operations or which require specialized expertise; e.g. the Business Continuity Management and IT Strategy Unit (responsible

Enterprise Risk Management Organizational Structure



for managing risks resulting in business disruption and IT risks); or the Corporate Communication Office (responsible for managing risks which may affect SCG’s reputation).

2.2 Risk Management at the Business Unit Level

As SCG consists of various business units operating in a diverse range of industries and working environments, the Company has established business unit risk management committees to ensure the efficient risk management of each business unit and its ability to cope with business specific risks in a timely and appropriate manner. Each of these committees comprises executives from all companies within each business unit. Responsible for ensuring systematic risk management, the committees establish risk management structures and strategies, designate Risk Owners to manage risks, oversee and monitor outcomes of risk management, and report such outcomes to the SCG Risk Management Committee. The designated Business Unit Risk Champions communicate risk management policies and strategies set by the Business Unit Risk Management Committee to all relevant parties. The risk champions monitor trends and important situations which may affect the long-term goals of their business unit in order to establish strategies and countermeasures. The champions also track and continuously improve the risk management capabilities of each business unit, as well as promote the exchange of risk management knowledge and build the culture within that unit.

3. Risk Management Process

3.1 Establishing a Common Language

SCG develops the SCG risk universe which covers all risks potentially impacting the Company’s operations. The risks are categorized for easy understanding and practice into eight categories as follows: (1) safety, health and environment risk (2) compliance risk (3) intangible assets risk (4) hazard risk (5) input risk (6) operations risk (7) financial risk and (8) business risk.

3.2 Risk Assessment

SCG established common risk metrics to standardize assessment methodology across the organization. Risk Owners use various tools (e.g. statistical

methods such as scenario analysis, correlation analysis, and benchmarking) to assess the likelihood, severity, and manageability of risk. The assessment results are then compared with specified risk limits, which are devised in accordance with risk appetite. SCG divides risk limit into two levels, the corporate level and the Business Unit level. If the risk owners find that a residual risk remains higher than the designated risk limit, countermeasures must be clearly stated and reported to the Business Unit Risk Management Committee or the SCG Risk Management Committee, until such risk is at the acceptable level.

3.3 Risk Management Process

In order to put the above risk framework into practice, SCG designated three primary approaches to manage risk. These are (1) medium and long-term strategic risk management (2) investment project risk management and (3) operational risk management. These risk management processes are documented in the “SCG Risk Management Manual” which provides guidelines and enhances mutual understandings among all concerned parties.

4. Building a Corporate Risk Culture

SCG recognizes that the risk culture is a critical component of the success of risk management, even with leading risk management tools and standards. If parties within the Company do not share a similar understanding of the risk management framework or its components (such as risk appetite), or possess mindsets which are not in accordance with SCG risk management guidelines, erroneous decision-making with regard to risk/return tradeoffs can arise. SCG has therefore established guidelines for building a corporate risk culture as follows:

- Develop future policies and a risk management system via collaborative workshops.
- Develop joint commitment among key concerned parties via meetings, interviews and requests for recommendations.
- Enable practical application at work by designating a business unit risk champion.
- Develop the risk management system which can add value to the business by designating the Corporate Risk Management Unit to follow-up on progress and continuously improve the system.
- Designate risk management as a component of employee training and development programs.

SCG Key Risks

Safety, Health, and Environment Risk <ul style="list-style-type: none">• Occupational health and safety• Increasing environmental conservation trends	Compliance Risk <ul style="list-style-type: none">• Compliance with regulations for overseas operations	Intangible Assets Risk <ul style="list-style-type: none">• Building and managing brands for overseas operations	Hazard Risk <ul style="list-style-type: none">• Political unrest in Thailand• Natural disasters
Input Risk <ul style="list-style-type: none">• Fluctuation of fuel and major raw material prices• Labor shortage and rising wages	Operations Risk <ul style="list-style-type: none">• Supply chain risk• Human resource management and competency development to support future growth	Financial Risk <ul style="list-style-type: none">• Fluctuation of foreign exchange rates• Higher leverage resulting from rapid growth of investment projects	Business Risk <ul style="list-style-type: none">• Disruption of major government projects in Thailand• Significant events in countries of investment• Industry trends and volatility

Key Risks and Management Strategies in Accordance with the Sustainable Development Approach

Following risk assessment which took into consideration significant economic forecasts, social trends, environmental trends, as well as the business objectives of the Company, SCG faces eight major types of risks, categorized in the SCG Risk Universe as above table.

SCG uses a diverse number of strategies in managing such risks, namely, to retain, exploit, transfer, reduce, and avoid as deemed appropriate. Details of such key risks and management strategies are as follows:

1. **Safety, health and environment risk** consists of significant risks as follows:

1.1 Occupational Health and Safety

SCG conducts its businesses in heavy industries which rely upon both machinery and chemical substances. In addition, the rapid growth of its business, both domestically and overseas, may also contribute to possible accidents or other undesirable health and safety incidents. These, in turn, affect not only the injured party on both physical and mental levels, but may also damage the SCG’s reputation as well as increase its costs.

Preventive Measures and Corrective Actions

SCG recognizes that “human resources are a critical factor and a valuable resource” and therefore attributes importance to the health and safety of its employees and business partners. The Group

applies proactive measures to prevent such incidents before losses arise. This includes stipulating risk appetite and risk limits at levels indicating that occupational health and safety risks are considered unacceptable at SCG. Safety is also designated as a Key Performance Indicator, which must be monitored and reported to both the Business Unit Management Committee and the SCG Management Committee a monthly basis. In addition, the SCG Safety Framework and Safety Performance Assessment Program were also applied to companies within SCG, both domestically and overseas, to ensure practices generate visible results. SCG carried out the analysis of unsafe working behavior, the survey of safety risk points, danger zones, and the inspection of working conditions and how light, noise, and dust could affect employees’ health. Such information was used to determine preventive measures and mitigation plans as well as to compile a work safety manual and promote the understanding of safety issues to employees, business partners and other relevant third parties. With regard to SCG Chemicals, where sensitivity to safety risks is high, a consultant was contracted to develop a Process Safety Management System in line with internationally accepted standards, and an independent expert on safety was contracted to conduct a third party audit.

1.2 Increasing Environmental Conservation Trends

SCG recognizes that environmental problems are causing widespread impact with regard to climate change, geographical conditions, and the increasing escalation of natural disasters. This has resulted in various environmental conservation movements, which may affect continuity of business operations, the Group's reputation, or increasing costs due to compensation expenses which may arise. SCG emphasizes an environmentally friendly production process and a control of pollution levels to be within, or lower than, regulatory limits. SCG launched a number of projects aimed at maintaining its relationship with the community and stakeholders. SCG also assessed various risk factors which form the basis for relevant environmental problems as follows:

1.2.1 Industrial Waste and Pollution

SCG's core business is a manufacturing business in an industry which is reliant upon the use of energy, machinery, and chemical substances, all of which could affect environmental conditions and the community surrounding the plant. This may trigger environmental activism or opposition from the surrounding community.

Preventive Measures and Corrective Actions

SCG's waste management policy regarding waste from the production process mandates that the emissions of chemical waste, dust and particles, odors and noise pollution are lower than regulatory limits. Continuous enhancement of industrial waste management methods have been carried out by stringently applying the 3Rs principles (Reduce, Reuse/Recycle, Replenish). Focus is given to recycling such waste for reuse within the Group so as to minimize waste to be disposed. For waste requiring external disposal, SCG closely monitors and inspects the disposal process. Certain types of waste, such as used oils, used solution, rubber and plastic scraps which can be used as alternative raw materials and alternative fuels in cement production, are incinerated in the cement kiln at high heat, without causing environmental problems and without affecting cement quality. To this end, SCG Eco Services Co., Ltd., accredited with ISO 14001:2004 standards for the production of alternative fuels from

chemicals and recyclable waste, has been contracted. To manage air pollution resulting from dust and particles, chemical substances and odors, SCG uses air pollution treatment equipment, which is highly efficient and includes a Continuous Emission Monitoring System (CEMs). In addition, SCG also has an environmental laboratory to monitor operations and ensure that no adverse environmental impacts occur.

1.2.2 Biodiversity

SCG recognizes that the Company's operations could impact biodiversity. The limestone quarry directly impacts biodiversity and the surrounding forest ecosystem in particular. A part of SCG's operations is also reliant upon the abundance of natural resources, such as the paper manufacturing process which depends on eucalyptus pulp as its primary raw material. The eucalyptus plantation requires soil which contains sufficient minerals and nutrients.

Preventive Measures and Corrective Actions

In managing the limestone quarry to reduce its biodiversity impact, SCG uses a "cradle to grave" procedure which comprises the following: collaborating with external experts to study and formulate a Master Plan aimed at rehabilitating the quarry while preserving the biodiversity of surrounding areas; compliance with preventive measures and mitigation plans regarding environmental impact throughout the mine's operation; ensuring the allocation of necessary resources in rehabilitating the mine and the conservation of biodiversity throughout the life of the mining operation; consistently communicating with and enhancing the understanding of surrounding communities; sourcing local plant species for the rehabilitation process in order to restore the ecological system back to its original state (as far as possible). In addition, SCG established a center to educate surrounding communities on the diversity of the ecosystem as well as the various ways to carry out rehabilitation of the quarry and to serve as a knowledge center for the community and other interested persons.

In order to reduce the impacts arising from the production of paper pulp from

eucalyptus trees, SCG conducts its operations based upon the practices for sustainable forest management in line with the standards mandated by the Forest Stewardship Council (FSC) which comprises the following principles: maintaining or enhancing the forest ecosystem; enhancing biodiversity in the conservation areas of the forest; rehabilitating the natural ecology of the forest; conservation of the habitats of rare, threatened or endangered plant and animal species; enhancing the quality of life for local communities; and supporting the optimal use of and adding value to forest products.

1.2.3 Climate Change

Climate change and global warming have had pervasive impacts domestically, regionally and across the globe, giving rise to risks pertaining to the environment and natural disasters, which in turn, may have consequences upon SCG's business operations: for instance, factors such as temperature change, affecting the survival of certain living organisms and plants, could impact the biodiversity of the ecosystem. The melting of polar ice caps caused sea levels to rise, resulting in severe flooding. Rising temperatures could cause forest fires, droughts, and water shortages in certain areas. Significant events of global warming today are the result of human behavior, due to such activities as the burning of fossil fuels and the emission of greenhouse gases.

Preventive Measures and Corrective Actions

SCG conducted an assessment of factors contributing to the greenhouse effect and systematically manages this by: creating a record of greenhouse gases for use as fundamental data in monitoring greenhouse gas emissions; setting a target goal of a 10% reduction in greenhouse gas emissions from the production process by the year 2020 (using 2007 as the base year); and studying and developing technologies for the use of alternative fuels, using biomass and waste scraps from domestic households and factories as alternative fuels in the production process. These projects have contributed to SCG saving energy costs of 213 Million Baht in 2013. SCG also continuously improved

machinery to utilize energy more efficiently; such as the recovery of waste heat from the cement production process to generate electricity using the Waste Heat Power Generator, resulting in the reduction of the purchase of electricity from external sources by 30%, or an annual savings of 1,500 Million Baht. In addition, SCG also accelerated the development of environmentally-friendly products under the SCG eco value label. This will not only assist in enhancing acceptance from society, but will also create competitiveness over the long term, as consumers and stakeholders are more likely to choose products and services which are environmentally-friendly, or have a lower carbon content. In 2013, SCG's revenue from sales of products under the SCG eco value label amounted to 114,770 Million Baht or 26% of total sales.

1.2.4 Water Resource Risks

Water is a principal natural resource used by SCG in its business operations. SCG Paper uses water in the planting of eucalyptus trees, boiling chopped wood to produce paper pulp, rinsing paper pulp, and producing steam power for use in the production process. SCG Chemicals uses water in the plastic resin cutting process, as well as to control the pressure and temperature of the machinery used in the production of plastic resins. SCG uses water from three principal sources: surface water, groundwater and piped water. Throughout each product's life cycle, SCG considers water resource risks comprehensively as follows:

- Risks from water shortages and water quality that enters the production process: The increase in world population has consequently increased global demand for water. Meanwhile, the availability of natural water sources is limited, with a tendency towards further reduction due to global warming. This may result in water shortages which could disrupt SCG's production processes, or increase production costs due to the need to locate alternate sources of water. In addition, human consumption of water causes pollution due to the discharge of waste and chemicals into the water. With regard to water quality risks, if

the water used in the production process does not meet requisite standards, not only will production costs increase due to the need to condition the water, product quality will be altered and the efficiency and working life of the machinery will be affected.

- Risks arising from volume and quality of water from the production process: Water from the production process which has been treated prior to being released back into public water sources must not cause any environmental impact and be in compliance with regulatory requirements. Otherwise, the environment and ecosystem surrounding the plant could be affected, which could give rise to opposition from the local community, cause additional burdens with regard to compensation costs for damages or expenses for waste disposal in line with regulatory requirements, or damage the Group's reputation, which cannot be valued in monetary terms.

Preventive Measures and Corrective Actions

SCG continues to focus on resolving the problems of water balance. As such, SCG determined measures to address water resource risks. SCG appointed a water management working group whose responsibility is to set policies, practice guidelines, and propose relevant goals and targets to ensure SCG's water management yields optimum benefits. The Committee also surveys and monitors water volume from various sources, such as reservoirs and rivers located in those areas where SCG's industries are operating, so as to set crisis levels for water. The Committee also forecasts water requirements of the manufacturing, agricultural and household sectors, and the available water supply to determine the difference, in order to identify the possibility of a water crisis, and prepare relevant measures should such a crisis arise. The Committee initiates new projects and identifies various tools and instruments to reduce the use of water in the production process, or to carry out wastewater treatment even more efficiently. The Committee also remains on alert by monitoring the water situation via diagnosis equipment which

measures water quality continuously. It also establishes targets similar to those used internationally, and collaborates with local communities and stakeholders in carrying out projects which raise consciousness about the importance of water resources.

2. Compliance risk consists of significant risks as follows:

2.1 Compliance with regulations for overseas operations

In line with its vision to become a regional leader, SCG continued to expand its investments overseas. Due to the diverse nature of each country where SCG maintains its investments (including differences in legal and court structure, system, and practices), the Company attributes importance to compliance with relevant laws and regulations overseas. Failure to fully comply with such regulations may lead to losses due to: legal disputes, which in turn could damage the Company's reputation; the imposition of penalties and fees; or the loss of the opportunity to exercise rights with regard to the law. In addition, if employees do not possess accurate understanding of SCG's own regulations and business practices, further losses, either financial or those concerning the discredit of SCG's reputation, could arise.

Preventive Measures and Corrective Actions

SCG formulated risk management measures such as studying various good practices to develop the compliance framework in order to ensure systematic governance and management. The Company has assessed risks and will apply the Framework to high risk areas. The Company also stipulates, via its operations manual and the organization of workshops, that SCG overseas companies comply with relevant laws and regulations (both internal and external to the companies). SCG's internal audit processes are used to oversee compliance with the manual. SCG also closely monitors potential changes with regard to laws and regulations relevant to SCG.

3. Intangible assets risk consists of significant risks as follows:

3.1 Building and managing brands for overseas operations

Reputation risk is a major risk which could have swift and severe repercussions, both in the short run and over the long run, and which cannot be valued in monetary terms. Due to SCG's 100 years of operation as a reputable organization, stakeholders

may have higher expectations of the SCG brand. For SCG's investment growth overseas, the "One SCG Brand" strategy has created new opportunities for SCG to increase the sales of its products and services, based on the strength of the original SCG brand. However, this has also increased risk exposure due to the different operating environments, practices and cultures which vary from country to country.

Preventive Measures and Corrective Actions

In 2013, SCG appointed a Country Brand Committee for Indonesia and Vietnam. The Committee determines guidelines for brand management in each country so as to be in line with the overall business strategies and brand management of SCG. The Committee oversees the marketing strategies and activities of each country's business to ensure effective consistency with the SCG brand strategy, and establishes guidelines and strategies for building SCG Brand Engagement with key corporate stakeholders. As part of its standard business operations, SCG regularly conducts a corporate reputation survey, which surveys attitudes and satisfaction of key stakeholders. Survey results are then analyzed with regard to expectations and possible risks to determine future strategies. In addition, SCG consistently hosts crisis communications training and simulation sessions to educate relevant employees, helps to establish a crisis management plan, as well as ensuring employee readiness in handling various crises via drills. SCG also designates a communication procedure to ensure all relevant parties are effectively informed to ensure correct and timely understanding which also contributes to enhancing the corporate reputation. SCG continues to support projects beneficial to the environment and youth development, as well as projects which provide public benefits, both in Thailand and in the countries in which it conducts business.

4. Hazard risk consists of significant risks as follows:

4.1 Political Unrest in Thailand

SCG recognizes that present-day business operations face risks from possible threats as a result of political instability in the country. Such events present direct repercussions on the lives, properties and safety of employees, which inevitably affects business operations.

Preventive Measures and Corrective Actions

SCG ensures readiness by continually monitoring and assessing the political situation. Should a

potentially violent scenario arise, a Crisis Room will be set up to monitor and closely track developments, transmit critical information on the situation and specify actions to ensure the safety of all concerned, strengthen security measures at SCG business locations, and formulate a Business Continuity Plan, which incorporates an information technology readiness plan, as well as plans for employees to work at home or at the SCG Backup Office.

4.2 Natural Disasters

Statistics of natural disasters reflect their increasing severity. The flooding in Thailand and Typhoon Haiyan in the Philippines have affected economies on a wide scale, resulting in the loss of lives and property, and possibly causing disruption with regard to the supply chain and business operations.

Preventive Measures and Corrective Actions

SCG implements a business continuity management process to companies within SCG, both domestically and overseas and has a plan to roll out this process to all companies. The Business continuity management process consists of a value chain analysis to identify critical processes, assesses risks and ranks the importance of each risk identified in the critical process, in order to formulate risk management strategies and compile a Risk Treatment Plan, an Emergency Response Plan and a Business Continuity Plan (BCP). The BCP incorporates an operations plan and designates responsible parties in the event of business disruption during a crisis. Regular drills outlined in the BCP is also mandated. In addition, SCG attributes importance to natural disaster preparedness by monitoring possible natural disasters via reputable sources from both the government and other organizations. The Corporate Business Continuity Management (BCM) and the BCM of each Business Unit monitors, processes, and communicates relevant news and information pertaining to the situation, as well as alerts employees and business groups who may be affected to ensure readiness in handling the situation according to the Business Continuity Plan.

5. Input risk consists of significant risks as follows:

5.1 Fluctuation of Fuel and Major Raw Material Prices

5.1.1 Coal is a primary fuel in the production of cement and paper. This year coal prices continue to decline slightly from last year. The average Newcastle coal price in 2013 was 85 USD per ton, decreasing by 1 USD per ton,

or a decrease of 1% from the average price in 2012. The price drop was due to the increased supply of coal from major exporters such as Australia and Indonesia, who continue to increase production. Although demand for coal faces a slower pace of growth, the risk of higher prices exist in the long term as supply growth is expected to slacken, while demand is expected to rise due to Chinese and global economic recovery, all of which will drive production costs for both cement and paper higher.

Preventive Measures and Corrective Actions

SCG formulated several measures in response to such risks, by increasing the use of alternative fuels, such as biomass fuels; exploring new sources of fuels; carrying out long-term coal contracts; hedging prices to reduce price volatilities; purchasing at spot prices when coal prices decline significantly; and investing in energy efficient projects such as the Waste Heat Power Generator, which reuses waste heat from cement production.

5.1.2 Petrochemical Major Raw Materials and Products

The average Naphtha prices was 922 USD per ton, decreasing by 3% from the previous year, due to decreasing crude oil prices stemming from increased supply in the U.S. HDPE plastic resin prices and PP plastic resin prices averaged at 1,488 and 1,519 USD per ton, an increase of 7% and 4% respectively due to a recovering global economy which resulted in an overall higher margin between the product and raw material prices when compared to the previous year.

Preventive Measures and Corrective Actions

SCG manages raw material costs by hedging purchase prices of Naphtha, and restricting purchase volume to levels suitable to market conditions and product purchase orders. On the sales side, SCG maintains its profit margins between raw material prices and sale prices by accelerating forward selling, driving product sales in overseas markets which offer higher returns, conducting research and developing high value added products and services which meet customer needs, as well as works to retain market share in countries with a strategic customer base.

5.1.3 Wood and Waste Paper

Wood and Waste Paper are principal raw materials in the production process of SCG paper.

Wood: In 2013, the price of eucalyptus wood, a principal raw material in the production of short fiber composites by SCG Paper, increased by approximately 6% from the year before. This is due to low levels of domestic wood inventory (a consequence of a longer than average rainy season which delayed the harvesting of wood) and the rise of export wood prices, while global short fiber composite prices rose approximately 4% from the previous year.

Preventive Measures and Corrective Actions

SCG Paper manages risks related to both the volume and price of wood by using the Geographic Information System (GIS) and the Management Information System (MIS). Both GIS and MIS were applied to monitor forest areas and wood volume. To ensure continuous availability of its raw materials, SCG Paper expanded channels for the purchasing of wood, and promoted the planting of various species of wood in line with the diverse geography of each area. SCG also monitors wood prices domestically and overseas so as to alter wood purchasing strategies and inventory management to ensure competitiveness.

Waste Paper: in 2013, the average domestic price of waste paper dropped from 6,500 Baht per ton to 5,700 Baht per ton, compared to the previous year. Sluggish economies both in Thailand and overseas affected the manufacturing sector through a slackening of demand for waste paper in both the domestic and global markets. With regard to the domestic market, the price of SCG Kraft paper decreased at lower levels than the price of waste paper due to sustained sales and marketing activities.

SCG Paper managed and monitored such scenarios, enabling it to make profits from the margin between waste paper production costs and the sale price of Kraft paper. However, the company continues to assess possible repercussions as both the volume and price of waste paper are expected to further

increase, in light of the improving global economy in 2014.

Preventive Measures and Corrective Actions

SCG Paper manages risk by monitoring economic trends, volume and market prices of raw materials, as well as by closely following waste paper purchasing behavior of major producers in the global market, in order to identify opportunities to purchase waste paper at spot price and maintain raw material inventory at appropriate levels. The company also considered selling trends to support decision-making for increasing or reducing the volume of raw materials purchased and storage levels. Furthermore, the company sought additional sources of raw materials by purchasing waste paper directly from users and investing in additional points of purchase and baling stations, both domestically and overseas. SCG Paper also improved the efficiency of the manufacturing process to reduce costs and increased the use of domestic waste paper to reduce dependence on waste paper imports as well as the impacts from the volatility of prices and supply in the global market.

5.1.4 Aggregates

Aggregates consist of rock and sand, which are principal raw materials for the production of cement and other products manufactured by SCG Cement-Building Materials. At present, the demand for aggregates has increased each year due to the expansion of investment projects by both the public and private sectors, resulting in an upward trend for the prices of aggregates.

Preventive Measures and Corrective Actions

SCG Cement-Building Materials manages risks pertaining to the volume and costs of raw materials by seeking additional sources of raw materials and carrying out long-term purchase agreements.

5.2 Labor Shortage and Rising Wages

Prospects for regional economic growth have led to increased demand for labor, which may result in labor shortages and rising wages.

Preventive Measures and Corrective Actions

Labor shortages and rising wages have promoted SCG to increase the use of technology.

The Group also has a policy to hire subcontractors as appropriate. SCG also collaborated with academic institutions in Thailand and within the ASEAN region, with the objective of developing human resources and shaping them to become part of the future ASEAN. One such program is the “Vocational Students for the Nation Scholarships” project which aims to develop the skills and knowledge vital to building a future profession. Upon graduation, recipients will be able to start their careers flawlessly, whether working in a high demand industry (particularly with regard to the advent of the ASEAN Economic Community, or AEC) or in other sectors. Relationship-building with universities and other institutions in ASEAN was also continuously performed, with university professors invited to SCG Thailand and the recruitment of top university students as employees.

6. Operations risk consists of significant risks as follows:

6.1 Supply Chain Risk

SCG assessed the supply chain risks and specify the risks as follows:

- Procurement: shortage of raw materials and production equipment due to inadequate supplies in the market, or dependence on certain suppliers which may lead to increasing costs.
- Production: Inadequate production capacity may cause a loss in sales opportunity or excessive production capacity incurring unnecessary expenses or inefficient production process may cause higher production cost and reduce competitive edges
- Delivery: The delay or interruption of raw material and product delivery due to natural disaster, the perils of war and politics, and labor protest may cause disruption to production continuation or delayed product shipment to customers.
- Sales of goods: Inaccurate sales estimate may have an impact on the supply chain starting with the purchase order of raw materials and inventory management which all impact cost as well as the deterioration of raw materials or finished goods.
- Information technology: damages to the information technology infrastructure or the lack of systems connectivity cause the lack of crucial information needed for decision making or misleading information.

Preventive Measures and Corrective Actions

SCG considers the risk factors throughout the

Supply Chain to begin with the process of procurement of raw materials and materials and equipment used in the production, transportation to sales and delivery of products and service. For the purpose of managing the risk in relation to Supply Chain, SCG uses various instruments and methodology for assessment, for example, the assessment of supply chain disruption risks via the risk methodology of business continuity management, the Spend Analysis that helps categorize key expenses of the production and develop management strategies, identification of key business partners which may impact the business operations by considering economic, social and environmental risks, development of business partners according to sustainable supply chain concept, and the application of Portfolio Diagram in determining the methodology handling key business partners.

6.2 Human Resource Management and Competency Development to Support Future Growth

SCG has dedicated to excellence and in its one hundred years of operation, has always believed in the value of the individual. SCG recognizes the importance of employees as key contributors to the success of the Group. The loss of key personnel may cause the reduction of efficiency and effectiveness in operations, disrupt business continuity, increase costs with regard to the recruitment and training of new employees, while possibly causing the loss of certain knowledge areas. Integration into the AEC in 2015 will facilitate the mobility of skilled labor. This in turn may affect the retention of highly skilled employees, but at the same time could present the opportunity to attract skilled personnel from overseas due to a wider labor market.

Preventive Measures and Corrective Actions

SCG earnestly ensured the readiness of its employees in Thailand to support the future growth of its operations. SCG also developed SCG staff in its companies in ASEAN countries to ensure competency and readiness to advance to management level in those countries. Staff assigned to ASEAN countries are systematically prepared to ensure that they are equipped with relevant knowledge and skills suited to their overseas assignments. Such preparation includes cross-cultural management and communication, managerial skills to ensure preparedness with regard to differing attitudes and work practices, adaptability skills, networking and interpersonal skills, building a global mindset to enhance understanding of conducting

business with overseas parties, and change management. In addition, SCG has a plan to establish a Country Business Support Office (CBSO) in strategic countries to promote investment in ASEAN as well as develop the competency of SCG employees within ASEAN. The Company has already set up the CBSO in Indonesia.

7. **Financial risk** consists of significant risks as follows:

7.1 Fluctuation of Foreign Exchange Rates

The fluctuation of foreign exchange rates presents a significant risk for SCG, due to global economic volatility, SCG's expansion of overseas investments, and the Group's increasing international trade. Effective management of such risk may contribute to reducing business costs, and avert losses from foreign exchange rates.

Preventive Measures and Corrective Actions

SCG appointed the SCG Financial Committee to mandate financial policies for SCG companies and ensure that financial management is consistent across SCG. The policies concern the elimination of foreign exchange risks. The Financial Committee meets monthly to monitor key economic and financial developments, assess risks regarding foreign exchange rates and its effects, as well as to formulate guidelines on carrying out timely and appropriate responses to such risks.

7.2 Higher Leverage Resulting from Rapid Growth of Investment Projects

In line with SCG's business plan which aims to expand its overseas investments, most notably in the ASEAN region, significant capital expenditure is required. In addition to the cash inflows from operations, additional funding sources may be needed, which could affect the financial position of the Group, or result in higher financial ratios than is deemed acceptable.

Preventive Measures and Corrective Actions

To diversify risk, SCG considers various sources of funding, such as debentures denominated in Thai Baht and in foreign currency, secured loans from banks both in Thailand and overseas. Moreover, SCG has developed a cash pooling system to effectively track and manage excess cash. SCG specified acceptable financial ratios and managed them to be in line with the acceptable level. SCG also carefully considered and systematically ranked large-scale investment projects based on risk and return analysis before making investment decisions.

8. **Business and risk** consists of significant risks as follows:

8.1 Disruption of Major Government Projects in Thailand

Political instability has affected the direction of the Thai economy, trade, investment, and policies for the development of infrastructure. As such, the state mega-project valued at two trillion Baht could be affected, which in turn could slacken growth in the building materials sector. However, SCG views that the construction sector is still driven by regional economic activity, stemming from economic liberalization and the advent of the AEC in 2015, which resulted in lively trade and investment across the region and along the borders, leading to the development of basic infrastructure in neighboring countries, and benefitting private sector investment in infrastructure in nearby countries.

Preventive Measures and Corrective Actions

SCG addresses these risks by distributing product sales to all consumer groups both in the private and public sectors. The disruption of state mega-projects will therefore not have severe repercussions due to demand from other consumer groups, including local state projects which are still carried out continually. SCG also conducts research and analysis to forecast market trends and the potential growth of each client group, so as to retain its client base and seize opportunities which may arise due to changing business countries.

8.2 Significant Events in Countries of Investment

SCG assesses and monitors the country-specific risks of the countries in which it continuously maintains investments. In this regard, SCG anticipates major trends for the following year, namely: the political situation and changes of state policy in Indonesia such as the reduction of oil price subsidies and the possibility of more stringent regulations with regard to foreign investors and export policies; all of which could impede growth in Indonesia, affect production costs of SCG, or create complications for SCG investments in the country. The volatility of the Indonesian Rupiah may also affect operating performance.

Preventive Measures and Corrective Actions

SCG monitors and assesses country-specific risks with regard to socio-economic aspects, legal system and taxation, infrastructure readiness, political factors and conflict, as well as major global crises. SCG uses a scenario-planning and sensitivity analysis methodology in analyzing and evaluating the repercussions of such incidents to ensure

readiness, and formulates appropriate risk management measures, based on cost benefit analysis. Such measures include the plan to establish a Country Business Support Office in each country in order to closely monitor relevant situations. SCG conducts the diligent assessment of risks associated with investment projects prior to making decisions, applies measures to reduce production costs to compensate for variable costs which could increase due to reduction of government subsidies; and increases investment proportion in other countries instead, such as becoming a major shareholder in a ceramics business in Vietnam and building a cement production plant in Myanmar, so as to diversify risk, and optimize benefits resulting from integration of the AEC.

8.3 Industry Trends and Volatility

The petrochemical industry is a cyclical industry with fluctuations of demand and supply, affecting prices of raw materials and plastic resins in the global market. The operating results of SCG Chemicals for the past year reflect such volatility; for instance, during periods of oversupply, profits decreased as a result of reduced plastic resin prices. However, SCG views that the petrochemical industry shows the upward trend in the coming year, due to anticipated global economic recovery, resulting in a higher demand growth than supply growth; while volatility of raw material prices should reduce when compared to the previous year, as a result of easing of tensions in the Middle East, all of which contribute to the company's assessment that it will receive higher returns overall. With regard to the paper and packaging business, such business continues to be affected by the change in consumer behavior, which increasingly favors the use of electronic media.

Preventive Measures and Corrective Actions

SCG manages risks by closely monitoring the market and movements of its competitors. SCG emphasized investment in other businesses, such as integrating the cement, building materials, and distribution businesses to create synergy in the building materials business. SCG also accelerated the development and sales of high value-added products, including the modification of the value chain of the paper and packaging businesses to fibrous chain and packaging chain so as to add value throughout the production cycle, beginning from paper pulp to packaging, in order to diversify risk.

The Structure of Top Executives

5.7 SCG Top Executives (As at January 1, 2014)

SCG top executives are comprised of:

1. Mr. Kan Trakulhoon

President & CEO, SCG
2. Mr. Chaovalit Ekabut

Vice President - Finance and Investment & CFO, SCG
3. Mr. Tanawong Areeratchakul

President, SCG Investment
4. Mr. Pichit Maipoom

Vice President - Corporate Administration, SCG
5. Mr. Aree Chavalitcheewingul

Vice President - Regional Business, SCG Cement-Building Materials
6. Mr. Nithi Patarachoke

Vice President - Domestic Market, SCG Cement-Building Materials
7. Mr. Cholanat Yanaranop

President, SCG Chemicals
8. Mr. Somchai Wangwattanapanich

Vice President - Operations, SCG Chemicals
9. Mr. Roongrote Rangsiyopash

President, SCG Paper
10. Mr. Pichit Maipoom

President, SCG Cement-Building Materials
11. Mr. Pichit Maipoom

Vice President - Operations, SCG Cement-Building Materials

The Directors of Subsidiaries that are Core Businesses

(As at February 1, 2014)

Companies	Directors								
	Mr. Kan Trakulhoon	Mr. Chaovalit Ekabut	Mr. Tanawong Areeratchakul	Mr. Pichit Maipoom	Mr. Aree Chavalitcheewingul	Mr. Nithi Patarachoke*	Mr. Cholanat Yanaranop	Mr. Somchai Wangwattanapanich	Mr. Roongrote Rangsiyopash
SCG Cement-Building Materials									
SCG Cement Company Limited	✓	✓		✓	✓	✓			✓
SCG Building Materials Company Limited	✓	✓		✓	✓	✓			
SCG Distribution Company Limited	✓			✓	✓	✓			
SCG Chemicals									
SCG Chemicals Company Limited	✓	✓			✓		✓	✓	✓
SCG Paper									
SCG Paper Public Company Limited	✓	✓			✓	✓		✓	✓
SCG Investment									
Cement Thai Holding Company Limited	✓	✓	✓		✓		✓		✓

* Mr. Nithi Patarachoke has been appointed to be SCG Top Executive since September 1, 2013.

5.8 Policy on Top Executives Holding

Directorship in Organizations Outside SCG

The Board of Directors has set a policy that allows top executives to hold directorship in organizations outside SCG, and to spend company work hours carrying out the directorship duties, for organizations of certain types:

1. Governmental organizations that are not established for the benefit of political parties, because the executives’ service represents their cooperation with the authorities and contribution to the general public.
2. Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, Thai Chamber of Commerce, Thailand Management Association, and so on.
3. Private organizations that are established for trading purposes; present no conflicts with SCG and; do not consume time to the extent that it is disadvantageous for the Company. (Subject to approval.)

(Source: Resolution No. 5.2 of the Board of Directors Meeting of SCG No. 206 (1/2536): RE: Policy of the Board of Directors regarding employees spending company work hours to work for non-SCG organizations)

5.9 Performance Assessment of SCG’s President & CEO and Top Executives

The Board and the Remuneration Committee assess the performance of the President & CEO based on the Company’s operating results, implementation of the Board’s policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration for the President & CEO and top executives of SCG and propose such amount to the Board for approval, taking into account the following information regarding the current and previous years:

1. The business unit’s operating results based on percentage of EBITDA on operating assets. The target

EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.

2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.

3. The executive’s capability to develop the business unit and improve operational efficiency for each business unit each year.

In addition, a survey on manager-level employees’ opinions regarding the President & CEO and the top executives is included in the Remuneration Committee’s consideration each year.

5.10 Top Executives Remuneration

The total remuneration for ten executives in the form of salaries, bonuses, variable pay and others amounted to 231,901,753 Baht. For 2013, the Company made contributions of 14,945,320 Baht to the provident fund for the executives as the employees of the Company.

The remuneration for the directors and top executives of subsidiaries which are SCG’s core business (As at the year ended December 31,2013)

1. Total remuneration for directors of subsidiaries that are core businesses of SCG

Directors of the core businesses, which encompass SCG Cement-Building Materials, SCG Chemicals, and SCG Paper, are the top executives who are not subject to remuneration paid for being the directors.

2. Total remuneration for top executives of subsidiaries that are core businesses of SCG

- 1) Remuneration paid as money, such as monthly salary, bonus, and variable pay.
- 2) Other compensation such as provident fund contributions.

Details of compensation are as follows:

Subsidiaries that are core businesses	Number of executives	Total remuneration in the form of money (Baht)	Other compensation (Baht)
1. SCG Cement-Building Materials Company Limited	4	24,795,840	2,045,784
2. SCG Chemicals Company Limited	6	30,642,065	2,574,312
3. SCG Paper Public Company Limited	8	40,054,000	3,451,188

The above-mentioned number of executives and the remuneration excluded those of the presidents and vice presidents of subsidiaries that are SCG’s core businesses, as they were included in the number and remuneration of the top executives of The Siam Cement Public Company Limited which are listed on page 61 of the 2013 Annual Report.

Supplementary Information

Investment in subsidiaries, associates, jointly-controlled entity and other companies of which their operations are significant.

			Location (Head Office / Factory)
Name	Principal Business / Products		
SCG Cement-Building Materials Subsidiaries			
1	SCG Cement Co., Ltd.	Holding company	Bangkok
2	The Concrete Products and Aggregate Co., Ltd.	Holding company and ready-mixed concrete	Bangkok
3	The Siam Cement (Kaeng Khoi) Co., Ltd.	Cement	Saraburi
4	The Siam Cement (Ta Luang) Co., Ltd.	Cement	Saraburi
5	The Siam Cement (Thung Song) Co., Ltd.	Cement	Nakorn Sri Thamaraj
6	The Siam Cement (Lampang) Co., Ltd.	Cement	Lampang
7	Siam Mortar Co., Ltd.	Dry mortar	Saraburi
8	The Siam White Cement Co., Ltd.	White cement	Saraburi
9	The Siam Refractory Industry Co., Ltd.	Refractory	Bangkok
10	Cementhai Energy Conservation Co., Ltd.	Energy service	Bangkok
11	Eco Plant Services Co., Ltd.	Technical services and plant installation	Saraburi
12	Siam Research and Innovation Co., Ltd.	Research and development	Saraburi
13	SCI Eco Services Co., Ltd.	Industrial waste disposal	Nonthaburi
14	PT Pion Quarry Nusantara	Quarry	Indonesia
15	PT SCG Pipe and Precast Indonesia	Concrete products	Indonesia
16	PT Semen Lebak	Cement	Indonesia
17	PT SCG Readymix Indonesia	Ready-mixed concrete	Indonesia
18	PT CPAC Surabaya	Ready-mixed concrete	Indonesia
19	Q Mix Supply Co., Ltd.	Ready-mixed concrete	Bangkok
20	CPAC Lao Co., Ltd.	Ready-mixed concrete	Laos
21	CPAC Concrete Products (Cambodia) Co., Ltd.	Precasted slab	Cambodia
22	Cementhai Building Materials (Singapore) Pte. Ltd.	Holding company	Singapore
23	SCG Building Materials Co., Ltd.	Holding company	Bangkok
24	The Siam Fibre-Cement Co., Ltd.	Fiber cement roof	Saraburi
25	The Fibre-Cement Products (Lampang) Co., Ltd.	Fiber cement roof	Lampang
26	Tip Fibre-Cement Co., Ltd.	Fiber cement roof	Bangkok
27	SCG Landscape Co., Ltd.	Concrete blocks for floor wall and fence	Saraburi
28	Siam Fiberglass Co., Ltd.	Insulation and glass wools	Saraburi

* Directly and indirectly holding through the Company, subsidiaries, associates, jointly-controlled entity and other companies.

			Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
Telephone	Facsimile	Type of shares				
66-2586-3060-1	66-2586-3072	Ordinary shares	122	4,894	100	100
66-2555-5000	66-2555-5003	Ordinary shares	91	9,140	100	100
66-3624-0000-98	66-3624-0099	Ordinary shares	6	625	100	100
66-3628-8900	66-3628-8909	Ordinary shares	6	575	100	100
66-7553-8222	66-7553-8111	Ordinary shares	35	700	100	100
66-5423-7500	66-5423-7501	Ordinary shares	94	589	100	100
66-3624-0000-98	66-3624-0083	Ordinary shares	4	443	100	100
66-3621-8400	66-3635-1219	Ordinary shares	2	200	100	100
66-2586-3230	66-2586-2982	Ordinary shares	3	300	100	100
66-2586-2410	66-2586-3098	Ordinary shares	13	1,310	100	100
66-3628-9103	66-3628-1212	Ordinary shares	1	50	100	100
66-3627-3152-63	66-3627-3151	Ordinary shares	1	100	100	100
66-2962-7295-7	66-2962-7298	Ordinary shares	1	50	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.001	16	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.3	287	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.03	1,012	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.002	4	100	100
(6231) 732-1512	(6231) 732-1512	Ordinary shares	1	43	100	100
66-2728-8800	66-2728-8801	Ordinary shares	8	800	100	100
(85621) 720-385	(85621) 720-224	Ordinary shares	0.05	31	100	100
(88523) 990-406	-	Ordinary shares	0.001	17	100	100
(65) 6534-9661	(65) 6534-9662	Ordinary shares	0.6	14	100	100
66-2586-3333	66-2586-2761	Ordinary shares	190	19,009	100	100
66-2586-3333	66-2586-2761	Ordinary shares	110	11,000	100	100
66-5433-7301-5	66-5433-7300	Ordinary shares	5	530	100	100
66-2286-7888	66-2286-8951-2	Ordinary shares	0.3	25	100	100
66-2586-6822	66-2586-6800	Ordinary shares	16	1,630	100	100
66-3637-3441-4	66-3637-3445-6	Ordinary shares	13	422	100	100

			Location (Head Office / Factory)
Name	Principal Business / Products		
29	Cementhai Gypsum Co., Ltd.	Holding company	Bangkok
30	Cementhai Ceramics Co., Ltd.	Holding company	Bangkok
31	Thai Ceramic Co., Ltd.	Floor and wall ceramic tiles	Bangkok
32	The Siam Ceramic Group Industries Co., Ltd.	Floor and wall ceramic tiles	Saraburi
33	Cementhai Home Services Co., Ltd.	Home related services	Bangkok
34	Gemago Co., Ltd.	Electricity plant	Bangkok
35	Cementhai Gypsum (Singapore) Pte. Ltd.	Holding company	Singapore
36	Cementhai Roof Holdings Philippines, Inc.	Holding company	Philippines
37	Cementhai Ceramic (Singapore) Pte. Ltd.	Holding company	Singapore
38	Cementhai Ceramics Philippines Holdings, Inc.	Holding company	Philippines
39	PT SCG Lightweight Concrete Indonesia	Light-weight concrete	Indonesia
40	SCG Distribution Co., Ltd.	Holding company	Bangkok
41	SCG Trading Co.,Ltd.	International trading	Bangkok
42	SCG Cement-Building Materials Company Limited (Formerly : SCG Network Management Co., Ltd.)	Domestic distribution	Bangkok
43	SCG Logistics Management Co., Ltd.	Logistics service	Bangkok
44	SCG Trading Services Co., Ltd.	Business services	Bangkok
45	SCG Sourcing Co., Ltd.	Retail	Bangkok
46	SCG Experience Co., Ltd.	Exhibition center services and consultation	Bangkok
47	SCG Skills Development Co., Ltd.	Logistics skills development school for SCG business partners	Saraburi
48	Keating Capital Partners Pte. Ltd.	Holding company	Singapore
49	Kitchener Limited	Holding company	Hong Kong
50	SCG Trading Australia Pty. Ltd.	International trading	Australia
51	SCG Trading Guangzhou Co., Ltd.	International trading	China
52	SCG Trading Hong Kong Limited	International trading	Hong Kong
53	SCG Trading Philippines Inc.	International trading	Philippines
54	SCG Singapore Trading Pte. Ltd.	International trading	Singapore
55	SCG Trading USA Inc.	International trading	USA
56	PT SCG Trading Indonesia	International trading	Indonesia
57	SCG Trading Vietnam Co., Ltd.	Logistics service, international trading and local distribution	Vietnam
58	SCG Trading Lao Co., Ltd.	International trading	Laos
59	SCG Marketing Philippines Inc.	International trading	Philippines

* Directly and indirectly holding through the Company, subsidiaries, associates, jointly-controlled entity and other companies.

** No issuance of share for the Limited Liability Company incorporated in Vietnam.
The capital contribution is as stipulated in the investment certificate of the invested company.

			Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
Telephone	Facsimile	Type of shares				
66-2586-3333	66-2586-2761	Ordinary shares	7	242	100	100
66-2586-3333	66-2586-2761	Ordinary shares	60	6,037	100	100
66-2586-4094-8	66-2587-8800	Ordinary shares	27	2,650	100	100
66-3637-6400	66-3637-6422	Ordinary shares	96	960	100	100
66-2586-4111	66-2586-4017	Ordinary shares	5	115	100	100
66-2586-3333	66-2586-2761	Ordinary shares	0.5	45	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	21	411	100	100
(632) 813-1666	(632) 813-1704	Ordinary shares	14	136	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	39	1,342	100	100
(632) 813-1666	(632) 813-1704	Ordinary shares	174	192	100	100
(6226) 7861-0360	(6226) 7861-0361	Ordinary shares	4	1,253	100	100
66-2586-3333	66-2586-5454	Ordinary shares	220	12,150	100	100
66-2586-3333	66-2586-2251	Ordinary shares	4	400	100	100
66-2586-3333	66-2586-2961	Ordinary shares	21	524	100	100
66-2586-3333	66-2586-2158	Ordinary shares	3	300	100	100
66-2586-3333	66-2586-4445	Ordinary shares	0.1	10	100	100
66-2586-3333	66-2586-5625	Ordinary shares	1	100	100	100
66-2101-9922	66-2101-9920	Ordinary shares	5	500	100	100
66-3672-4377	66-3672-4378	Ordinary shares	0.1	5	100	100
(65) 6338 1888	(65) 6337 5100	Ordinary shares	14	400	100	100
(852) 2846 1888	(852) 2845 0476	Ordinary shares	16	452	100	100
(612) 9438-1225	(612) 9436-0195	Ordinary shares	0.2	5	100	100
(86) 208-365-2559	(86) 208-365-2595	Ordinary shares	0.03	24	100	100
(852) 2838-6456	(852) 3009-8360	Ordinary shares	45	220	100	100
(632) 501-8634	(632) 501-8635	Ordinary shares	0.1	8	100	100
(632) 501-8630						
(65) 6295-3455	(65) 6292-5241	Ordinary shares	1	23	100	100
(1310) 323-2194	(1310) 324-9528	Ordinary shares	0.02	36	100	100
(1310) 323-2438						
(1310) 323-2528						
(6221) 351-8890	(6221) 352-0718	Ordinary shares	0.002	5	100	100
(848) 352-69001-08	(848) 352-69009-10	**	-	64	100	100
(84) 903-449-633						
(85621) 243-435-6	(85621) 243-437	Ordinary shares	0.01	7	100	100
(632) 912-3454	(632) 621-3060	Ordinary shares	0.1	23	100	100

			Location (Head Office / Factory)
Name	Principal Business / Products		
60 The CPAC Roof Tile Co., Ltd.	Concrete roof tiles	Nakorn Prathom/ Saraburi / Lamphun / Nakorn Sri Thamaraj / Chonburi / Khonkaen /Nakorn rajchasrima	
61 Thai Ceramic Roof Tile Co., Ltd.	Ceramic roof tiles	Saraburi	
62 Thai Ceramic Holding Co., Ltd.	Holding company	Bangkok	
63 SCG Concrete Roof (Vietnam) Co., Ltd. (Formerly : CPAC Monier Vietnam Co., Ltd.)	Concrete roof tiles	Vietnam	
64 SCGT Malaysia Sdn. Bhd.	International trading	Malaysia	
65 CPAC Monier Philippines, Inc.	Concrete roof tiles	Philippines	
66 Monier Roofing Co., Ltd.	Clay roof tiles	Rayong	
67 Buu Long Industry & Investment Joint Stock Company	White cement	Vietnam	
68 PT KIA Serpih Mas	Floor and wall ceramic tiles	Indonesia	
69 PT KIA Keramik Mas	Ceramic roof tiles	Indonesia	
70 PT Keramik Indonesia Assosiasi, Tbk.	Floor and wall ceramic tiles	Indonesia	
71 PT Semen Jawa	Cement	Indonesia	
72 Kampot Cement Co., Ltd.	Cement	Cambodia	
73 PT Kokoh Inti Arebama Tbk.	Building materials distribution	Indonesia	
74 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings	Bangkok	
75 PT Tambang Semen Sukabumi	Limestone Quarry	Indonesia	
76 Sosuco and Group (2008) Co., Ltd.	Marketing and sales of floor and wall ceramic tiles	Bangkok	
77 The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready-mixed concrete	Vietnam	
78 Prime Group Joint Stock Company	Holding company	Vietnam	
79 Prime Trading, Import and Export One Member Limited Liability Company	Marketing and sales of floor and wall ceramic tiles	Vietnam	
80 Prime Materials Company Limited	Exploration and processing material	Vietnam	
81 Ceramic Research Institution	Research and development new technology, materials and products	Vietnam	
82 Prime International Im-Ex & Servicing Trading Co.,Ltd.	Marketing and sales of machine and sparepart	Vietnam	
83 Prime Ngoi Viet Joint Stock Company	Clay roof tiles	Vietnam	
84 Prime Pho Yen Joint Stock Company	Floor and wall ceramic tiles	Vietnam	
85 Prime Yen Binh Joint Stock Company	Wall ceramic tiles	Vietnam	
86 Prime Truong Xuan Joint Stock Company	Water heater; mechanical	Vietnam	
87 Prime Mineral Joint Stock Company	Exploration and processing material	Vietnam	
88 Saraburirat Co., Ltd.	Concrete floor and wall tiles	Saraburi	
89 Mariwasa-Siam Ceramics, Inc.	Floor and wall ceramic tiles	Philippines	

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The capital contribution is as stipulated in the investment certificate of the invested company.

			Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
Telephone	Facsimile	Type of shares				
66-2586-4032-4 66-2586-4037-9	66-2586-4308	Ordinary shares	2	211	100	100
66-2586-5999	66-2586-5017	Ordinary shares	2	200	100	100
66-2586-3333 (84650) 767-581-4	66-2586-2761 (84650) 767-580	Ordinary shares **	2 -	200 235	100	100
(603) 5632-0168	(603) 5632-0158	Ordinary shares	0.4	4	100	100
(632) 717-6924	(632) 836-2254	Ordinary shares	206	205	100	100
66-2555-0055	66-2555-0001	Ordinary shares	9	950	100	100
(8461) 396-5475	(8461) 396-5478	Ordinary shares	4	56	99	99
(6221) 386-2322	(6221) 386-2253	Ordinary shares	3,143	1,528	97	97
(6221) 386-2322	(6221) 386-2253	Ordinary shares	2,926	2,162	96	96
(6221) 386-2322	(6221) 386-2253	Ordinary shares	14,929	5,603	96	96
(6221) 350-9491	(6221) 350-9704	Ordinary shares	0.09	301	95	95
(85523) 996-839	(85523) 996-849	Ordinary shares	4	1,551	94	94
(6221) 350-6227	(6221) 350-1767	Ordinary shares	981	350	91	91
66-2973-5101-7	66-2973-5108-9	Ordinary shares	2	200	91	91
(6221) 350-9491	(6221) 350-9704	Ordinary shares	3	8	90	90
66-2938-9833	66-2938-9839	Ordinary shares	1	50	90	90
(8483) 602-7111	(8483) 713-3707	**	-	112	88	88
(84) 211-3888-987	(84) 211-3888-986	Ordinary shares	101	1,413	85	85
(84) 211-3888-987	(84) 211-3898-276	**	-	420	85	85
(84) 211-3888-987	(84) 211-3898-276	**	-	0.02	85	85
(84) 211-3582-345	(84) 211-3898-275	**	-	7	85	85
(84) 43-7877 -139	(84) 43-7877-138	**	-	6	85	85
(84) 211-3597-696	(84) 211-3597-702	Ordinary shares	25	350	85	85
(84) 280-3866-632	(84) 280-3866-474	Ordinary shares	15	210	85	85
(84) 211-3866-152	(84) 211-3866-154	Ordinary shares	13	182	85	85
(84) 211-3726-552	(84) 211-3721-786	Ordinary shares	6	84	85	85
(84) 211-3888-987	(84) 211-3726-547	Ordinary shares	0.4	6	85	85
66-2586-3333	66-2586-6800	Ordinary shares	1	96	83	83
(632) 717-6901	(6343) 778-2934	Ordinary shares	600	430	80	83

		Location (Head Office / Factory)
Name	Principal Business / Products	
126 CPAC Monier (Laos) Co., Ltd.	Concrete roof tiles	Laos
127 Sekisui-SCG Industry Co., Ltd.	Manufacture and distribute of home components	Saraburi
128 Survey Marine Services Co., Ltd.	Land rental	Bangkok
129 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
130 Noritake SCG Plaster Co., Ltd.	Manufacture and distribute plaster	Saraburi
131 Mariwasa Holdings, Inc.	Holding company	Philippines
132 Green Siam Resources Corporation	Bailing business	Philippines
133 CMPI Holdings, Inc.	Holding company	Philippines
134 Siam Global House Public Company Limited	Building materials and home improvement products distribution	Roi Et
135 Anhui Conch-SCG Refractory Co., Ltd.	Refractory	China
136 The Siam Gypsum Industry Co., Ltd.	Gypsum boards	Bangkok
137 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum boards	Saraburi
138 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum boards	Songkhla
139 PT M Class Industry	Clay roof tiles	Indonesia
140 Pacific Asian Logistic Joint Stock Company	Logistic	Vietnam
141 Asia Cement Public Company Limited	Cement	Bangkok
142 Holcim Cement (Bangladesh) Limited	Cement	Bangladesh
SCG Chemicals		
Subsidiaries		
143 SCG Chemicals Co., Ltd.	Holding company	Bangkok
144 Thai Polyethylene Co., Ltd.	Polyethylene	Rayong
145 SCG Plastics Co., Ltd.	Trading	Bangkok
146 SCG Performance Chemicals Co., Ltd.	Trading	Bangkok
147 Rayong Engineering & Plant Service Co., Ltd.	Engineering and plant service	Rayong
148 Protech Outsourcing Co., Ltd.	Engineering and plant service	Rayong
149 RIL 1996 Co., Ltd.	Industrial estate	Rayong
150 Texpire Co., Ltd.	Chemical technology licensing	Rayong
151 Vina SCG Chemicals Co., Ltd.	Holding company	Bangkok
152 SCG Chemicals (Singapore) Pte. Ltd.	Holding company	Singapore
153 Tuban Petrochemicals Pte. Ltd.	Holding company	Singapore
154 Hexagon International, Inc.	Holding company	USA
155 C4 Holding Pte. Ltd.	Raw materials for synthetic rubber	Singapore
156 PT TPC Indo Plastic & Chemicals	PVC	Indonesia
157 Rayong Pipeline Co., Ltd.	Rights of way, and use	Rayong
158 Thai Plastic and Chemicals Public Company Limited	PVC	Bangkok
159 TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok

* Directly and indirectly holding through the Company, subsidiaries, associates, jointly-controlled entity and other companies.

** No issuance of share for the Limited Liability Company incorporated in China.

The capital contribution is as stipulated in the investment certificate of the invested company.

			Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
Telephone	Facsimile	Type of shares				
(85621) 243-440	(85621) 242-179	Ordinary shares	0.2	21	50	50
66-3637-3478	66-3637-3480	Ordinary shares	23	2,325	49	49
66-2296-1490-2	66-2296-1494	Ordinary shares	0.4	37	48	48
66-2872-3014-5	66-2872-3016	Ordinary shares	4	399	45	45
66-3637-3578-82	66-3637-3577	Ordinary shares	4	405	40	40
(6343) 778-2935-36	(6343) 778-2934	Ordinary shares	248	267	40	40
(632) 501-8631	(632) 501-8631	Ordinary shares	13	95	40	40
(632) 813-1666	(632) 813-1704	Ordinary shares	48	55	40	40
66-4351-9597	66-4351-1492	Ordinary shares	2,613	2,613	30	30
(86) 553-839-9857	(86) 553-839-9877	**	-	497	30	30
66-2555-0055	66-2555-0001	Ordinary shares	2	150	29	29
66-3637-3500-9	66-3637-3510	Ordinary shares	5	470	-	29
66-7420-6000-5	66-7420-6006	Ordinary shares	1	120	-	29
(6202) 6743-6888	(6221) 539-7094	Ordinary shares	34	222	28	28
(84) 43-7738-420	(84) 43-7738-421	Ordinary shares	2	28	21	21
66-2641-5600	-	Ordinary shares	778	4,671	10	10
(8802) 988-1002-3	-	Ordinary shares	0.1	123	10	10

66-2586-4762	66-2586-5561	Ordinary shares	344	32,277	100	100
66-3868-3393-7	66-3868-3398	Ordinary shares	52	5,190	100	100
66-2586-6161	66-2910-4022	Ordinary shares	0.1	5	100	100
66-2586-4115	66-2586-3676	Ordinary shares	0.05	3	100	100
66-3868-5040-8	66-3891-1309	Ordinary shares	0.04	2	100	100
66-3868-2632-3	66-3868-2633	Ordinary shares	0.01	1	100	100
66-3868-9471-2	66-3891-1955	Ordinary shares	11	1,100	100	100
66-2586-6353	66-2586-2086	Ordinary shares	0.01	1	100	100
66-2586-5435	-	Ordinary shares	3	883	100	100
(65) 6297-9661	-	Ordinary shares	38	804	100	100
(65) 6297-9661	-	Ordinary shares	112	2,349	100	100
66-2586-4444	-	Ordinary shares	2	67	100	100
66-2586-1972	-	Ordinary shares	7	185	100	100
(6231) 395-2945	(6231) 395-2944	Ordinary shares	0.03	1,020	96	96
66-3893-7065	66-3803-5381	Ordinary shares	4	200	92	92
66-2827-7272	66-2827-7273	Ordinary shares	875	875	91	91
66-2827-7272	66-2827-7273	Ordinary shares	3	333	91	91

			Location (Head Office / Factory)
Name	Principal Business / Products		
160	The Nawaplastic Industries (Saraburi) Co., Ltd.	PVC pipe and fittings	Bangkok
161	Nawa Plastic Industries Co., Ltd.	PVC pipe and PVC products	Bangkok
162	Nawa Intertech Co., Ltd.	Molding products	Rayong
163	Chemtech Co., Ltd.	Plastic compound	Vietnam
164	Total Plant Service Co., Ltd.	Holding company	Rayong
165	SCG ICO POLYMERS COMPANY LIMITED	Plastic resins	Bangkok
166	Map Ta Phut Tank Terminal Co., Ltd.	Warehouse and transportation service	Rayong
167	Minh Thai House Component Co., Ltd.	PVC doors and windows	Vietnam
168	Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
169	Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
170	Rayong Olefins (Singapore) Pte. Ltd.	Raw materials procurement	Singapore
171	Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
172	Alliance Petrochemical Investment (Singapore) Pte. Ltd.	Holding company	Singapore
173	TPC Vina Plastic and Chemicals Corporation Ltd.	PVC	Vietnam
174	Siam Stabilizers and Chemicals Co., Ltd.	Stabizer	Rayong
175	Flowlab & Service Co., Ltd.	Calibration service	Rayong

Associates, Jointly-controlled entity and Other Companies

176	SCG Plastics (China) Co., Limited	Trading	Hong Kong
177	Siam Mitsui PTA Co., Ltd.	Raw materials for polyester and PET	Rayong
178	SMH Co., Ltd.	Holding company	Rayong
179	Siam Styrene Monomer Co., Ltd.	Raw materials for polystyrene	Rayong
180	Siam Synthetic Latex Co., Ltd.	Synthetic latex	Rayong
181	Siam Polyethylene Co., Ltd.	Polyethylene	Rayong
182	Siam Polystyrene Co., Ltd.	Polystyrene	Rayong
183	Rayong Terminal Co., Ltd.	Tank and terminal service	Rayong
184	PT Siam Maspion Terminal	Terminal service	Indonesia
185	SD Group Service Co., Ltd.	Holding company	Bangkok
186	Bangkok Synthetics Co., Ltd.	Raw materials for synthetic rubber	Bangkok
187	Thai MMA Co., Ltd.	Raw materials for acrylic	Rayong
188	Grand Siam Composites Co., Ltd.	Polypropylene compound	Rayong
189	Thai MFC Co., Ltd.	Melamine compound	Rayong
190	Siam Tohcello Co., Ltd.	Raw materials for packaging film	Rayong
191	Long Son Petrochemicals Co., Ltd.	Raw materials for plastic resins	Vietnam
		Polyethylene and polypropylene	
192	Mehr Petrochemical Company (P.J.S.C.)	Polyethylene (HDPE)	Iran
193	PT Trans-Pacific Polyethylene Indonesia	Polyethylene (LDPE)	Indonesia
194	PT Trans-Pacific Polyethylindo	Polyethylene (HDPE)	Indonesia
195	Nawacam Co., Ltd.	PVC pipe and fittings	Cambodia

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			Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
Telephone	Facsimile	Type of shares				
66-2586-3930-5	66-2586-4305	Ordinary shares	4	400	91	91
66-2586-3930-5	66-2586-2444	Ordinary shares	4	426	91	91
66-3889-2190	66-3889-2244	Ordinary shares	0.4	40	91	91
(84650) 3784-992	(84650) 3784-993	**	-	103	91	91
66-3868-7320-3	66-3892-5299	Ordinary shares	12	1,180	91	91
66-2586-2006	-	Ordinary shares	1	26	87	87
66-3868-9471-2	66-3891-1955	Ordinary shares	7	700	82	82
(848) 3754-2989	(848) 3844-6073	**	-	36	73	73
66-3893-7000	66-3891-5310	Ordinary shares	395	39,520	55	67
66-3868-5040-8	66-3868-5036	Ordinary shares	153	15,320	50	67
(65) 6297-9661	-	Ordinary shares	0.02	0.5	67	67
(84650) 3710-993	(84650) 3740-065	**	-	75	66	66
(65) 6221-5318	-	Ordinary shares	46	1,881	65	65
(848) 3823-4730	(848) 3823-4725	**	-	1,013	63	63
66-3868-3451-3	66-3868-3449	Ordinary shares	190	190	54	54
66-3891-1321-2	66-3891-1381	Ordinary shares	0.02	4	51	51

(852) 2544-9991	(852) 2544-9992	Ordinary shares	0.1	4	58	58
66-3868-5100	66-3868-7333	Ordinary shares	48	4,800	49	50
66-3868-5100	-	Ordinary shares	1	60	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	48	4,755	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	59	5,789	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	45	4,455	49	50
66-3868-3215-6	66-3868-3991	Ordinary shares	10	995	50	50
66-3868-9471-2	66-2586-6220	Ordinary shares	14	1,325	-	50
(6231) 395-2945-8	-	Ordinary shares	0.01	327	50	50
66-2365-7000	66-3868-3991	Ordinary shares	0.8	78	50	50
66-2679-5120	66-2679-5119	Ordinary shares	12	1,173	49	49
66-3868-5040-8	66-2586-5393	Ordinary shares	56	5,590	46	47
66-3868-4241	66-3868-4255	Ordinary shares	0.6	64	46	46
66-3868-4241	66-3868-4255	Ordinary shares	2	200	45	45
66-3801-0500	66-3801-0506	Ordinary shares	0.6	592	45	45
(848) 3825-7226	(848) 3825-7268	**	-	1,646	44	44
(9821) 8850-0641	(9821) 8805-0642	Ordinary shares	0.03	1,335	39	39
(6221) 574-5880	-	Ordinary shares	0.2	472	39	39
(6221) 574-5880	-	Ordinary shares	0.07	337	39	39
(85523) 882-072	(85523) 885-172	Ordinary shares	0.02	7	36	36

Name	Principal Business / Products	Location (Head Office / Factory)
196 Riken (Thailand) Co., Ltd.	PVC compound	Bangkok
197 PT Chandra Asri Petrochemical Tbk.	Raw materials for plastic resins Polyethylene and polypropylene	Indonesia
198 GTC Technology US, LLC	Chemical technology licensing	USA
199 GTC Technology International, LP	Chemical technology licensing	USA
200 Tien Phong Plastics Joint Stock Company	PVC pipe	Vietnam
201 PT Trans-Pacific Petrochemical Indotama	Raw materials for aromatics	Indonesia
202 Thai PET Resin Co., Ltd.	PET resins	Rayong
203 Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound	China
204 Binh Minh Plastics Joint Stock Company	PVC pipe	Vietnam
205 PT Srithai Maspion Indonesia	Melamine compound	Indonesia
206 PT Trans-Pacific Polypropylene Indonesia	Polypropylene	Indonesia
207 PT Trans-Pacific Styrene Indonesia	Raw materials for polystyrene	Indonesia
SCG Paper Subsidiaries		
208 SCG Paper Public Company Limited	Holding company and bleached pulp	Bangkok
209 Thai Paper Co., Ltd.	Printing and writing paper	Bangkok
210 Thai Union Paper Public Company Limited	Printing and writing paper	Samut Prakarn
211 Siam Kraft Industry Co., Ltd.	Kraft paper	Bangkok
212 United Pulp & Paper Co., Inc.	Kraft paper	Philippines
213 Paperlink Inter-Trade Corporation	Kraft paper	Philippines
214 Siam Cellulose Co., Ltd.	Bleached pulp	Bangkok
215 InfoZafe Co., Ltd.	Shredding business	Bangkok
216 The Siam Forestry Co., Ltd.	Forestry	Bangkok
217 Panas Nimit Co., Ltd.	Forestry	Bangkok
218 Thai Panason Co., Ltd.	Forestry	Bangkok
219 Thai Panadorn Co., Ltd.	Forestry	Bangkok
220 Thai Panaram Co., Ltd.	Forestry	Bangkok
221 Suanpa Rungsaris Co., Ltd.	Forestry	Bangkok
222 Siam Panawes Co., Ltd.	Forestry	Bangkok
223 Thai Panaboon Co., Ltd.	Forestry	Bangkok
224 Thai Wanabhum Co., Ltd.	Forestry	Bangkok
225 Phoenix Pulp & Paper Public Company Limited	Bleached pulp Printing and writing paper	Khonkaen
226 Phoenix Utilities Co., Ltd.	Utilities	Khonkaen
227 SCGP Excellence Traning Center Co., Ltd.	Training and Seminar	Bangkok
228 SCG Paper Energy Co.,Ltd.	Energy	Bangkok

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2501-1054	66-2501-1198	Ordinary shares	1	120	32	32
(6221) 530-7950	(6221) 530-8930	Ordinary shares	3,066	14,690	30	30
66-2586-4444	-	Ordinary shares	0.2	102	25	25
66-2586-4444	-	Ordinary shares	13	191	25	25
(843) 1385-2073	(843) 1364-0133	Ordinary shares	43	652	22	22
(6221) 574-5880	-	Ordinary shares	4	9,815	20	20
66-3868-5900	66-3868-5999-609	Ordinary shares	9	900	20	20
(86) 760-533-2138	(86) 760-389-8880	Ordinary shares	15	596	20	20
(848) 3969-0973	(848) 3960-6814	Ordinary shares	45	682	19	19
(6231) 891-3630	-	Ordinary shares	0.01	118	10	10
(6221) 574-5880	-	Ordinary shares	0.07	220	10	10
(6221) 574-5880	-	Ordinary shares	0.1	314	10	10
66-2586-3333	66-2586-2164	Ordinary shares	156	1,563	98	98
66-2586-3333	66-2586-2164	Ordinary shares	17	1,700	98	98
66-2754-2100-10	66-2754-2118	Ordinary shares	43	430	98	98
66-2586-3333	66-2586-2164	Ordinary shares	35	3,450	98	98
(632) 870-0100	(632) 870-0409	Preferred shares	840	4,328	98	98
		Ordinary shares	141			
(632) 870-0100	(632) 870-0409	Ordinary shares	0.1	1	98	98
66-2586-3333	66-2586-2164	Ordinary shares	3	300	98	98
66-2586-3333	66-2586-2164	Ordinary shares	1	70	98	98
66-2586-3333	66-2586-2164	Ordinary shares	1	147	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	110	1,200	98	98
		Preferred shares	10			
66-2586-3333	66-2586-2164	Ordinary shares	15	1,500	98	98
66-2586-3876	66-2586-4507	Ordinary shares	0.05	5	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.01	1	98	98

Name	Principal Business / Products	Location
		(Head Office / Factory)
229 Thai Cane Paper Public Company Limited	Kraft paper	Bangkok
230 Thai Containers Group Co., Ltd.	Corrugated boxes	Bangkok / Pathumthani / Samut Prakarn / Ratchaburi
231 Thai Containers Khonkaen Co., Ltd.	Corrugated boxes	Khonkaen
232 Thai Containers Rayong Co., Ltd.	Corrugated boxes	Rayong
233 Vina Kraft Paper Co., Ltd.	Kraft paper	Vietnam
234 TCG Rengo (S) Limited	Corrugated boxes	Singapore
235 New Asia Industries Co., Ltd.	Corrugated boxes	Vietnam
236 Alcamax Packaging (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
237 AP Packaging (Hanoi) Co., Ltd.	Corrugated boxes	Vietnam
238 Packamex (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
239 PT Primacorr Mandiri	Corrugated boxes	Indonesia
240 Dyna Packs Co.,Ltd.	Corrugated boxes	Samutsakorn
241 Orient Containers Co., Ltd.	Corrugated boxes	Samutsakorn
242 Tawana Container Co., Ltd.	Corrugated boxes	Samut Prakarn
243 Thai British Security Printing Public Company Limited	Securities document	Samut Prakarn
244 Thai British DPost Co., Ltd.	Digital printing	Samut Prakarn
Associates and Other Companies		
245 Siam Toppan Packaging Co., Ltd.	Offset-printed cartons	Samut Prakarn
246 Siam Nippon Industry Paper Co., Ltd.	Specialty paper	Bangkok
247 P&S Holdings Corporation	Holding company	Philippines
248 TCG Rengo Subang (M) Sdn. Bhd.	Corrugated boxes	Malaysia
Other Subsidiaries		
249 Cementhai Holding Co., Ltd.	Holding company	Bangkok
250 Cementhai Property (2001) Public Company Limited	Holding company	Bangkok
251 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
252 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
253 SCG Legal Counsel Limited	Legal consultant	Bangkok
254 CTO Management Co., Ltd.	Maketable securities investment	Bangkok
255 Cementhai Captive Insurance Pte. Ltd.	Insurance	Singapore
256 SCG Learning Excellence Co.,Ltd	Training service	Bangkok
257 PT SCG Indonesia	Management consulting service	Indonesia
258 Siam GNE Solar Energy Co.,Ltd	Electricity	Bangkok

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** No issuance of share for the Limited Liability Company incorporated in Vietnam.
The capital contribution is as stipulated in the investment certificate of the invested company.

Telephone	Facsimile	Type of shares	Number of	Issued and	Direct	Total
			paid-up shares (Million shares)	paid-up shares (Million Baht)	Company and Subsidiaries Holding (Percent)	Direct / Indirect Holding * (Percent)
66-2440-0707	66-2440-0717	Ordinary shares	358	3,583	85	85
66-2586-5991	66-2586-4723	Ordinary shares	14	1,384	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.2	150	69	69
66-2586-3333	66-2586-2164	Ordinary shares	1	650	69	69
(848) 268-0240-2	(848) 268-0239	**	-	6,069	69	69
(65) 6661-7325	(65) 6265-3144	Ordinary shares	2	56	69	69
(848) 3729-4160	(848) 3729-3028	**	-	345	69	69
(84) 650-3743031	(84) 650-782816	**	-	429	69	69
(84) 320-3753862	(84) 320-752868	**	-	248	69	69
(84) 8-7291030	(84) 8-7291031	**	-	8	69	69
(6221) 596 2345	(6221) 596 2000	Ordinary shares	0.06	183	62	62
66-2810-9346-7	66-2810-9103	Ordinary shares	1	90	52	52
66-3488-3422-4	66-3488-3421	Ordinary shares	26	260	52	52
66-2324-0781	66-2324-0079	Ordinary shares	3	300	50	50
66-2754-2650-8	66-2384-0917	Ordinary shares	11	110	49	49
66-2661-5215	66-2661-9580	Ordinary shares	3	34	25	25
66-2709-3110-7	66-2324-0336	Ordinary shares	5	500	48	48
66-2586-3333	66-2586-2164	Ordinary shares	11	1,100	44	44
(632) 870-0100	(632) 870-0409	Ordinary shares	28	263	39	39
(603) 5636-3610	(603) 5636-3621	Ordinary shares	15	804	17	17
66-2586-2104	66-2586-2008	Ordinary shares	0.01	1	100	100
66-2586-2104	66-2586-2008	Ordinary shares	7	72	100	100
66-2586-2104	66-2586-2008	Ordinary shares	8	820	100	100
66-2586-3333	66-2586-2398	Ordinary shares	0.5	5	100	100
66-2586-5777	66-2586-2976	Ordinary shares	0.2	15	100	100
66-2586-3333	66-2587-2157	Ordinary shares	25	380	100	100
66-2586-3333	66-2587-2157	Ordinary shares	1	34	100	100
66-2586-3333	66-2586-2684	Ordinary shares	0.2	20	100	100
(6221) 350-9491	(6221) 352-0718	Ordinary shares	0.1	26	100	100
66-2586-5684	66-2586-6284	Ordinary shares	0.2	16	50	50

Name	Principal Business / Products	Location (Head Office / Factory)
Associates and Other Companies		
259 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathumthani
260 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
261 Siam Kubota Leasing Co., Ltd.	Leasing	Pathumthani
262 Siam Lemmerz Co., Ltd.	Aluminium alloy wheels	Saraburi
263 Siam AT Industry Co., Ltd.	Automotive parts	Chonburi
264 Thai Engineering Products Co., Ltd.	Automotive parts	Pathumthani
265 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
266 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chonburi
267 Muang Thong United Co., Ltd.	Football team	Bangkok
268 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
269 Musashi Auto Parts Co., Ltd.	Motorcycle transmission parts	Pathumthani
270 IT One Co., Ltd.	Technical services	Bangkok
271 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakarn
272 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
273 Michelin Siam Group Co., Ltd.	Holding company in tyre business	Bangkok
274 Michelin Siam Co., Ltd.	Holding company in tyre business	Bangkok
275 Lysando AG	Research and development	Liechtenstein
276 Siam Toyota Manufacturing Co., Ltd.	Automotive engines and automotive parts	Chonburi

* Directly and indirectly holding through the Company, subsidiaries, associates, jointly-controlled entity and other companies.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2909-0300-1	66-2909-1698	Ordinary shares	31	2,739	40	40
66-3885-5115	66-3885-5110	Ordinary shares	9	900	-	40
66-2909-0300	66-2909-1697	Ordinary shares	55	2,000	-	40
66-3637-3309-21	66-3637-3312-3	Ordinary shares	0.1	110	30	30
66-3845-4266-8	66-3845-4266	Ordinary shares	2	240	30	30
66-2529-3518-22	66-2529-1677	Ordinary shares	0.9	85	29	30
66-3633-6531-4	66-3622-3209	Ordinary shares	3	300	30	30
66-3845-4671-7	66-3845-4670	Ordinary shares	5	475	30	30
66-2508-8100	66-2508-3369	Ordinary shares	1	120	30	30
66-3628-8300	66-3628-8309	Ordinary shares	3	308	20	25
66-2529-1753-6	66-2529-4554	Ordinary shares	0.2	200	21	21
66-2271-5111	66-2271-5112	Ordinary shares	0.8	80	20	20
66-2386-1000	66-2386-1883	Ordinary shares	8	7,520	10	10
66-3868-3723-30	66-3868-3200	Ordinary shares	30	3,000	10	10
66-2619-3000-19	66-2619-3179	Ordinary shares	24	2,667	10	10
		Preferred shares	3			
66-2619-3000-19	66-2619-3179	Ordinary shares	38	2,197	-	10
66-2586-2104	66-2586-2008	Ordinary shares	1	37	10	10
66-3821-3451-5	66-3874-3310	Ordinary shares	9	1,850	4	4

Summary of Significant Information

1. Operating Results and Financial Status

1.1 Business Overview

SCG’s revenue from sales and profit for the year increased, with growths in all business units.

In 2013, SCG’s revenue from sales increased 7% from the previous year to 434,251 Million Baht with growths in all business units. EBITDA increased 34% to 61,265 Million Baht. Similarly, profit for the year increased 55% to 36,522 Million Baht, benefiting from the recovery of chemicals margin, and higher domestic demand of cement products.

Share of profit of associates for 2013 amounted to 6,546 Million Baht, an increase of 4,985 Million Baht from the previous year with details as follows:

- SCG Chemicals associates: Share of gain amounted to 2,744 Million Baht, recovered from the loss of 606 Million Baht in the previous year, attributable to better margins from the chemicals associates.
- Other associates: Share of profit amounted to 3,772 Million Baht, increased 1,605 Million Baht from the previous year, mainly from the other associates which were affected by the flood in the first half of 2012.

1.2 Operating Results of Strategic Business Segments

SCG Cement-Building Materials

In 2013, revenue from sales increased 13% from the previous year to 174,642 Million Baht on volume growth in addition to the acquisition of Prime Group, a leading ceramic tiles producer in Vietnam, including consolidation of Siam Sanitary Ware Co., Ltd. and The Siam Sanitary Fittings Co., Ltd. EBITDA increased 14% from the previous year to 26,274 Million Baht, and profit for the year increased 23% to 16,092 Million Baht.

SCG Chemicals

In 2013, revenue from sales increased 3% from the previous year to 209,997 Million Baht. EBITDA increased 136% from the previous year to 20,342 Million Baht, likewise, profit for the year which increased 320% from the previous year to 11,292 Million Baht, as a result of the recovery of chemicals margin.

SCG Paper

In 2013, revenue from sales increased 3% from the previous year to 59,135 Million Baht, mainly attributed to higher sales volume and improved efficiency in the Packaging Chain, in addition to the acquisition of Dyna Packs Co., Ltd. and Orient Containers Co., Ltd., and PT Primacorr Mandiri (Indonesia). EBITDA increased 7% to 9,473 Million Baht, likewise, profit for the year increased 1% from the previous year to 3,587 Million Baht.

1.3 Financial Status

Assets

Continued solid financials, with cash and cash under management of 29,667 Million Baht.

Total assets of SCG as at December 31, 2013 was 440,436 Million Baht, with an increase of 11% from the previous year. Key components of total assets were property, plant and equipment at 42%, current assets at 31% and investments at 21%. Ranking of asset values by business segments are SCG Chemicals, SCG Cement-Building Materials, and SCG Paper, respectively.

Current assets: amounted to 135,130 Million Baht as at December 31, 2013, with an increase of 5% from the previous year, comprising largely of inventories, trade and other receivables and cash and cash equivalents. At December 31, 2013, SCG’s working capital was 55,896 Million Baht with working capital days at 48 days.

Cash and cash under management: amounted to 29,667 Million Baht as at December 31, 2013, a drop of 8,866 Million Baht from the previous year following continued CAPEX and Investments.

Investments in associates and jointly-controlled entities: amounted to 79,188 Million Baht as at December 31, 2013, an increase of 13,613 Million Baht or 21% from the previous year, with reasons as follows:

- Increase in investments amounted to 10,871 Million Baht, mainly from SCG Chemicals’ acquisition of Bangkok Synthetics Co., Ltd. (BST), a manufacturer of raw materials for synthetic rubber in Thailand, and PT Chandra Asri Petrochemical Tbk., a leading petrochemical company in Indonesia.
- Increase from share of profit using equity method amounted to 6,546 Million Baht.

- Decrease from dividends received amounted to 2,813 Million Baht.
- Decrease from the change status of associates to subsidiaries amounted to 1,049 Million Baht of Siam Sanitary Ware Co., Ltd. and The Siam Sanitary Fittings Co., Ltd.

Property, plant and equipment: amounted to 183,589 Million Baht as at December 31, 2013, an increase of 18,297 Million Baht or 11% from the previous year due to the CAPEX and business acquisition during the year.

Liabilities

Net debt increased 20,220 Million Baht from the previous year mainly from CAPEX and Investments.

Total liabilities as at December 31, 2013 amounted to 253,414 Million Baht, an increase of 8% from the previous year. During the year, SCG issued new debentures which amounted to 45,000 Million Baht to replace the matured debentures of 30,000 Million Baht and to support future investments. Finance costs were 8,193 Million Baht, an increase of 1,872 Million Baht from last year.

Net debt (interest-bearing debt less cash and cash under management) of SCG as at December 31, 2013

increased 20,220 Million Baht from the previous year to 157,263 Million Baht from investing in CAPEX and Investments of 50,064 Million Baht, mainly from investing in Bangkok Synthetics Co., Ltd. (BST) and PT Chandra Asri Petrochemical Tbk., including the acquisition of Prime Group.

1.4 Financial ratios

SCG’s financial ratios remain solid.

In 2013, current ratio registered 1.5 times and net debt to EBITDA ratio increased to 2.6 times, compared to 3.0 times in last year. At the end of 2013, debt to equity ratio was at 1.4 times, compared to 1.5 times in last year.

From the financial position and performance of 2013, the Board of Directors considered proposing the Annual General Meeting of Shareholders for approval of 2013 dividend payment of 15.5 Baht per share, representing a dividend payout ratio of 51% of consolidated profit for the year. SCG has already paid an interim dividend of 5.5 Baht per share on August 29, 2013 and an interim dividend for the SCG’s 100 Year Anniversary of 3.0 Baht per share on November 28, 2013. The final dividend will be paid at the amount of 7.0 Baht per share on April 24, 2014.

2. Shareholders Structure

(1) First 10 major shareholders as at December 27, 2013

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	360,000,000	30.000
2. THAI NVDR CO., LTD.	118,572,900	9.881
3. CHASE NOMINEES LIMITED 42	44,485,832	3.707
4. STATE STREET BANK AND TRUST COMPANY	40,807,103	3.401
5. BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	27,045,536	2.254
6. STATE STREET BANK EUROPE LIMITED	20,589,331	1.716
7. SOCIAL SECURITY OFFICE	20,027,600	1.669
8. CPB EQUITY CO., LTD.	19,220,000	1.602
9. NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND	17,777,100	1.481
10. BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	16,603,100	1.384
CPB Equity Co., Ltd. is the company wholly-owned by The Crown Property Bureau. The information of investors under Thai NVDR Co., Ltd. is shown on the website: www.set.or.th		

As at November 14, 2013, the first major 6 NVDR holders were as follows:

NVDR holders	No. of ordinary shares	Percent of total shares
1. HSBC (SINGAPORE) NOMINEES PTE LTD	15,365,214	1.28
2. STATE STREET BANK AND TRUST COMPANY	12,172,174	1.01
3. STATE STREET BANK EUROPE LIMITED	11,705,663	0.98
4. THE BANK OF NEW YORK (NOMINEES) LIMITED	6,819,878	0.57
5. NORBAX INC., 13	6,732,194	0.56
6. CHASE C.S. CENTRAL NOMINEES LIMITED 35	6,104,900	0.51

(2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at December 27, 2013)

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	360,000,000	30.000
2. CPB EQUITY CO., LTD.	19,220,000	1.602

Foreign Limit

The company has imposed limitations on the number of shares which can be held by the foreigners at 25% of fully paid-up capital. As at December 27, 2013, the company declared that 25% of fully paid-up capital shares are held by the foreigners.

3. Board of Directors

The Board of Directors is comprised of:

1. Mr. Chirayu Isarangkun Na Ayuthaya
Chairman
2. Mr. Snoh Unakul
Director
3. Mr. Sumet Tantivejkul
Independent Director
4. Mr. Pricha Attavipach
Independent Director
5. Mr. Panas Simasathien
Director
6. Mr. Yos Euarchukiati
Director
7. Mr. Arsa Sarasin
Independent Director
8. Mr. Chumpol NaLamlieng
Director
9. Mr. Tarrin Nimmanahaeminda
Independent Director
10. Mr. Pramon Sutivong
Independent Director
11. Mrs. Tarisa Watanagase
Independent Director
12. Mr. Kan Trakulhoon
Director
President & CEO, SCG

The twelve members of the Board of Directors have no forbidden qualification as follows:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflict of interest against SCG during the year.

Mr. Chirayu Isarangkun Na Ayuthaya

Age 71

Position in SCC Chairman
Director of CSR Committee for Sustainable Development

Date of Appointment
March 28, 2007

Education
1964 B.Sc., Economics (Hons),
London School of Economics,
University of London, England
1971 Ph.D., Economics,
Australian National University,
Australia

Seminar on Role and Responsibility of Director
2000 Role of the Chairman Program
(RCP) 1/2000,
Thai Institute of Directors Association

Previous Experience
1976-1979 Dean, School of Development
Economics, NIDA
1983-1985 Deputy Minister of Industry
1985 Minister of Industry
1986 Minister of Prime Minister's Office
1998-1999 Chairman,
The Siam Cement
Public Company Limited
1998-2007 Chairman,
The Siam Commercial Bank
Public Company Limited

Other Current Positions
Since 1987 Director-General,
The Crown Property Bureau
Since 1987 Grand Chamberlain,
The Royal Household Bureau
Since 1987 Chairman,
The Deves Insurance
Public Company Limited
Since 1998 Chairman,
National Institute of
Development Administration
Since 2006 Director,
CPB Equity Company Limited
Since 2007 Director,
The Siam Commercial Bank
Public Company Limited
Since 2013 Member, Advisory Board,
Sasin Graduate Institute of
Business Administration of
Chulalongkorn University

Mr.Snoh Unakul

Age 82

Position in SCC Director
Member of the Governance and
Nomination Committee
Chairman of CSR Committee for
Sustainable Development

Date of Appointment
April 28, 1992

Education
1951 Certificate in Accountancy,
Thammasat University
1954 B.Commerce,
University of Melbourne, Australia
1957 M.A. (Econ),
Columbia University, U.S.A.
1961 Ph.D. (Econ),
Columbia University, U.S.A.
1981 The National Defence Course,
National Defence College (Class 24)

1984 Honorary Degree,
Doctor of Economics,
Chulalongkorn University
1985 Honorary Degree,
Doctor of Commerce,
Thammasat University
1988 Honorary Degree,
Doctor of Social Science,
Srinakharinwirot University
1989 Honorary Degree,
Doctor of Economics,
Thammasat University
1991 Honorary Degree,
Doctor of Economics Development,
The National Institute of
Development Administration
1993 Honorary Degree,
Doctor of Economics,
Burapha University
1998 Honorary Degree,
Doctor of Economics,
Khon Kaen University
Seminar on Role and Responsibility of Director
2004 Advanced Director Program
"Board's Failure and How to Fix It",
Thai Institute of Directors Association
2005 Director Accreditation Program
(DAP) 32/2005,
Thai Institute of Directors Association

Previous Experience
1972-1975, Member,
1977-1979 National Legislative Assembly
1973-1974 Deputy Permanent Secretary,
Ministry of Commerce
1974-1975 Secretary-General,
The National Economic and
Social Development Board
1975-1979 Governor of Bank of Thailand
1976-1980 Chairman, National Institute of
Development Administration
1980-1989 Secretary-General,
The National Economic and
Social Development Board
1981-1991 Senator
1991-1992 Chairman,
Council of Burapha University
1991-1992 Deputy Prime Minister
1992-1995 Chairman, Board of Directors and
Chairman of the Executive Committee,
The Bank of Asia
Public Company Limited

2010	Chairman, The First Governor of the Bank of Thailand Selection Committee
Other Current Positions	
Since 1984	Chairman, Thailand Development Research Institute Foundation
Since 1992	Director, Dole (Thailand) Company Limited
Since 1993	Director, Board of The Crown Property Bureau
Since 2006	Director, CPB Equity Company Limited
Since 2009	Chairman, Siam Bioscience Company Limited
Since 2011	Chairman, Apexcela Company Limited
Since 2011	Vice Chairman, Buddhadasa Indatanno Archives Foundation
Since 2013	Chairman of Toyota Thailand Foundation

Mr.Sumet Tantivejkul

Age 74

Director qualified as an Independent Director
(From January 28, 1998)

Position in SCC	Director Chairman, The Governance and Nomination Committee Member of CSR Committee for Sustainable Development
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Date of Appointment	January 28, 1998
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Education	
1966	B.A. (Political Science), Grenoble University, France
1967	M.A. (Political Science and International Law), Montpellier University, France
1969	Ph.D. (Political Science), Montpellier University, France
1982	Diploma, The Economic Development Institute of the World Bank (EDI), Washington, D.C., U.S.A.

Seminar on Role and Responsibility of Director	
2001	Bankruptcy and Rehabilitation Process: What Directors and Executive should Know? Thai Institute of Directors Association
2001	The Audit Committee... The Expectation Increase and The Responsibility Expansion, The Stock Exchange of Thailand

2003	Director Certification Program (DCP) 30/2003, Thai Institute of Directors Association
2003	Finance for Non-Finance Director (FND) 5/2003, Thai Institute of Directors Association
2006	Audit Committee Program (ACP) 11/2006, Thai Institute of Directors Association

Previous Experience	
1994-1996	Secretary-General, Office of The National Economic and Social Development Board
1994-1996	Director, The Bank of Thailand
1994-2001	Director, Thai Airways International Public Company Limited
1996-1997	Director, Krung Thai Bank Public Company Limited
1997-1998	Chairman, Telephone Organization of Thailand
1997-2000	Director, Thai Farmers Bank Public Company Limited
2001-2012	Director, Council of Burapha University
2005-2010	President of the University Council, Thammasat University

Other Current Positions	
Since 1988	Member and Secretary-General, The Chaipattana Foundation
Since 2002	Chairman, Elephant Reintroduction Foundation
Since 2002	Chairman, The Sirindhorn International Environmental Park
Since 2004	Chairman, Foundation for a Clean and Transparent Thailand

Mr. Pricha Attavipach

Age 75

Director qualified as an Independent Director
(From March 31, 1999)

Position in SCC	Director Member of the Audit Committee
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Date of Appointment	March 31, 1999
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Education	
1960	B.Sc. (Industrial Engineering), Chulalongkorn University
1964	M.S. (Industrial Engineering & Management), Oklahoma State University, U.S.A.

Seminar on Role and Responsibility of Director	
2004	Director Certification Program (DCP) 39/2004, Thai Institute of Directors Association
2004	Finance for Non-Finance Directors (FND) 8/2004, Thai Institute of Directors Association
2006	Audit Committee Program (ACP) 11/2006, Thai Institute of Directors Association

Previous Experience	
1993-2001	Director, PTT Exploration and Production Public Company Limited
1996-1999	Permanent Secretary, Ministry of Industry
1997-1998	Chairman, The Electricity Generating Authority of Thailand
1997-1999	Chairman, The Petroleum Authority of Thailand
1999-2000	Chairman, National Petrochemical Public Company Limited

Other Current Positions	
Since 1933	Director, H.C. Starck Co., Ltd.
Since 2000	Chairman, Pan-Paper 1992 Company Limited
Since 2001	Specialist Senior Engineering (Industrial Engineer), Council of Engineers
Since 2002	Law Councillor of Ministry of Labour
Since 2003	Chairman, SIAM P.P. International Company Limited
Since 2004	Chairman, Ekarat Pattana Company Limited
Since 2004	Academic Director of the Safety and Health Vocational Management System, The Engineering Institute of Thailand Under H.M. The King's Patronage (E.I.T)
Since 2004	Independent Director and Chairman of the Audit Committee, Thai Rung Union Car Public Company Limited
Since 2007	President of the University Council, Chaopraya University
Since 2008	Chairman and Independent Director, Thai Sugar Terminal Public Company Limited
Since 2008	Chairman, TS Oil Industry Company Limited

Since 2008	Chairman, TSG Asset Company Limited
Since 2008	Chairman, Kaset Thai International Sugar Corporation Public Company Limited
Since 2008	Chairman, TS Flour Mills Public Company Limited
Since 2010	Chairman, SI Property Company Limited
Since 2011	Chairman, Kaset Thai Bio Power Company Limited

Mr. Panas Simasathien

Age 81

Position in SCC	Director Member of the Governance and Nomination Committee
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Date of Appointment	December 29, 1999
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Education	
1951	Certificate in Accountancy, Thammasat University
1954	B.A., Cum Laude, (Business Administration) Claremont Men's College, California, U.S.A.
1955	M.S. (Accounting), University of Illinois, U.S.A.
1958	Ph.D. (Accounting), University of Illinois, U.S.A.
1984	Honorary Doctorate in Commerce, Thammasat University

Seminar on Role and Responsibility of Director	
2000	Director Certification Program (DCP) 2/2000, Thai Institute of Directors Association
2001	The Corporate Governance of Family Business: A Path to Sustainable Success, Thai Institute of Directors Association
2002	Strengthening Corporate Governance Practices in Thailand, Thai Institute of Directors Association
2004	Effective AGMs for Better Communication with Your Shareholders, Thai Institute of Directors Association
2004	Developing CG Policy Statement, Thai Institute of Directors Association

2004	Director Independence and Handling of Conflict of Interests, Thai Institute of Directors Association	Previous Experience 1968-1974 Managing Director, Thai Plastic and Chemicals Company Limited 1974-1981 Senior Executive Vice President, The Bank of Asia for Industrial and Commercial 1981-1992 President and Director, The Bank of Asia Company Limited 1992-1997 Vice Chairman, The Bank of Asia Public Company Limited 1994-1997 Advisor, The Crown Property Bureau 2000-2002 Chairman, Thai Industrial Gases Public Company Limited 2000-2005 Director, National Petrochemical Public Company Limited 2006-2009 Director, Minor International Public Company Limited 1990-2012 Chairman, Thai Plastic and Chemicals Public Company Limited
2005	DCP Refresher Course 1/2005, Thai Institute of Directors Association	
Previous Experience		
1982-1992	Chairman, Krung Thai Bank Public Company Limited	
1982-1992	Permanent Secretary, Ministry of Finance	
1992	Minister of Finance	Other Current Positions Since 1997 Advisor - Financial and Investment, The Crown Property Bureau Since 2001 Chairman of the Executive Board of Director, CPB Equity Company Limited Since 2001 Chairman, CPB Property Company Limited Since 2001 Director, Siam Piwat Company Limited
1993-1995	Chairman, The Electricity Generating Authority of Thailand	
1994-2006	Member of The Securities and Exchange Commission	
2005-2013	Chairman, The National Economic and Social Development Board	
2011-2012	Chairman, Saha Union Public Company Limited	
Other Current Positions		Other Current Positions Since 1997 Advisor - Financial and Investment, The Crown Property Bureau Since 2001 Chairman of the Executive Board of Director, CPB Equity Company Limited Since 2001 Chairman, CPB Property Company Limited Since 2001 Director, Siam Piwat Company Limited
Since 1992	Deputy Chairman and Chairman of the Executive Committee, Siam Piwat Company Limited	
Since 2000	Director, Board of The Crown Property Bureau	
Since 2003	Chairman, The Council of State, Group 12	
Since 2006	Director, CPB Equity Company Limited	
Mr. Yos Euarchukiati Age 71		Mr. Arsa Sarasin Age 77 Director qualified as an Independent Director (From July 25, 2001) Position in SCC Director Member of the Governance and Nomination Committee Date of Appointment July 25, 2001 Education 1959 B.A. (Business Administration), Boston University, U.S.A. Seminar on Role and Responsibility of Director 2003 Director Accreditation Program (DAP) 5/2003, Thai Institute of Directors Association 2007 Audit Committee Program (ACP) 19/2007, Thai Institute of Directors Association
Position in SCC	Director Member of the Remuneration Committee Member of CSR Committee for Sustainable Development	
Date of Appointment	September 30, 1998	
Education		
1964	B.Sc. (Eng.), University College London, University of London, England	
Seminar on Role and Responsibility of Director		Other Current Positions Since 1993 Chairman, Thai Asia Pacific Brewery Company Limited Since 1995 Chairman, Amata City Company Limited Since 1998 Chairman, Padaeng Industry Public Company Limited Since 1999 Independent Director, Charoen Pokphand Foods Public Company Limited Since 1999 Chairman, Siam Makro Public Company Limited
2000	Role of the Chairman Program (RCP) 1/2000, Thai Institute of Directors Association	
2001	The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association	

2008	Finance for Non-Finance Directors (FND) 39/2008, Thai Institute of Directors Association	Since 2003	Director, Thai Pure Drinks Company Limited	
2013	Role of the Chairman Program (RCP) 32/2013, Thai Institute of Directors Association	Since 2004	Chairman of the Board of Governors for Amata Spring Country Club	
Previous Experience		Since 2004	Chairman of Advisors, Thai-Laos Friendship Association	
		Since 2005	Vice Chairman, Thai Tapioca Development Institute	
	1977-1980	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of Belgium & Chief of Mission to the European Community	Since 2006	Chairman, Mae Sod Clean Energy Company Limited
	1980-1982	Director-General, Department of Political Affairs, Ministry of Foreign Affairs	Since 2013	Vice Chairman and Chairman of the Audit Committee, Charoen Pokphand Foods Public Company Limited
	1982-1986	Permanent Secretary, Ministry of Foreign Affairs	Since 2013	Chairman, Mitsubishi Elevator Asia Company Limited
	1986-1988	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of United States of America	Since 2013	Advisor, Mitsubishi Electric Asia (Thailand) Company Limited
	1991-1992	Minister of Foreign Affairs		
	1994-2004	Co-Chairman of the Thai-Laos Association		
	1995-2004	Director of Vinythai Public Company Limited	Mr. Chumpol NaLamlieng	
	1995-1999	Vice Chairman of the Board of Directors, Bangkok Bank Public Company Limited	Age 66	
		Position in SCC	Director Chairman, The Remuneration Committee	
		Date of Appointment		
	1997	Chairman, The Second Asia-Europe Business Forum (AEBF)	August 1, 1992	
		Education		
		1964	B.S. Mechanical Engineering, University of Washington, U.S.A.	
		1967	MBA, Harvard Business School, U.S.A.	
		Seminar on Role and Responsibility of Director		
		2001	Role of the Chairman Program (RCP) 2/2001, Thai Institute of Directors Association	
		Previous Experience		
		1993-2005	President, The Siam Cement Public Company Limited	
		2005-2009	Director, British Airways Public Company Limited	
		2004-2011	Chairman, Singapore Telecommunication Company Limited	
		Other Current Positions		
		Since 1995	Director, Dole (Thailand) Company Limited	

Since 2007	Director, The Siam Commercial Bank Public Company Limited	Mr. Pramon Sutivong Age 74 Director qualified as an Independent Director (From June 1, 2011)	
Since 2011	Director, CPB Equity Company Limited	Position in SCC	Director
Since 2012	Director, Kempin Siam Company Limited		Member of the Remuneration Committee
Since 2012	Director, Kempinski International SA	Date of Appointment	Member of the Audit Committee April 29, 2009
Mr. Tarrin Nimmanahaeminda		Education	
Age 68		1963	Bachelor of Engineering, Major in Mechanical, University of Kansas, U.S.A.
Director qualified as an Independent Director (From October 24, 2007)			
Position in SCC	Director Chairman, The Audit Committee Member of the Governance and Nomination Committee	1964	Master of Engineering, Major in Mechanical, University of Kansas, U.S.A.
Date of Appointment		1987	Advanced Management Program (AMP), Harvard Business School, U.S.A.
	October 24, 2007		
Education		Seminar on Role and Responsibility of Director	
1968	B.A. (Government, Cum Laude), Harvard College, U.S.A.	2001	Role of the Chairman Program (RCP) 4/2001, Thai Institute of Directors Association
1970	MBA (Finance), The Stanford Graduate School of Business, U.S.A.	2003	Director Accreditation Program (DAP) 6/2003, Thai Institute of Directors Association
Previous Experience			
1984-1992	President and Chief Executive Officer, Siam Commercial Bank Public Company Limited	2009	Role of the Compensation Committee (RCC) 9/2009, Thai Institute of Directors Association
1991-1992	Chairman of the Thai Bankers' Association	2013	Audit Committee Program (ACP) 45/2013, Thai Institute of Directors Association
1992-1995	Minister of Finance (September 1992 - May 1995)		
1996-2005	Member of the House of Representatives	Previous Experience	
1997-2001	Minister of Finance (November 1997 - February 2001)	1965-1980	Esso Standard Thailand Co., Ltd.
1999-2000	Chairman of The Development Committee, The World Bank Group	1981-1996	Managing Director, SCT Co., Ltd.
Other Current Positions		1984-1992	Vice President, The Siam Cement Public Company Limited
Since 1988	Vice Chairman, Princess Maha Chakri Sirindhorn Foundation	1992-1999	Senior Vice President, The Siam Cement Public Company Limited
Since 1992	Director and Treasurer, The Prostheses Foundation	1990-2005	Director, SCG Foundation
Since 2003	Chairman, Siam Piwat Company Limited	1998-2002	Chairman, International Chamber of Commerce Thailand
Since 2013	Chairman, Nantawan Company Limited	1999-2004	Chairman, Bankthai Public Company Limited
		2006-2008	Member, National Legislative Assembly

2004-2009	Chairman, The Thai Chamber of Commerce	2007	Ph.D. (Honorary) in Economics, Keio University, Japan
2005-2009	Chairman, Board of Trade of Thailand	Seminar on Role and Responsibility of Director 2000 Director Certification Program (DCP) 4/2000, Thai Institute of Directors Association	
Other Current Positions Since 1997 Independent Director, The Navakij Insurance Public Company Limited Since 1999 Chairman, Toyota Motor Thailand Company Limited Since 1999 Chairman, Siamcompressor Industry Company Limited Since 1999 Director, Toyota Thailand Foundation Since 2007 Director, Office of The Civil Service Commission Since 2009 Senior Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand Since 2009 Honorary Director of the University Council, University of the Thai Chamber of Commerce Since 2011 Chairman, Anti-Corruption Organization of Thailand Since 2013 Member, Advisory Board, Sasin Graduate Institute of Business Administration of Chulalongkorn University		Previous Experience 2006-2010 Governor, The Bank of Thailand 2006-2009 Chairperson, The Bank of Thailand Board 2006-2010 Chairperson, Monetary Policy Committee 2006-2010 Chairperson, Financial Institutions Policy Committee 2006-2010 Chairperson, Payment Systems Committee 2006-2010 Board Member, The National Economic and Social Development Board 2006-2010 Commission Member, The SEC Commission Members 2006-2010 Director, Board of Insurance Commission 2006-2010 Director, Thai Asset Management Corporation Board of Directors 2011 Expert, The Financial Sector Assessment Program (FSAP), IMF 2012-2013 Member, International Advisory Panel, State Bank of Vietnam, Vietnam 2013 Member, World Bank-IMF Joint Committee on Remuneration of Executive Directors and Alternates	

Mrs. Tarisa Watanagase Age 64 Director qualified as an Independent Director (From March 27, 2013) Position in SCC Director Member of the Audit Committee Date of Appointment March 27, 2013 Education 1973 B.A., Economics, Keio University, Tokyo, Japan 1975 M.A., Economics, Keio University, Tokyo, Japan 1988 Ph.D., Economics, Washington University, U.S.A. 1999 Advanced Management Program (AMP), Harvard Business School, U.S.A. 2006 Diploma, The State, Private Sector and Political Sectors Course (Class 3), National Defense College		Other Current Positions Since 2006 Director, Puey Ungphakorn Institute Since 2006 Member, Foundation For Thailand Rural Reconstruction Movement Under Royal Patronage Since 2010 Member, Board of Director, Ramathibodi Hospital Foundation Since 2011 Member, Board of Directors and Audit Committee, Office of Insurance Commission Since 2011 Member, Board of Director, the Heart Foundation of Thailand under the Royal Patronage of the Crown Princess	
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Since 2011	Director, Member, Board of Directors, Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)	2004-2005	Executive Vice President, The Siam Cement Public Company Limited
Since 2011	Member, APD Advisory Group, Asia Pacific Department, IMF, Washington, D.C.	2009-2011	Outside Director, Kubota Corporation (Japan)
Since 2012	Director, Thailand Philharmonic Orchestra	Other Current Positions	
Since 2013	Associate, Alliance for Financial Inclusion, Thailand	Since 2004	Being chairman and director of non-listed companies under SCG Totaling 10 companies
Since 2013	Member, Advisory Board, Central Banking Publication, U.K.	Since 2006	Board Member, East Asia Council, INSEAD
Since 2013	Senior Advisor, Promontory Financial Group, Washington, D.C., U.S.A.	Since 2006	Board Member, World Business Council for Sustainable Development
Mr. Kan Trakulhoon			
Age 58		Since 2007	Member, School of Engineering and Technology, Asian Institute of Technology
Position in SCC	Director	Since 2007	Member, Asia Business Council
	President & CEO, SCG	Since 2010	Member, Board of Trustees, Asia Business Council
Date of Appointment	Member of CSR Committee for Sustainable Development	Since 2011	Shayu (Company Associate), Kubota Corporation (Japan)
	January 1, 2006	Since 2011	Global Advisor, Kubota Corporation (Japan)
Education		Since 2013	Advisor, The Federation of Thai Industries
1977	B.E. (Electrical), First Class Honours, Chulalongkorn University	Since 2013	Honorable Advisor, Environmental Engineering Association of Thailand
1986	M.S. Engineering, The Georgia Institute of Technology, U.S.A.	Since 2013	Director, National Science Technology and Innovation Policy Board
1986	M.S. (Management), The Georgia Institute of Technology, U.S.A.	Since 2013	Director, National Science and Technology Development Board
2001	Advanced Management Program (AMP), Harvard Business School, U.S.A.	Since 2013	Committee, Mahidol University Foundation
2013	Honorary Degree, Doctor of Engineering (Production Engineering), Mahasarakham University	Since 2013	Director, The Engineering-Section Committee, Anandamahidol Foundation
Seminar on Role and Responsibility of Director		Since 2013	Member, Advisory Board, Sasin Graduate Institute of Business Administration of Chulalongkorn University
2003	Director Certification Program (DCP) 29/2003, Thai Institute of Directors Association		
Previous Experience		Mr. Worapol Jennapar	
1999-2002	President, Cementhai Ceramics Company Limited	Position in SCC	
2003-2004	Vice President, The Siam Cement Public Company Limited	Secretary to the Board of Directors	

Shareholdings of Directors as at December 31, 2013

Directors	The Siam Cement Public Company Limited					Affiliated companies	
	Ordinary shares (shares)			Debentures* (units)		Ordinary shares (shares)	
	Held personally	Held by spouses and minor children	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	-	-	-	-
2. Air Chief Marshal Kamthon Sindhvananda**	28,000	-	-	63,000	-	-	-
3. Mr. Snoh Unakul	30,000	120,000	-	-	-	-	-
4. Mr. Sumet Tantivejkul	-	-	-	10,000	(2,000)	-	-
5. Mr. Pricha Attavipach	4,100	25,000	(5,000) decrease spouse	-	-	-	-
6. Mr. Panas Simasathien	100,000	-	-	37,000	10,000	-	-
7. Mr. Yos Euarchukiati	1,500,000	-	(170,000) decrease personally	-	-	-	-
8. Mr. Arsa Sarasin	13,000	-	-	-	-	-	-
9. Mr. Chumpol NaLamlieng	1,001,000	-	-	110,000	20,000	-	-
10. Mr. Tarrin Nimmanahaeminda	-	25,000	5,000 increase spouse	-	-	-	-
11. Mr. Pramon Sutivong	-	45,000	-	10,000	-	-	-
12. Mrs. Tarisa Watanagase***	-	11,000	3,300 increase spouse	-	-	-	-
13. Mr. Kan Trakulhoon	-	-	-	-	-	-	-

Notes:

- The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up of capital of 1,200,000,000 Baht. (1,200,000,000 shares).
- According to the Public Limited Companies Act, an “affiliated company” means a public limited company with a relationship to a private company, a public limited company, or companies in the following manner:
 - Any company that has the authority to control the appointment and removal of directors with full management authority or that has majority management authority.
 - Holds more than 50% of issued shares.
- According to SEC regulation, ordinary shares of a company including those held by a spouse and minor children.
- The Public Limited Companies Act requires divulging the ordinary shares and debentures in the company and in affiliated companies held solely by a Board member as an individual.
- The Siam Cement Public Company Limited debentures are 1,000 Baht per unit.
- *Debentures of The Siam Cement Public Company Limited as at December 18, 2013.
- **Air Chief Marshal Kamthon Sindhvananda has retired from the company’s Board of Director since March 27, 2013.
- ***Mrs. Tarisa Watanagase has been elected to be the company’s Director since March 27, 2013.

4. SCG Top Executives

(As at January 1, 2014)

SCG top executives are comprised of:

1. Mr. Kan Trakulhoon
President & CEO, SCG
2. Mr. Chaovalit Ekabut
Vice President - Finance and Investment & CFO, SCG
3. Mr. Tanawong Areeratchakul
Vice President - Corporate Administration, SCG
4. Mr. Pichit Maipoom
President, SCG Cement-Building Materials
5. Mr. Aree Chavalitcheewingul
Vice President - Regional Business, SCG Cement-Building Materials
6. Mr. Nithi Patarachoke
Vice President - Domestic Market, SCG Cement-Building Materials
7. Mr. Cholanat Yanaranop
President, SCG Chemicals
8. Mr. Somchai Wangwattanapanich
Vice President - Operations, SCG Chemicals
9. Mr. Roongrote Rangsiyopash
President, SCG Paper

SCG top executives are empowered with an authority to operate business under the policy, strategies and goals directed by the Board of Directors, which approves a clear and definite scope of responsibilities to ensure transparency and flexibility of operation. The nine members of top executives have no forbidden qualification as following:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year.

Mr. Kan Trakulhoon	
Age 58	
Position in SCC	Director President & CEO, SCG Member of CSR Committee for Sustainable Development
Education	1977 B.E. (Electrical), First Class Honours, Chulalongkorn University
1986	M.S. Engineering, The Georgia Institute of Technology, U.S.A.
1986	M.S. (Management), The Georgia Institute of Technology, U.S.A.
2001	Advanced Management Program (AMP), Harvard Business School, U.S.A.
2013	Honorary Degree, Doctor of Engineering (Production Engineering), Mahasarakham University
Seminar on Role and Responsibility of Director	
2003	Director Certification Program (DCP) 29/2003, Thai Institute of Directors Association
Previous Experience	
1999-2002	President, Cementsai Ceramics Company Limited
2003-2004	Vice President, The Siam Cement Public Company Limited
2004-2005	Executive Vice President, The Siam Cement Public Company Limited
2009-2011	Outside Director, Kubota Corporation (Japan)
Other Current Positions	
Since 2004	Being chairman and director of non-listed companies under SCG totaling 10 companies
Since 2004	Board Member, East Asia Council, INSEAD
Since 2006	Board Member, World Business Council for Sustainable Development

Since 2006	Member, School of Engineering and Technology, Asian Institute of Technology
Since 2007	Member, Asia Business Council
Since 2010	Member, Board of Trustees, Asia Business Council
Since 2011	Shayu (Company Associate), Kubota Corporation (Japan)
Since 2011	Global Advisor, Kubota Corporation (Japan)
Since 2013	Advisor, The Federation of Thai Industries
Since 2013	Honorable Advisor, Environmental Engineering Association of Thailand
Since 2013	Director, National Science Technology and Innovation Policy Board
Since 2013	Director, National Science and Technology Development Board
Since 2013	Committee, Mahidol University Foundation
Since 2013	Director, The Engineering-Section Committee, Anandamahidol Foundation
Since 2013	Member, Advisory Board, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Mr. Chaovalit Ekabut

Age 55	
Position in SCC	Vice President - Finance and Investment & CFO, SCG President, SCG Investment
Education	1980 B.E. (Mechanical) (First Class Honours), Chulalongkorn University
1982	M.E. (Industrial Engineering and Management), Asian Institute of Technology
2004	Advanced Management Program (AMP), Harvard Business School, U.S.A.

Seminar on Role and Responsibility of Director	
2004	Director Accreditation Program (DAP) 2004, Thai Institute of Directors Association
2007	Director Certification Program (DCP) 84/2007, Thai Institute of Directors Association
2010	Role of the Chairman Program (RCP), Thai Institute of Directors Association
Previous Experience	
1997-1999	Business Development and Project Division Manager, The Siam Cement Public Company Limited
1999-2002	Managing Director, Thai CRT Company Limited
2002-2004	Managing Director, Thai Paper Company Limited
2004-2005	Executive Vice President, The Siam Pulp and Paper Public Company Limited
2005-2010	President, SCG Paper
2005-2010	Chairman, Thai Cane Paper Public Company Limited
2005-2010	Chairman, Thai British Security Printing Public Company Limited
Other Current Positions	
Since 2011	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company Commissioner, PT Chandra Asri Petrochemical Tbk., Indonesia

Mr. Tanawong Areeratchakul

Age 50	
Position in SCC	Vice President - Corporate Administration, SCG Member of CSR Committee for Sustainable Development
Education	1986 B.E. (Electrical), King Mongkut's Institute of Technology Thonburi
2008	Advanced Management Program (AMP) Harvard Business School, U.S.A.

Previous Experience		Other Current Positions	
2007-2008	Managing Director, Rayong Olefins Co., Ltd.		Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
2008-2010	General Director, Long Son Petrochemicals Co., Ltd.		
Other Current Positions		Since 2008	Director and Member of Executive Committee, Thai-German Ceramic Industry Public Company Limited
	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company	Since 2010	Director and Member of Executive Committee, Quality Construction Products Public Company Limited
Mr. Pichit Maipoom			
Age 57			
Position in SCC		Since 2011	President Commissioner, PT Keramika Indonesia Assosiasi Tbk, Indonesia
	President, SCG Cement-Building Materials Vice President-Operations, SCG Cement-Building Materials	Since 2011	Commissioner, PT Kokoh Inti Arebama Tbk, Indonesia
Education		Since 2013	Director, Siam Global House Public Company Limited
1981	B.E. (Mechanical Engineering), Second Class Honours, King Mongkut's Institute of Technology North Bangkok		
1986	M.E. (Industrial and Management), Asian Institute of Technology		
2005	Advanced Management Program (AMP), Harvard Business School, U.S.A.		
Seminar on Role and Responsibility of Director		Mr. Aree Chavalitcheewingul	
2004	Director Accreditation Program (DAP) 2004, Thai Institute of Directors Association	Age 50	
Previous Experience		Position in SCC	
2001-2005	Managing Director, Thai Ceramic Company Limited		Vice President-Regional Business, SCG Cement-Building Materials
2004-2005	Executive Vice President, Cementhai Building Products Company Limited	2011	
2005-2012	President, SCG Building Materials Company Limited	Education	
2012	Executive Vice President, SCG Cement Company Limited	1985	Bachelor of Engineering (Electrical), Honor, Chiang Mai University
2008-2012	Honorable Chairman, Ceramic Industry Club of Thailand, The Federation of Thailand Industries	1992	Master of Engineering (Industrial Engineering and Management), Asian Institute of Technology
			Advanced Management Program (AMP), Harvard Business School, U.S.A.
Previous Experience		Previous Experience	
2007-2008		2007-2008	Managing Director, The Siam Ceramic Group Industries Co., Ltd.
2008-2011		2008-2011	Managing Director, Thai-German Ceramic Industry Public Company Limited
2011-2012		2011-2012	Director, Thai Plastic and Chemicals Public Company Limited

2011-2012	Vice President - Corporate Administration, The Siam Cement Public Company Limited		
2012	Executive Vice President, SCG Building Materials Company Limited		
2012-2013	Director, Siam Global House Public Company Limited		
Other Current Positions			
	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company		
Since 2008	Director and Member of Executive Committee, Thai-German Ceramic Industry Public Company Limited		
Since 2011	Director and Member of Executive Committee, Quality Construction Products Public Company Limited		
Since 2011	Commissioner, PT Kokoh Inti Arebama Tbk, Indonesia		
Since 2011	Commissioner, PT Keramika Indonesia Assosiasi Tbk, Indonesia		
Mr. Nithi Patarachoke			
Age 50			
Position in SCC		1999-2002	Managing Director, Siam Polyolefins Company Limited
	Vice President - Domestic Market, SCG Cement-Building Materials	2002-2004	Managing Director, CCC Chemical Commerce Company Limited
Education		2002-2005	Managing Director, CCC Polyolefins Company Limited
1984	B.E. (Industrial), Chulalongkorn University	2004-2005	Executive Vice President, Cementhai Chemical Company Limited
1991	MBA (Finance and Operations Management), University of Chicago, U.S.A.	2005-2010	Director, PTT Chemical Public Company Limited
2010	Advanced Management Program (AMP), Harvard Business School, U.S.A.		
Previous Experience		2007-2008	President, The Thai Institute of Chemical Engineering and Applied Chemistry
2005-2010	Corporate Planning Director, The Siam Cement Public Company Limited		
2010-2013	Managing Director, SCG Logistics Management Co., Ltd.		

Other Current Positions			
	Being director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company	Since 2006	Councilor, Thailand Management Association
		Since 2012	Director, Siam Global House Public Company Limited
Mr. Cholanat Yanaranop			
Age 54			
Position in SCC			President, SCG Chemicals
Education		1982	Bachelor of Environmental Chemical Engineering, (Second Class Honours), Salford University, Manchester, U.K.
		1984	Master of Chemical Engineering, Imperial College London, U.K.
		2004	Advanced Management Program (AMP), Harvard Business School, U.S.A.
Seminar on Role and Responsibility of Director			
2005	Director Accreditation Program (DAP) 2005, Thai Institute of Directors Association		
Previous Experience		1995-2005	Managing Director, Thai Polyethylene Company Limited
		1995-2005	Managing Director, Thai Polypropylene Company Limited
		1999-2002	Managing Director, Siam Polyolefins Company Limited
		2002-2004	Managing Director, CCC Chemical Commerce Company Limited
		2002-2005	Managing Director, CCC Polyolefins Company Limited
		2004-2005	Executive Vice President, Cementhai Chemical Company Limited
		2005-2010	Director, PTT Chemical Public Company Limited
		2007-2008	President, The Thai Institute of Chemical Engineering and Applied Chemistry

Other Current Positions	
	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Since 2006	Director, Petroleum Institute of Thailand
Since 2008	Advisor, The Thai Institute of Chemical Engineering and Applied Chemistry
Since 2011	Commissioner, PT Chandra Asri Petrochemical Tbk., Indonesia
Since 2012	Chairman, Thai Plastic and Chemicals Public Company Limited

Mr. Somchai Wangwattanapanich	
Age 55	
Position in SCC	Vice President - Operations, SCG Chemicals
Education	
1980	Bachelor of Engineering, Mechanical Engineering Chulalongkorn University
2006	MBA, Chulalongkorn University
2011	Advanced Management Program (AMP), Harvard Business School, U.S.A.
Previous Experience	
2002-2004	Managing Director, Rayong Engineering & Plant Service Co., Ltd.
2004-2007	Managing Director, Rayong Olefins Co., Ltd.
2005-2008	Chairman of Map Ta Put Plant Manager Club
2007-2013	Managing Director, Map Ta Phut Olefins Co., Ltd.
2010-2012	Vice Chairman of Petrochemical Industry Club, The Federation of Thai Industries
2010-2012	Executive Committee of the Institute of Industrial and Water Resource and Supplies
2011-2013	Chairman, Climate Change working group under The Joint Standing Committee on Commerce, Industry and Banking

Other Current Positions	
	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Since 2010	Director, The Industrial Environment Institute
Since 2011	Vice Chairman of Executive Committee, The Industrial Environment Institute
Since 2012	Vice Chairman of Executive Committee, The Institute of Industrial Energy
Since 2012	Vice Chairman, The Federation of Thai Industries

Mr. Roongrote Rangsiyopash	
Age 50	
Position in SCC	President, SCG Paper Member of CSR Committee for Sustainable Development
Education	
1985	B.Eng, Mining, Chulalongkorn University
1987	M.S. (Industrial Engineering), University of Texas at Arlington, U.S.A.
1993	MBA, Harvard Business School, U.S.A.

Seminar on Role and Responsibility of Director	
2004	Director Accreditation Program (DAP) 2004, Thai Institute of Directors Association
Previous Experience	
1996-1997	Vice President - Production, TileCera Inc., U.S.A.
1997-2000	President, TileCera Inc. U.S.A.
2000-2005	Corporate Planning Director, The Siam Cement Public Company Limited
2005-2010	Director, PTT Chemical Public Company Limited
2005-2010	Vice President & CFO, The Siam Cement Public Company Limited
2008-2011	Director, Thai-German Ceramic Industry Public Company Limited
2010-2011	Director, Quality Construction Products Public Company Limited

Other Current Positions	
	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Since 2011	Chairman of the Board of Directors and Executive Committee, Thai Cane Paper Public Company Limited
Since 2011	Chairman of the Board of Directors and Executive Committee, Thai British Security Printing Public Company Limited
Since 2012	Director, Thai Plastic and Chemicals Public Company Limited
Since 2013	Director, Giga Impact Initiative Board (GII Board), National Science and Technology Development Agency (NSTDA)
Since 2013	Expert Member, Government Pension Fund (GPF) Board of Directors
Since 2013	Chairman of Risk Management Subcommittee, Government Pension Fund (GPF)

Corporate officers in Accounting and Finance	
Mr. Pichit Leelaphantmetha	
Age 49	
Position in SCC	Corporate Accounting Director Managing Director, SCG Accounting Services Co., Ltd.
Education	
1985	Bachelor of Accountancy, Chulalongkorn University
1990	Master of Commerce, Thammasat University
Previous Experience	
2005	Manager, Managerial Reporting and Consolidation, Corporate Accounting Division, The Siam Cement Public Company Limited
2006	Senior Manager, BAR Process, SCG Accounting Services Co., Ltd.

2007	General Manager, Corporate Services Group, Thai Plastic and Chemicals Public Company Limited
Other Current Positions	
	Being director and executive of non-listed companies under SCG as assigned by the company
Since 2012	The Committee of Management Accounting, Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King

Mrs. Chantanida Sarigaphuti	
Age 44	
Position in SCC	Corporate Treasurer
Education	
1975	BBA (Finance), Chulalongkorn University
1978	M.S.(Finance), University of Illinois, U.S.A.
Previous Experience	
2008	Managing Director, SCT Services Co., Ltd.
2008	Manager, International Services Division, SCT Co., Ltd.
2010	General Manager, Corporate Services Group, Thai Plastic and Chemicals Public Company Limited

Other Current Positions	
	Being director and executive of non-listed companies under SCG as assigned by the company

Head of Internal Audit	
Mr. Anuwat Jongyindee	
Age 56	
Position in SCC	Internal Audit Director
Education	
1980	Bachelor of Science (Business Administration), Kasetsart University
1986	Master of Accountancy, Chulalongkorn University

Seminar on Role and Responsibility of Director	
2010	Director Certification Program (DCP) 135/2010, Thai Institute of Directors Association
2010	Audit Committee Program (ACP) 31/2010, Thai Institute of Directors Association
2010	Director Accreditation Program (DAP) 82/2010, Thai Institute of Directors Association
Previous Experience	
2003	Accounting Office Manager, The Siam Pulp and Paper Public Company Limited
2004	Deputy Managing Director - Shared Services Function 2, Cementhai Accounting Services Company Limited
2005-2010	Corporate Accounting Director, The Siam Cement Public Company Limited
2005-2010	Director of Accounting Committee and President of Accounting Sub-committee, Federal Accounting Profession of Thailand
2007-2010	Director, Thai Accounting Standard Committee, Federal Accounting Profession of Thailand
Other Current Positions	
Since 2008	Vice President and Auditing Supervision Committee, Association of Provident Fund
Since 2011	Vice President of Accounting System Setting Committee, Federation of Accounting Profession of Thailand

The Company Secretary	
Mrs. Pornpen Namwong	
Age 52	
Position in SCC	Corporate Secretary Director
Education	
1982	Bachelor of Economics (Second Class Honours), Thammasat University
1990	M.S., Japanese Business Studies, Chaminade University of Honolulu, Hawaii, U.S.A.
Seminar on Role and Responsibility of Company Secretary	
2013	Company Secretary Program (CSP) 51/2013, Thai Institute of Directors Association
2013	Anti-Corruption: The Practical Guide (ACPG), Thai Institute of Directors Association
Previous Experience	
1993-1999	Manager, Quality System, Thai Polyethylene Co., Ltd.
1999-2010	Manager, Legal and Business Affairs, SCG Chemicals Co., Ltd.
Other Current Positions	
Since 2010	Being company secretary of listed companies under SCG as assigned by the company Director, Thai Company Secretary Club

Shareholdings of Executives as at December 31, 2013

The Siam Cement Public Company Limited			
Ordinary shares (shares)			
Executives	Held personally	Held by spouses and minor children	Increase (decrease) during financial year
1. Mr. Kan Trakulhoon	-	-	-
2. Mr. Chaovalit Ekabut	-	-	-
3. Mr. Tanawong Areeratchakul	-	-	-
4. Mr. Pichit Maipoom	-	-	-
5. Mr. Aree Chavalitcheewingul	-	-	-
6. Mr. Nithi Patarachoke*	4,000	-	-
7. Mr. Cholanat Yanaranop	18,500	-	1,000 Increase personally
8. Mr. Somchai Wangwattanapanich	16,600	-	600 Increase personally
9. Mr. Roongrote Rangsiyopash	30,000	-	2,000 Increase personally
10. Mr. Pichit Leelaphantmetha	-	-	-
11. Mrs. Chantanida Sarigaphuti	-	-	-

Notes:

- The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up of capital of 1,200,000,000 Baht. (1,200,000,000 shares).
- In reference with the Securities and Exchange Commission Notification No. Sor Jor 12/2552 "Management" shall mean managers or the first 4 persons in the management level next below the manager, all persons who hold positions equivalent to the fourth person in the management level, including persons in the management level and be in charge of accounting and finance who hold positions next above the department managers or equivalent.
- According to SEC regulation, ordinary shares of a company including those held by spouses and minor children.
- *Mr. Nithi Patarachoke has been appointed to be SCG Top Executive since September 1, 2013.
- The persons in the management level and be in charge of accounting and finance are number 10 and 11.

5. SCG’s and Subsidiaries’ Policy on Payment of Dividends

The Company follows a policy of distributing dividends at a rate of 40% to 50% of the net profit stated in the consolidated financial statement. The Company may consider altering its dividend distribution in case of necessity or special circumstances.

For policy on payment of dividends of most subsidiaries that are 100% owned by the Company, The Siam Cement Public Company Limited also considered their financial structure and investment. The Company did not find any policy that led to transfer of interest, lack of transparency as stated in the principles of corporate governance.

6. Connected Transactions

The Board of Directors emphasizes the need for careful review and consideration before granting approval for connected transactions, related transactions or transactions that may cause conflict of interest. The SCG Code of Conduct has set forth a policy regarding such transactions as follows:

Connected Transactions between the Company and Its Subsidiaries

SCG comprises a large number of companies whose businesses are bound to conduct transactions with one another in such ways as providing services, trading raw materials and products, or providing financial support, technical assistance, human resources, etc. In doing business or performing duties related to such matters, all employees and parties concerned are required to comply with the law, the rules and regulations of government agencies, as well as the rules of SCG in addition to any criteria or conditions prescribed by local communities.

Transactions with Outside Entities

In undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the terms and conditions as agreed upon honestly. The Company shall also avoid making transactions that may cause trouble or damage to outside parties. The Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure the Company’s best interests and in accordance with rules and regulations as prescribed by law. The directors and management shall disclose to

the Company in advance whether they hold any stakes involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in cases where such transactions need approval in accordance with regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders’ Meetings, and shall disclose the information to investors in a transparent manner. Under no circumstances shall the directors or management concerned be allowed to participate in the process of considering approval. However, in accordance with the SCG Code of Conduct and SCG Corporate Governance Policy, SCG has revised its Stakeholder Engagement Policy, making it clearer. Transactions will be based on a market price mechanism, which is a standard and efficient tool used throughout the Company’s business operations.

Future Connected Transactions

Connected transactions in the future will continue to be based on the traditional business practices and will follow the policy of the market determining prices in negotiated transactions, as in the past. No special benefit will accrue either to companies or individuals from connected transactions.

Connected Transactions in 2013

The Company follows a policy to comply with the Notification of Capital Market Supervisory Board re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, as well as laws, regulations, notifications or orders relating to the execution of connected transaction. In 2013, the Company did not engage in the transactions with connected persons which complied with the said notifications.

Details of connected transactions between the Group and a company or a person which/who may have a potential conflict.

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)					Pricing policy
			SCC	SCG Cement-Building Materials	SCG Chemicals	SCG Paper	Other	
1. Transactions with associates								
1.1 SCG Cement-Building Materials								
Service expenses and others			-	98	-	-	6	Market price applied with third party
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29						
Sales			-	2,951	-	-	-	Market price applied with third party transactions
	Sekisui-SCG Industry Co., Ltd.	49						
	Noritake SCG Plaster Co., Ltd.	40						
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29						
	The Siam Gypsum Industry Co., Ltd.	29						
Purchases			-	120	77	495	-	Market price applied with third party transactions
	Sekisui-SCG Industry Co., Ltd.	49						
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29						
Loans from			143	100	-	-	-	Agreed interest rate
	Mariwasa Holdings, Inc.	40						
	PT M Class Industry	28						
Service income			-	684	-	-	-	Market price applied with third party transactions
	Jumbo Barges and Tugs Co., Ltd.	32						
1.2 SCG Chemicals								
Service expenses and others			-	84	1,769	-	24	Market price applied with third party transactions
	Siam Mitsui PTA Co., Ltd.	50						
	Siam Polyethylene Co., Ltd.	50						
	Rayong Terminal Co., Ltd.	50						
	Siam Synthetic Latex Co., Ltd.	50						
	Thai MMA Co., Ltd.	47						
	Grand Siam Composites Co., Ltd.	46						
	Siam Tohcello Co., Ltd.	45						
	Long Son Petrochemicals Co., Ltd.	44						
	Mehr Petrochemical Company (P.J.S.C.)	39						
Sales			-	-	12,739	-	-	Market price applied with third party transactions
	Bangkok Synthetics Co., Ltd.	49						
	Thai PET Resin Co., Ltd.	20						
	Siam Polyethylene Co., Ltd.	50						
	Siam Synthetic Latex Co., Ltd.	50						
	PT Chandra Asri Petrochemical Tbk	30						
	Bangkok Synthetics Co., Ltd.	49						
	Thai PET Resin Co., Ltd.	20						
	Purchases			-	34	53,704	13	
Siam Polyethylene Co., Ltd.		50						
Bangkok Synthetics Co., Ltd.		49						
Siam Styrene Monomer Co., Ltd.		50						
Grand Siam Composites Co., Ltd.		46						
PT Styrimdo Mono Indonesia		30						
SCG Plastics (China) Co., Limited		58						
Nawacam Co., Ltd.	36							

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)					Pricing policy
			SCC	SCG Cement-Building Materials	SCG Chemicals	SCG Paper	Other	
Loans from	Thai MMA Co., Ltd.	47						
	Siam Synthetic Latex Co., Ltd.	50						
	PT Chandra Asri Petrochemical Tbk	30						
	Binh Minh Plastics Joint Stock Company	19						
	Mitsui Advanced Composites (Zhongshan) Co., L	20						
	GTC Technology International, LP	25	-	-	46	-	-	Agreed interest rate
Guarantees			1,147	-	105	-	-	Contract rate
	Siam Tohcello Co., Ltd.	45						
	Mehr Petrochemical Company (P.J.S.C.)	39						
1.3 SCG Paper								
Purchases	Siam Toppan Packaging Co., Ltd.	48	-	-	-	397	-	Market price applied with third party transactions
1.4 Other								
Service income	IT One Co., Ltd.	20	589	392	124	98	2	Market price applied with third party transactions
Service expenses and others	Siam Kubota Corporation Co., Ltd.	40	1,044	65	-	-	5	Market price applied with third party transactions
Sales	Siam Kubota Corporation Co., Ltd.	40	-	1,182	-	-	-	Market price applied with third party transactions
Purchases	Siam Kubota Corporation Co., Ltd.	40	-	105	-	26	-	Market price applied with third party transactions
	The Nawaloha Industry Co., Ltd.	30						
	The Siam Nawaloha Foundry Co., Ltd.	25						
2. Transactions with other companies which have SCG executives holding								
2.1 Other								
Service expenses and others	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Tanawong Areeratchakul / Director	10	-	123	5	-	347	Market price applied with third party transactions
Sales	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Tanawong Areeratchakul / Director	10	-	2,827	-	-	-	Market price applied with third party transactions
Purchases	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Tanawong Areeratchakul / Director	10	-	949	5	2	-	Market price applied with third party transactions

7. Information Dissemination Channels

SCG places great importance upon transparency and full disclosure of significant financial, operational, and other relevant information, so that it is accurate, complete, and timely. In addition to fulfilling legal and SET reporting requirements, SCG has established its own broad infrastructure of dissemination channels to reach interested parties. These communications channels include:

- The Investor Relations Department, which is responsible for direct communication with both local and international investors.
- Press conferences on a quarterly basis to announce operating results, and regular press briefings to announce significant investment projects and activities.
- Analyst conference to announce quarterly operating results to investors and analysts.
- Activities to disseminate policy and operational guidelines to employees.
- Activities to meet both local and international investors and other stakeholders.
- Speaking opportunities to share knowledge in national and international forums.
- Company visits and plant tours for shareholders, investors, analysts, NGOs, communities, the media, and other stakeholders.
- Systematic distribution to the media of press releases, photo captions, news stories, advertisements, and social media.
- Periodical publications and media, such as annual reports, sustainability reports, debenture holder journals, customer journals, dealer journals, and employee journals.
- Electronic media for communications with employees, such as intranet, e-mail and social media.
- Website: “www.scg.co.th” and social media

8. Audit Fee

For the fiscal year 2013, The Siam Cement Public Company Limited and its subsidiaries paid an audit fee of 28.87 Million Baht to KPMG Phoomchai Audit Ltd., which the auditors worked for, and to persons or businesses related to the auditors and audit firm. This audit fee amount excluded the remuneration paid by associates.

In this regard, KPMG Phoomchai Audit Ltd. and its auditors do not have any relationships or interests involving the company, management, or major shareholders, including their related persons.

Audit fees for the year 2013

1. Annual audit fee for SCC's financial statements.	250,000 Baht
2. Quarterly review fee and annual audit fee of 124 subsidiaries and consolidated financial statements.	28.62 Million Baht

Total audit fees of The Siam Cement Public Company Limited and its subsidiaries	28.87 Million Baht
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Non-audit Fee

For this fiscal year, the subsidiaries paid a non-audit fee, which was for reviewing compliance with the conditions of the BOI Promotion Certificate amounting to 1.80 Million Baht and for consulting of merged companies amounting to 9.56 Million Baht, to the audit firm and persons or businesses related to the auditors and the audit firm.



Report on the Board of Directors’ Responsibilities for Financial Statements

The Board of Directors of The Siam Cement Public Company Limited is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Board considers the accounting policies pursued to be appropriate, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company’s external auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor’s report.

The Board oversees and reviews corporate governance as well as establishes and maintains a proactive risk management system and internal control system to ensure that accounting records are accurate, complete and timely, and that the Company’s assets are properly safeguarded against fraud, operational irregularities and other risks. The Board has appointed an Audit Committee consisting of independent directors to provide effective and efficient oversight of the financial statements, internal control system and internal audit. The Audit Committee’s views are reported in its report in the Company’s annual report.

The Board is confident that the internal control system and the internal audit of The Siam Cement Public Company Limited and its subsidiaries represent the financial position, results of operations, and cash flows accurately.

Chirayu Isarangkun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

Financial Statements

Report on the Board of Directors’ Responsibilities for Financial Statements	105
The Audit Committee’s Report	106
Consolidated Financial Statements of The Siam Cement Public Company Limited and Its Subsidiaries	108
Financial Statement of The Siam Cement Public Company Limited	188

The Audit Committee's Report

The Audit Committee performed its duties independently, as assigned by the Board of Directors in accordance with the Audit Committee Charter to verify the adequacy of SCG corporate governance in line with the regulations and good practices guideline for the audit committees of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as leading overseas organizations. These duties included reviewing the financial statements and corporate governance practices; assessing the risk management system, internal control and internal audit systems and fraud investigations; as well as proposing the appointment of external auditors.

In 2013, the Committee held 6 meetings and attendance by its members was 100%. The Committee considered an internal quality assessment (Quality Assurance Review) conducted by the Audit Office, which was evaluated and deemed in line with the medium-term plan regarding Global Internal Audit Excellence. The Committee also considered the review and establishment of Anti-Corruption policies, the development of information technology systems based on international standards and the development of the SCG Whistleblower System for external parties to report dishonesty via the SCG Website.

In 2013, the Committee performed its duties as follows:

1. Review of Financial Statements The Audit Committee reviewed significant information in the quarterly and annual financial statements of the Company for the year 2013, as well as in the consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries, which were prepared according to Thai Financial Reporting Standards (TFRS) in conformance with the International Financial Reporting Standards (IFRS). The Committee reviewed material items and special items and obtained clarification from the external auditors, the Management, and the director of the Audit Office, confirming that the financial statements and the disclosure in the notes to the financial statements are in compliance with relevant laws and financial reporting standards. The Audit Committee therefore approved the Financial Statements, which were reviewed and audited by the external auditors without reservation. In addition, the Committee held a meeting with the external auditors without the presence of the Management so as to freely discuss important matters in the preparation of the financial statements and the disclosure of information in accordance with financial reporting standards and beneficial to users of these financial statements, as well as to hear whether there was any suspicious information indicating potential fraud following Section 89/25 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No. 4) B.E. 2551. In 2013, the external auditors did not discover any material misstatements or indications of suspicious incidents. Furthermore, to confirm that no such incidents were found, the Audit Committee resolved that the President & CEO report the results received from all business units and relevant responsible parties to the Audit Committee. In 2013, the President & CEO confirmed that no indications of such suspicious incidents were found. Thus, the preparation of the financial statements and consolidated financial statements was

conducted with reliability and transparency, and the external auditors performed their duties independently and with verifiability.

2. Review of Corporate Governance The Audit Committee reviewed compliance with the SCG Code of Conduct and SCG Corporate Governance and revealed that directors and employees strictly followed prescribed principles. The Board of Directors consistently and continuously instilled a sense of ethics and morality into employees. This year, SCG continues to conduct its business in line with the principles of sustainable development and corporate governance. SCG compiled the "Anti-Corruption Policy" into a formal written document, and conducted an evaluation on Self – Evaluation Tool for Countering Bribery according to the specifications mandated by the Thai Institute of Directors Association. In this regard, Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) announced a resolution accepting The Siam Cement Public Company Limited as a certified company member of the CAC on July 5, 2013. Moreover, the Audit Committee strictly complied with the laws relating to securities and stock exchange laws of the Stock Exchange of Thailand as well as the laws relating to other business operations, especially in terms of connected transactions and those which might result in conflict of interest as well as the information regarding related directors. Such information was reviewed and disclosed to the Stock Exchange of Thailand in a timely manner.

The Audit Committee also conducted performance assessment of both as a whole and self-assessment, with a highly satisfactory result similar to the previous year. Matters assessed included the Committee's preparedness, financial reports, meetings with the external auditors, review of connected transactions, disclosure of information in other reports, risk management and internal controls, the Audit Office, the Audit Committee meetings and the performance of the Audit Office and the Secretary.

3. Review of Assessment of Risk Management SCG this year reviewed the establishment of the SCG Risk Management Committee, in which SCG President & CEO serves as the Chairman, and SCG Management Committee as the members. The Committee considers structure and approves policy, risk management framework and risk management plans, as well as reviews risks and monitors SCG risk management on a quarterly basis while the Corporate Risk Management Unit is responsible for compiling risk reports and managing risks. SCG Management has engaged a consulting firm to conduct enterprise risk management through the review and adaptation of the Company's entire risk management framework. New risk categories were identified and established while risk appetites were stipulated to ensure that those risks were managed to acceptable level. This was communicated to all relevant parties to enhance understanding and establish a risk culture while encouraging all members within the Company to recognize that risk management is a shared responsibility among management and employees of all levels. In addition, the Audit Committee reviewed the assessment of risk management of all business

units, risks arising from major changes in circumstances of the world and regional economies, as well as risks arising from overseas investment and potential business disruptions. The Committee conducted this review on a quarterly basis according to the principles outlined in the SCG risk management manual. The Committee took into consideration the internal and external risk factors, likelihood levels, impacts, and management to ensure that significant risks remained at acceptable levels. Furthermore, the Committee reviewed risk warning signals in compliance with established criteria.

4. Review of Internal Control and Internal Audit Systems The Audit Committee reviewed the results of the internal control system assessment which was reported by the Audit Office on both a monthly and quarterly basis. The results showed that these systems are appropriate to the Company's business operations. This corresponds to the external auditor's opinion that no material deficiencies impacting the Company's financial statements were found. The Management attributes importance to the Proactive Preventive System. In this regard, the SCG Business Self Audit principle was expanded from control self assessment that was further consolidated to enable the business units to monitor and follow up work by themselves. This will enable business units to assess anticipated risks and set forth guidelines to mitigate effects across the entire value chain, including focusing on mitigating risks from overseas investments. The Overseas Compliance Guideline was therefore compiled to strengthen the preventive system which includes fraud prevention guidelines for each operating system. The Audit Office, together with the Corporate Information Technology and Business Continuity Management Unit, assessed SCG's IT internal control and governance. Results were incorporated as plans for future development. In addition, the Audit Office, in collaboration with business units in SCG, further developed the continuous monitoring and continuous auditing system to support businesses in governance of operations within their responsibilities, and enable the auditor to use such information in the audit process. Workshops were organized for business units by using material findings as case studies to allow the persons in charge at all levels to gain a better understanding about the risks, impacts, and important internal controls involved in each step of operations.

Regarding the internal audit, the Audit Committee reviewed the Audit Committee Charter and the Internal Audit Office Charter on an annual basis, to ensure its accordance with the risks and SCG's current operating environment for adoption as a practical guide. This year, the Audit Committee approved conducting an internal quality assessment (Quality Assurance Review) by the Audit Office, as an indicator of Global Internal Audit Excellence's achievement, using guidelines from The Institute of Internal Auditors (IIA), an internationally recognized institute for internal auditing, and ISACA/COBIT, internationally recognized agencies for IT auditing. The evaluation was conducted by the survey of 7 target stakeholder groups (transcending IIA standards which required only 2 target groups). The results of this evaluation exceeded target objectives of 80%. The Audit Committee reviewed the

operations of the Audit Office according to the approved medium-term plan and annual plan. This review showed that established targets and key performance indicators were achieved. With regard to audit development, the Audit Office emphasized leveraging the competency of auditors as well as developing audit tools in accordance with the International Standards for the Professional Practice of Internal Auditing of the IIA, and world-class internal audit practices. Such development also pertains to internal auditors of SCG's foreign companies commencing in Indonesia and Vietnam in order to foster audit practices in line with those of SCG.

5. Review of Fraud Investigations This year, SCG further developed a Whistleblower System to enable external parties to report dishonesty other than receiving dishonesty reports from employees, and also improved the linkage of both systems to allow reports on dishonesty via www.scg.co.th (beginning at the end of 2013). In 2013, 10 cases were filed by employees via the Whistleblower System. All of them have been investigated, of which 2 cases were found as fraud cases but the amount of financial impact was insignificant. Learning from such cases was adapted to determine fraud prevention guidelines. In addition, the Audit Committee reviewed the results of fraud investigations on a monthly and quarterly basis. The Audit Committee also reviewed preventive measures and fraud prevention guidelines for each work process. Fraud audit based on risk assessment and investigation protocols to ensure that they are up-to-date and appropriate for continuous business operations.

6. Appointment of the External Auditor and Review of the Audit Fee for 2014 KPMG Phoomchai Audit Ltd. has been selected and appointed as the external auditor of SCG for the three-year period from 2012 through to 2014, from a selection process of 4 auditors. Based on the satisfactory results of their performance appraisal, and their qualification as independent auditors, the external auditors possess professional expertise, knowledge and experience in auditing SCG's businesses therefore the Audit Committee recommended them to the Board of Directors. The Board of Directors agreed to seek approval at the Shareholders' Meeting for the appointment of Mr. Winid Silamongkol, Certified Public Accountant Registration No. 3378, and/or Ms. Sureerat Thongarunsang, Certified Public Accountant Registration No. 4409, and/or Ms. Porntip Rimdusit, Certified Public Accountant Registration No. 5565; all of KPMG Phoomchai Audit Ltd.; as the Company's auditors for the year 2014; approval of the Company's audit fee for the fiscal year 2014 amounting to 0.25 Million Baht and acknowledgement of annual and quarterly audit fees for SCC and subsidiaries and consolidated financial statements amounting to 28.33 Million Baht.

On behalf of the Audit Committee



Tarrin Nimmanahaeminda
Chairman of the Audit Committee

Consolidated Financial Statements

The Siam Cement Public Company Limited and its Subsidiaries

Independent auditor’s report

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, statement of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 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 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 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 financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

S. Singhanant.

Supot Singhasaneh
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
20 February 2014

Consolidated statement of financial position

As at 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
Assets	Note	2013	2012
Current assets			
Cash and cash equivalents	9	17,433,924	25,063,843
Temporary investments	9	6,984,018	7,676,825
Trade and other receivables	6, 7	49,452,765	42,877,155
Short-term loans to related parties	6	146,427	136,649
Inventories	8	55,556,928	48,890,393
Other current assets		5,555,669	4,621,630
Total current assets		135,129,731	129,266,495
Non-current assets			
Available-for-sale investments	9	11,137,412	12,047,665
Investments in associates	10	74,842,728	64,963,620
Investments in jointly-controlled entities	10	4,345,624	611,342
Other long-term investments	11	3,478,582	3,286,204
Long-term loans to related parties	6	142,667	137,330
Investment properties	12	1,534,834	1,474,316
Property, plant and equipment	13	183,589,084	165,291,891
Goodwill	14	10,300,497	3,801,073
Intangible assets	14	6,278,488	4,869,762
Deferred tax assets	15	4,603,933	4,301,372
Other non-current assets	16	5,052,229	5,522,066
Total non-current assets		305,306,078	266,306,641
Total assets		440,435,809	395,573,136

On behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

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

Consolidated statement of financial position

As at 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
Liabilities and shareholders' equity	Note	2013	2012
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	17	12,917,209	13,771,241
Trade and other payables	6	51,211,096	45,471,243
Current portion of long-term debts	18	5,859,427	5,218,306
Current portion of debentures	19	14,962,863	29,910,500
Short-term loans from related parties	6	88,093	105,408
Income tax payable		2,596,077	2,304,102
Other current liabilities		2,100,495	1,949,803
Total current liabilities		89,735,260	98,730,603
Non-current liabilities			
Long-term debts	18	26,928,417	30,297,537
Debentures	19	126,174,178	96,272,906
Deferred tax liabilities	15	2,773,342	2,472,467
Employee benefit liabilities	20	6,122,785	5,565,786
Other non-current liabilities	21	1,679,722	1,111,178
Total non-current liabilities		163,678,444	135,719,874
Total liabilities		253,413,704	234,450,477
Shareholders' equity			
Share capital			
Authorized share capital	22	1,600,000	1,600,000
Issued and paid-up share capital	22	1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	23	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		156,030,435	137,500,107
Other components of equity		(6,114,683)	(6,190,001)
Total equity attributable to owners of the parent		161,791,752	143,186,106
Non-controlling interests		25,230,353	17,936,553
Total shareholders' equity		187,022,105	161,122,659
Total liabilities and shareholders' equity		440,435,809	395,573,136

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

Consolidated income statement

For the year ended 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
	Note	2013	2012
Revenue from sales	6	434,251,224	407,600,540
Cost of sales	6	(363,096,020)	(353,695,396)
Gross profit		71,155,204	53,905,144
Other income	6, 25	13,140,941	10,736,706
Profit before expenses		84,296,145	64,641,850
Selling expenses	26	(15,598,200)	(15,844,930)
Administrative expenses	27	(24,434,400)	(20,672,705)
Total expenses		(40,032,600)	(36,517,635)
Profit from operations		44,263,545	28,124,215
Share of profit of associates and jointly-controlled entities		6,546,316	1,560,598
Profit before finance costs and income tax expense		50,809,861	29,684,813
Finance costs	29	(8,193,177)	(6,320,793)
Profit before income tax expense		42,616,684	23,364,020
Income tax expense	30	(5,003,241)	(4,741,912)
Profit for the year		37,613,443	18,622,108
Profit (loss) attributable to			
Owners of the parent		36,522,249	23,579,991
Non-controlling interests		1,091,194	(4,957,883)
		37,613,443	18,622,108
Basic earnings per share (in Baht)			
Attributable to owners of the parent	31	30.44	19.65

On behalf of the Board of Directors

Chirayu Isarangkun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

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

Consolidated statement of comprehensive income

For the year ended 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
	Note	2013	2012
Profit for the year		37,613,443	18,622,108
Other comprehensive income			
Foreign currency translation differences		(663,968)	(751,452)
Gains on remeasuring available-for-sale investments	9	169,349	820,605
Defined benefit plan actuarial losses	20	(27,727)	(1,286,774)
Share of other comprehensive income of associates and jointly-controlled entities		176,558	(107,603)
Income tax on other comprehensive income	30	3,656	242,647
Other comprehensive income for the year, net of income tax		(342,132)	(1,082,577)
Total comprehensive income for the year		37,271,311	17,539,531
Total comprehensive income (loss) attributable to			
Owners of the parent		36,196,697	22,634,528
Non-controlling interests		1,074,614	(5,094,997)
		37,271,311	17,539,531

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

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Retained earnings		
			Appropriated		Unappropriated
			Legal reserve	General reserve	
Balance at 1 January 2012		1,200,000	160,000	10,516,000	128,738,156
Transactions with owners, recorded					
directly in shareholders' equity					
Contributions by and distributions to					
owners of the parent					
Dividends	33	-	-	-	(13,774,363)
Total contributions by and distributions					
to owners of the parent					
Changes in ownership interests					
in subsidiaries / associates					
Acquisition and increase in capital of					
non-controlling interests without a change					
in control or significant influence					
Acquisition and increase in capital of					
non-controlling interests with a change					
in control or significant influence					
Total changes in ownership interests					
in subsidiaries / associates					
Total transactions with owners, recorded					
directly in shareholders' equity					
Comprehensive income for the year					
Profit or loss					
Other comprehensive income					
Total comprehensive income for the year					
Balance at 31 December 2012		1,200,000	160,000	10,516,000	137,500,107

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

in thousand Baht						
Other components of equity				Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Other comprehensive income			Changes in ownership interests in subsidiaries / associates that do not result in a loss of control or significant influence			
Currency translation differences	Gains on remeasuring available-for-sale investments	Share of other comprehensive income (loss) of associates				
(1,822,964)	1,495,903	(88,158)	-	140,198,937	22,769,628	162,968,565
-	-	-	-	(13,774,363)	(719,142)	(14,493,505)
-	-	-	-	(13,774,363)	(719,142)	(14,493,505)
-	-	-	(5,872,996)	(5,872,996)	528,849	(5,344,147)
-	-	-	-	-	452,215	452,215
-	-	-	(5,872,996)	(5,872,996)	981,064	(4,891,932)
-	-	-	(5,872,996)	(19,647,359)	261,922	(19,385,437)
-	-	-	-	23,579,991	(4,957,883)	18,622,108
(631,568)	816,393	(86,611)	-	(945,463)	(137,114)	(1,082,577)
(631,568)	816,393	(86,611)	-	22,634,528	(5,094,997)	17,539,531
(2,454,532)	2,312,296	(174,769)	(5,872,996)	143,186,106	17,936,553	161,122,659

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Retained earnings	
			Appropriated	
			Legal reserve	General reserve
				Unappropriated
Balance at 1 January 2013		1,200,000	160,000	10,516,000
Transactions with owners, recorded directly in shareholders' equity				
Contributions by and distributions to owners of the parent				
Dividends	33	-	-	-
Total contributions by and distributions to owners of the parent		-	-	-
Changes in ownership interests in subsidiaries / associates				
Acquisition and increase in capital of non-controlling interests without a change in control or significant influence		-	-	-
Acquisition and increase in capital of non-controlling interests with a change in control or significant influence		-	-	-
Total changes in ownership interests in subsidiaries / associates		-	-	-
Total transactions with owners, recorded directly in shareholders' equity		-	-	-
Comprehensive income for the year				
Profit or loss		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Balance at 31 December 2013		1,200,000	160,000	10,516,000

in thousand Baht						
Other components of equity				Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Other comprehensive income			Changes in ownership interests in subsidiaries / associates that do not result in a loss of control or significant influence			
Currency translation differences	Gains on remeasuring available-for-sale investments	Share of other comprehensive income (loss) of associates				
(2,454,532)	2,312,296	(174,769)	(5,872,996)	143,186,106	17,936,553	161,122,659
-	-	-	-	(17,922,013)	(722,536)	(18,644,549)
-	-	-	-	(17,922,013)	(722,536)	(18,644,549)
-	-	-	330,962	330,962	5,510,709	5,841,671
-	-	-	-	-	1,431,013	1,431,013
-	-	-	330,962	330,962	6,941,722	7,272,684
-	-	-	330,962	(17,591,051)	6,219,186	(11,371,865)
-	-	-	-	36,522,249	1,091,194	37,613,443
(639,742)	160,213	223,885	-	(325,552)	(16,580)	(342,132)
(639,742)	160,213	223,885	-	36,196,697	1,074,614	37,271,311
(3,094,274)	2,472,509	49,116	(5,542,034)	161,791,752	25,230,353	187,022,105

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

Consolidated statement of cash flows

For the year ended 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht		
	2013	2012
Cash flows from operating activities		
Profit for the year	37,613,443	18,622,108
Adjustments for		
Depreciation and amortization	15,717,615	14,046,560
Interest income	(1,048,268)	(1,327,944)
Interest expense	7,503,526	7,408,826
Unrealized gain on foreign currency exchange	(49,778)	(195,492)
Allowance for decline in value of inventories	35,101	14,485
Dividend income	(4,893,978)	(4,414,227)
Employee benefit expense	754,533	742,944
Share of profit of associates and jointly-controlled entities	(6,546,316)	(1,560,598)
Income tax expense	5,003,241	4,741,912
Gain on revaluation of investments and others	(2,261,316)	(674,209)
Profit provided by operating activities before changes in operating assets and liabilities	51,827,803	37,404,365
Decrease (increase) in operating assets		
Trade and other receivables	(1,132,559)	(3,798,064)
Inventories	(4,460,030)	(6,436,544)
Other current assets	(479,239)	(371,546)
Other non-current assets	(12,993)	357,451
Net increase in operating assets	(6,084,821)	(10,248,703)

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

Consolidated statement of cash flows

For the year ended 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
	Note	2013	2012
Increase (decrease) in operating liabilities			
Trade and other payables		2,446,500	7,605,363
Other current liabilities		(81,185)	329,027
Employee benefit liabilities		(329,848)	(416,368)
Other non-current liabilities		247,564	193,151
Net increase in operating liabilities		2,283,031	7,711,173
Cash generated from the operations			
Income tax paid		(5,491,330)	(6,685,751)
Net cash provided by operating activities		42,534,683	28,181,084
Cash flows from investing activities			
Interest received		1,100,043	1,432,389
Dividends received		7,648,884	9,002,191
Temporary investments		701,631	(413,612)
Available-for-sale investments		(11,582,711)	(14,026,993)
Investments in associates, jointly-controlled entities and other companies		(11,049,588)	(12,472,418)
Net cash outflow on acquisition of subsidiaries	5	(7,726,168)	(4,427,948)
Proceeds from sales and return of investments		13,249,707	29,235,890
Income tax paid from sales of investments		(10,656)	(816,413)
Purchases of property, plant and equipment		(28,964,589)	(17,937,839)
Proceeds from sales of property, plant and equipment		177,461	242,142
Purchases of intangible assets		(1,747,719)	(453,078)
Payments received on loans to (loans to) related parties		(2,367)	188,940
Currency translation differences		(455,934)	(305,346)
Net cash used in investing activities		(38,662,006)	(10,752,095)

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

Consolidated statement of cash flows

For the year ended 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht		
	2013	2012
Cash flows from financing activities		
Borrowings		
Interest paid	(7,642,933)	(7,326,710)
Decrease in bank overdrafts and short-term loans		
from financial institutions	(2,940,724)	(6,290,930)
Proceeds from (payments of) short-term loans from related parties	(79,154)	12,001
Proceeds from long-term debts	8,398,285	7,865,725
Payments of long-term debts	(10,675,115)	(5,406,228)
Payments of finance lease	(678,855)	(529,025)
Proceeds from issuance of debentures	44,921,595	56,409,849
Redemption of debentures	(29,967,960)	(39,977,162)
Net increase in borrowings	1,335,139	4,757,520
Dividends paid		
Dividends paid to owners of the parent	(17,922,013)	(13,774,363)
Dividends paid to non-controlling interests	(746,989)	(688,117)
Total dividends paid	(18,669,002)	(14,462,480)
Acquisition and increase in capital of non-controlling interests	5,831,267	(5,339,992)
Net cash used in financing activities	(11,502,596)	(15,044,952)
Net increase (decrease) in cash and cash equivalents	(7,629,919)	2,384,037
Cash and cash equivalents at beginning of the year	25,063,843	22,679,806
Cash and cash equivalents at end of the year	17,433,924	25,063,843
Supplementary information for cash flows		
Non-cash transactions		
Outstanding payable from purchases of property, plant, equipment		
and intangible assets	1,406,710	265,399

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

Notes to the financial statements

For the year ended 31 December 2013

The Siam Cement Public Company Limited and its Subsidiaries

Note	Content	Page
1	General information	122
2	Basis of preparation of the financial statements	127
3	Change in accounting policies	128
4	Significant accounting policies	130
5	Acquisitions of business and changes of status to subsidiaries	141
6	Related parties	148
7	Trade and other receivables	152
8	Inventories	153
9	Cash and cash equivalents and other investments	154
10	Investments in associates and jointly-controlled entities	155
11	Other long-term investments	158
12	Investment properties	159
13	Property, plant and equipment	160
14	Goodwill and intangible assets	162
15	Deferred tax assets (deferred tax liabilities)	163
16	Other non-current assets	165
17	Bank overdrafts and short-term loans from financial institutions	165
18	Long-term debts	165
19	Debentures	167
20	Employee benefit liabilities	168
21	Other non-current liabilities	170
22	Share capital	170
23	Reserves	171
24	Business segment information	171
25	Other income	176
26	Selling expenses	176
27	Administrative expenses	176
28	Employee benefit expenses	177
29	Finance costs	177
30	Income tax	177
31	Basic earnings per share	179
32	Agreements	179
33	Dividends	179
34	Financial instruments	180
35	Commitments and contingent liabilities	183
36	Capital management	185
37	Other	185
38	Events after the reporting period	186
39	Reclassification of accounts	186
40	Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective	186

	These notes form an integral part of the financial statements.
	The consolidated financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages, and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 20 February 2014.
1	General information
	The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.
	The Company was listed on the Stock Exchange of Thailand on 25 April 1975.
	The Company and its subsidiaries, the “Group”, is an industrial group which operates core businesses of SCG Cement-Building Materials, SCG Chemicals and SCG Paper.
	Details of the Company's subsidiaries, which have significant operations and were included in the consolidated financial statements, are as follows:

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Cement-Building Materials		SCG Cement-Building Materials	
SCG Cement Co., Ltd.	100	PT CPAC Surabaya	
The Concrete Products and Aggregate Co., Ltd.	100	(Incorporated in Indonesia)	100
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	Q Mix Supply Co., Ltd.	100
The Siam Cement (Ta Luang) Co., Ltd.	100	CPAC Lao Co., Ltd.	
The Siam Cement (Thung Song) Co., Ltd.	100	(Incorporated in Laos)	100
The Siam Cement (Lampang) Co., Ltd.	100	CPAC Concrete Products (Cambodia) Co., Ltd.	
Siam Mortar Co., Ltd.	100	(Incorporated in Cambodia)	100
The Siam White Cement Co., Ltd.	100	Cementthai Building Materials (Singapore) Pte. Ltd.	
The Siam Refractory Industry Co., Ltd.	100	(Incorporated in Singapore)	100
Cementthai Energy Conservation Co., Ltd.	100	SCG Building Materials Co., Ltd.	100
ECO Plant Services Co., Ltd.	100	The Siam Fibre-Cement Co., Ltd.	100
Siam Research and Innovation Co., Ltd.	100	The Fibre-Cement Products (Lampang) Co., Ltd.	100
SCI Eco Services Co., Ltd.	100	Tip Fibre-Cement Co., Ltd.	100
PT Pion Quarry Nusantara		SCG Landscape Co., Ltd.	100
(Incorporated in Indonesia)	100	Siam Fiberglass Co., Ltd.	100
PT SCG Pipe and Precast Indonesia		Thai Ceramic Co., Ltd.	100
(Incorporated in Indonesia)	100	The Siam Ceramic Group Industries Co., Ltd.	100
PT Semen Lebak		Cementthai Home Services Co., Ltd.	100
(Incorporated in Indonesia)	100	Gemago Co., Ltd.	100
PT SCG Readymix Indonesia		Cementthai Gypsum (Singapore) Pte. Ltd.	
(Incorporated in Indonesia)	100	(Incorporated in Singapore)	100

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Cement-Building Materials		SCG Cement-Building Materials	
Cementthai Gypsum Co., Ltd.	100	SCG Singapore Trading Pte. Ltd.	
Cementthai Ceramics Co., Ltd.	100	(Incorporated in Singapore)	100
Cementthai Ceramic (Singapore) Pte. Ltd.		SCG Trading Australia Pty. Ltd.	
(Incorporated in Singapore)	100	(Incorporated in Australia)	100
Cementthai Ceramics Philippines Holdings, Inc.		SCG Trading Guangzhou Co., Ltd.	
(Incorporated in the Philippines)	100	(Incorporated in China)	100
PT SCG Lightweight Concrete Indonesia		SCG Trading Vietnam Co., Ltd.	
(Incorporated in Indonesia)	100	(Incorporated in Vietnam)	100
Cementthai Roof Holdings Philippines, Inc.		SCG Trading Lao Co., Ltd.	
(Incorporated in the Philippines)	100	(Incorporated in Laos)	100
The CPAC Roof Tile Co., Ltd.	100	SCG Trading USA Inc.	
Thai Ceramic Roof Tile Co., Ltd.	100	(Incorporated in USA)	100
Thai Ceramic Holding Co., Ltd.	100	PT SCG Trading Indonesia	
SCG Concrete Roof (Vietnam) Co., Ltd.		(Incorporated in Indonesia)	100
(Formerly: CPAC Monier Vietnam Co., Ltd.)		SCGT Malaysia Sdn. Bhd.	
(Incorporated in Vietnam)	100	(Incorporated in Malaysia)	100
SCG Distribution Co., Ltd.	100	CPAC Monier Philippines, Inc.	
SCG Trading Co., Ltd.	100	(Incorporated in Philippines)	100
SCG Cement-Building Materials Co., Ltd.		Monier Roofing Co., Ltd.	100
(Formerly: SCG Network Management Co., Ltd.)	100	Buu Long Industry & Investment	
SCG Logistics Management Co., Ltd.	100	Joint Stock Company	
SCG Trading Services Co., Ltd.	100	(Incorporated in Vietnam)	99
SCG Sourcing Co., Ltd.	100	PT KIA Serpih Mas	
SCG Experience Co., Ltd.	100	(Incorporated in Indonesia)	97
SCG Skills Development Co., Ltd.	100	PT KIA Keramik Mas	
Keating Capital Partners Pte. Ltd.		(Incorporated in Indonesia)	96
(Incorporated in Singapore)	100	PT Keramika Indonesia Assosiasi, Tbk.	
Kitchener Limited		(Incorporated in Indonesia)	96
(Incorporated in China)	100	PT Semen Jawa	
SCG Trading Hong Kong Limited		(Incorporated in Indonesia)	95
(Incorporated in China)	100	Kampot Cement Co., Ltd.	
SCG Marketing Philippines Inc.		(Incorporated in Cambodia)	94
(Incorporated in the Philippines)	100	The Siam Sanitary Fittings Co., Ltd.	91
SCG Trading Philippines Inc.		PT Kokoh Inti Arebama Tbk.	
(Incorporated in the Philippines)	100	(Incorporated in Indonesia)	91

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Cement-Building Materials		SCG Cement-Building Materials	
Sosuco and Group (2008) Co., Ltd.	90	Prime Dai Viet Joint Stock Company	
PT Tambang Sement Sukabumi		(Incorporated in Vietnam)	77
(Incorporated in Indonesia)	90	Prime Thein Phuc Joint Stock Company	
The Concrete Products and		(Incorporated in Vietnam)	77
Aggregate (Vietnam) Co., Ltd.		Prime Phong Dien Joint Stock Company	
(Incorporated in Vietnam)	88	(Incorporated in Vietnam)	77
Prime Group Joint Stock Company		Prime Dai Thinh Joint Stock Company	
(Incorporated in Vietnam)	85	(Incorporated in Vietnam)	77
Prime Trading, Import and Export One Member		Prime Dai Loc Joint Stock Company	
Limited Liability Company		(Incorporated in Vietnam)	76
(Incorporated in Vietnam)	85	CPAC Monier (Cambodia) Co., Ltd.	
Prime Materials Company Limited		(Incorporated in Cambodia)	75
(Incorporated in Vietnam)	85	Thai-German Ceramic Industry	
Ceramic Research Institution		Public Company Limited	75
(Incorporated in Vietnam)	85	SCG Trading (Cambodia) Co., Ltd.	
Prime International Im-Ex & Servicing		(Incorporated in Cambodia)	75
Trading Co., Ltd.		Prime Dai An Joint Stock Company	
(Incorporated in Vietnam)	85	(Incorporated in Vietnam)	75
Prime Ngoi Viet Joint Stock Company		Prime Hop Thinh Joint Stock Company	
(Incorporated in Vietnam)	85	(Incorporated in Vietnam)	72
Prime Pho Yen Joint Stock Company		Siam Sanitary Ware Co., Ltd.	71
(Incorporated in Vietnam)	85	Siam Sanitary Ware Industry Co., Ltd.	71
Prime Yen Binh Joint Stock Company		Siam Sanitary Ware (Nongkae) Co., Ltd.	71
(Incorporated in Vietnam)	85	Prime Tien Phong Joint Stock Company	
Prime Truong Xuan Joint Stock Company		(Incorporated in Vietnam)	71
(Incorporated in Vietnam)	85	MAWLAMYINE CEMENT LIMITED	
Prime Mineral Joint Stock Company		(Incorporated in Myanmar)	70
(Incorporated in Vietnam)	85	CPAC Cambodia Co., Ltd.	
Saraburirat Co., Ltd.	83	(Incorporated in Cambodia)	69
Mariwasa-Siam Ceramics, Inc.		Quality Construction Products	
(Incorporated in the Philippines)	83	Public Company Limited	68
PT Surya Siam Keramik		Q-Con Eastern Co., Ltd.	68
(Incorporated in Indonesia)	80	Prime Hoa Cuong Joint Stock Company	
Myanmar CPAC Service Co., Ltd.		(Incorporated in Vietnam)	65
(Incorporated in the Myanmar)	80	Prime Industrial Joint Stock Company	
		(Incorporated in Vietnam)	65

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Cement-Building Materials		SCG Cement-Building Materials	
Prime Vinh Phuc Joint Stock Company		PT Siam-Indo Concrete Products	
(Incorporated in Vietnam)	65	(Incorporated in Indonesia)	50
Siam Cement Myanmar Trading Ltd.		SCG Trading Emirates L.L.C.	
(Incorporated in Myanmar)	60	(Incorporated in the United Arab Emirates)	49
Guangxi SCG Logistic Co., Ltd.		Kampot Land Co., Ltd.	
(Incorporated in China)	55	(Incorporated in Cambodia)	48
Sosuco Ceramic Co., Ltd.	54	Prime Dai Quang Joint Stock Company	
SCG-Sekisui Sales Co., Ltd.	51	(Incorporated in Vietnam)	48
PT Siam-Indo Gypsum Industry		Prime Hao Phu Joint Stock Company	
(Incorporated in Indonesia)	50	(Incorporated in Vietnam)	43
SCG Chemicals		SCG Chemicals	
SCG Chemicals Co., Ltd.	100	The Nawaplastic Industries (Saraburi) Co., Ltd.	91
Thai Polyethylene Co., Ltd.	100	Nawa Plastic Industries Co., Ltd.	91
SCG Plastics Co., Ltd.	100	Nawa Intertech Co., Ltd.	91
SCG Performance Chemicals Co., Ltd.	100	Chemtech Co., Ltd.	
Rayong Engineering and Plant Service Co., Ltd.	100	(Incorporated in Vietnam)	91
Protech Outsourcing Co., Ltd.	100	Total Plant Service Co., Ltd.	91
RIL 1996 Co., Ltd.	100	SCG ICO POLYMERS COMPANY LIMITED	87
Texplore Co., Ltd.	100	Map Ta Phut Tank Terminal Co., Ltd.	82
Vina SCG Chemicals Co., Ltd.	100	Minh Thai House Component Co., Ltd.	
SCG Chemicals (Singapore) Pte. Ltd.		(Incorporated in Vietnam)	73
(Incorporated in Singapore)	100	Map Ta Phut Olefins Co., Ltd.	67
Tuban Petrochemicals Pte. Ltd.		Rayong Olefins Co., Ltd.	67
(Incorporated in Singapore)	100	Rayong Olefins (Singapore) Pte. Ltd.	
Hexagon International, Inc.		(Incorporated in Singapore)	67
(Incorporated in USA)	100	Viet-Thai Plastchem Co., Ltd.	
C4 Holding Pte. Ltd.		(Incorporated in Vietnam)	66
(Incorporated in Singapore)	100	Alliance Petrochemical Investment (Singapore) Pte. Ltd.	
PT TPC Indo Plastic & Chemicals		(Incorporated in Singapore)	65
(Incorporated in Indonesia)	96	TPC Vina Plastic and Chemicals Corporation Ltd.	
Rayong Pipeline Co., Ltd.	92	(Incorporated in Vietnam)	63
Thai Plastic and Chemicals Public		Siam Stabilizers and Chemicals Co., Ltd.	54
Company Limited	91	Flowlab & Service Co., Ltd.	51
TPC Paste Resin Co., Ltd.	91		

	Direct/ Indirect Holding		Direct/ Indirect Holding
	(%)		(%)
SCG Paper		SCG Paper	
SCG Paper Public Company Limited	98	Thai Containers Group Co., Ltd.	69
Thai Paper Co., Ltd.	98	Thai Containers Khonkaen Co., Ltd.	69
Thai Union Paper Public Company Limited	98	Thai Containers Rayong Co., Ltd.	69
Siam Kraft Industry Co., Ltd.	98	Vina Kraft Paper Co., Ltd.	
United Pulp and Paper Co., Inc.		(Incorporated in Vietnam)	69
(Incorporated in the Philippines)	98	TCG Rengo (S) Limited	
Paperlink Inter-Trade Corporation		(Incorporated in Singapore)	69
(Incorporated in the Philippines)	98	New Asia Industries Co., Ltd.	
Siam Cellulose Co., Ltd.	98	(Incorporated in Vietnam)	69
InfoZafe Co., Ltd.	98	Alcamax Packaging (Vietnam) Co., Ltd.	
The Siam Forestry Co., Ltd.	98	(Incorporated in Vietnam)	69
Panas Nimit Co., Ltd.	98	AP Packaging (Hanoi) Co., Ltd.	
Thai Panason Co., Ltd.	98	(Incorporated in Vietnam)	69
Thai Panadorn Co., Ltd.	98	Packamex (Vietnam) Co., Ltd.	
Thai Panaram Co., Ltd.	98	(Incorporated in Vietnam)	69
Suanpa Rungsaris Co., Ltd.	98	PT Primacorr Mandiri	
Siam Panawes Co., Ltd.	98	(Incorporated in Indonesia)	62
Thai Panaboon Co., Ltd.	98	Dyna Packs Co., Ltd.	52
Thai Wanabhum Co., Ltd.	98	Orient Container Co., Ltd.	52
Phoenix Pulp & Paper Public Company Limited	98	Tawana Container Co., Ltd.	50
Phoenix Utilities Co., Ltd.	98	Thai British Security Printing Public	
SCGP Excellence Training Center Co., Ltd.	98	Company Limited	49
SCG Paper Energy Co., Ltd.	98	Thai British Depost Co., Ltd.	25
Thai Cane Paper Public Company Limited	85		
Other		Other	
Cementthai Holding Co., Ltd.	100	CTO Management Co., Ltd.	100
Cementthai Property (2001) Public Company Limited	100	Cementthai Captive Insurance Pte. Ltd.	
Property Value Plus Co., Ltd.	100	(Incorporated in Singapore)	100
SCG Accounting Services Co., Ltd.	100	PT SCG Indonesia	
SCG Legal Counsel Limited	100	(Incorporated in Indonesia)	100
SCG Learning Excellence Co., Ltd.	100	Siam GNE Solar Energy Co., Ltd	50

Details of the Company's subsidiaries with insignificant operations or in the process of liquidation that were included in the consolidated financial statements are as follows:			
	Direct/ Indirect Holding		Direct/ Indirect Holding
	(%)		(%)
The CPAC Ready Mixed Concrete		SCG Corporation S.A.	
(South) Co., Ltd.	100	(Incorporated in Panama)	100
SCG Holding Co., Ltd.	100	SCG Trading (Jordan) L.L.C.	
The Nawaloha Foundry Bangpakong Co., Ltd.	100	(Incorporated in Jordan)	100
Bangsue Industry Co., Ltd.	100	Siam TPC Co., Ltd.	96
The Siam Iron and Steel Co., Ltd.	100	Siam TPC (Singapore) Pte. Ltd.	
Dhara Pipe Co., Ltd.	100	(Incorporated in Singapore)	96
Cementthai Management Services Co., Ltd.	100	Myanmar CPAC Trading Co., Ltd.	
Siam Nawaphan Co., Ltd.	100	(Incorporated in Myanmar)	70
Siam Paraffins Co., Ltd.	100		
Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2012.			
During 2013, the Group acquired the ordinary shares of Prime Group Joint Stock Company which is incorporated in Vietnam, Dyna Packs Company Limited and Orient Containers Company Limited which are incorporated in Thailand and PT Primacorr Mandiri which is incorporated in Indonesia. Additionally, the Group acquired the ordinary shares of Siam Sanitary Ware Company Limited, The Siam Sanitary Fittings Company Limited and Monier Roofing Company Limited, companies incorporated in Thailand, and included these companies in the Group's consolidated financial statements in 2013 as discussed in note 5.			
2	Basis of preparation of the financial statements		
(a)	Statement of compliance		
The consolidated financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.			
The FAP has issued the following new and revised TFRSs and Announcements that are relevant to the Group's operations and are effective for accounting periods beginning on or after 1 January 2013:			
	TFRSs	Topic	
TAS 12		Income Taxes	
TAS 21 (revised 2009)		The Effects of Changes in Foreign Exchange Rates	
TFRS 8		Operating Segments	
FAP Announcement 34/2555		Accounting Guidance for Transfers of Financial Assets	
The adoption of these TFRSs and FAP Announcements are disclosed in note 3.			

In addition to the above new and revised TFRSs, the FAP has issued a number of new and revised TFRSs which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these consolidated financial statements. Those new and revised TFRSs are disclosed in note 40.

(b) Basis of measurement

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

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- the present value of the defined benefit obligations.

(c) Functional and presentation currency

The consolidated financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 recognized in the financial statements is included in the following notes:

Note 5	Acquisition of business and change of status to subsidiary
Note 7, 8, 9, 10, 11, 12, 13 and 14	Measurement of the recoverable amounts of each asset and cash-generating units containing goodwill
Note 15, 30	Utilization of tax losses, current and deferred tax
Note 20	Discount rate, salary increase rate, employee turnover rate and mortality rate
Note 35	Provisions and contingent liabilities

3 Change in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRSs as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in notes 3 (b) to 3 (d) below. Other new and revised TFRSs did not have any impact on the accounting policies, financial position or performance of the Group.

(b) Accounting for income tax

The principal change introduced by TAS 12 “Income Taxes” is the requirement to account for deferred tax assets and liabilities in the financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the assets or liabilities in the statement of financial position and the amount attributed to those assets or liabilities for tax purposes; and the carry forward of unused tax losses. The accounting policy for deferred tax is described in note 4 (p).

The Group adopted TAS 12 with effect from 1 January 2013, which did not have significant impact on the financial statements.

(c) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Group has adopted TAS 21 (revised 2009) “The Effects of Changes in Foreign Exchange Rates”.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 (revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation. Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity’s functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Group’s reported financial position, financial performance and cash flows of the Group.

(d) Presentation of business segment information

From 1 January 2013, the Group has adopted TFRS 8 “Operating Segments”. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the 2012 financial statements, which are included in the Group’s 2013 consolidated financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the financial position, the financial performance and cash flows of the Group.

TFRS 8 introduces the “management approach” to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business segments in accordance with TAS 14 “Segment Reporting”.

The change in basis of presentation and disclosure of segment information has no material impact on segment information previously presented in the financial statements of the Group.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Group and the Group’s interests in associates and jointly-controlled entities.

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

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.

Associates and jointly-controlled entities

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.

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly-controlled entities are accounted for in the consolidated financial statements using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group’s share of profit or loss and other comprehensive income of associates and jointly-controlled entities on an equity accounted basis after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group’s share of losses exceeds its interest in an equity accounted investee, 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 incurred legal or constructive an obligations or has made payments on behalf of the associate and jointly-controlled entity.

Loss of control

Upon the loss of control in subsidiary, the Group derecognizes the assets and liabilities, any non-controlling interests and the other components of shareholder’s equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized 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.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

(b) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other receivables

Trade and other receivables 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.

(d) Inventories

The Group values its inventories at cost and net realizable value, whichever is lower. Cost is calculated as follows:

Finished goods	-	at standard cost which approximates actual production cost
Merchandise	-	at average cost
Goods in process	-	at standard cost which includes raw materials, variable labour and manufacturing overhead costs.
Raw materials, spare parts, stores, supplies and others	-	at average cost

	Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.
	Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.
(e)	Investments
	<i>Investments in associates and jointly-controlled entities</i>
	Investments in associates and jointly-controlled entities are accounted for using the equity method.
	<i>Investments in other debt and other equity securities</i>
	Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.
	Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost, less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.
	Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, 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 and foreign currency differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.
	Equity securities which are not marketable are stated at cost less any accumulated impairment losses.
	The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.
	<i>Disposal of investments</i>
	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 recognized 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 amount of the total holding of the investment.
(f)	Investment properties
	Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

	Investment properties are stated at cost less accumulated depreciation and accumulated 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 capitalized borrowing costs.				
	Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:				
	<table> <tr> <td>Land improvements</td><td>5 - 20 years</td></tr> <tr> <td>Buildings and structures</td><td>5 - 40 years</td></tr> </table>	Land improvements	5 - 20 years	Buildings and structures	5 - 40 years
Land improvements	5 - 20 years				
Buildings and structures	5 - 40 years				
	<i>Reclassification to property, plant and equipment</i>				
	When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.				
(g)	Finance lease				
	The Group entered into sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. Excess of sales proceeds over the carrying amount is not immediately recognized as income. Instead it is deferred and amortized over the lease term.				
	The Group recognized finance leases as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.				
(h)	Property, plant and equipment				
	<i>Owned assets</i>				
	Property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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 capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.				
	When parts of an item of property, plant and equipment have different consumption patterns or 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 recognized net within other income or other expenses in 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 capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated 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.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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:

Land improvements	5 - 33	years
Buildings and structures		
- SCG Cement-Building Materials	5 - 30	years
- SCG Chemicals	5 - 30	years
- SCG Paper	20 - 30	years
- Other	5 - 40	years
Plant, machinery and equipment		
- SCG Cement-Building Materials	4 - 20	years
- SCG Chemicals	5 - 25	years
- SCG Paper	3 - 20	years
Transportation equipment	3 - 20	years
Furniture, fixtures and office equipment	2 - 20	years

For two particular subsidiaries, Phoenix Pulp & Paper Public Company Limited and Thai Cane Paper Public Company Limited, depreciation of property, plant and equipment has been computed by the following methods over the periods as follows:

Phoenix Pulp & Paper Public Company Limited

		Depreciation method
Land improvements	5 - 30 years	Straight-line
Buildings and structures		
- Acquired prior to 1 January 2002	30 years	Sinking Fund
- Acquired from 1 January 2002	20, 25, 30 years	Straight-line
Machinery and equipment	15 years	Sinking Fund
Certain machinery and equipment	5 - 25 years	Straight-line
Transportation equipment	5 years	Straight-line
Furniture, fixtures and office equipment	3, 5 years	Straight-line

Thai Cane Paper Public Company Limited

		Depreciation method
Land improvements	5 - 20 years	Straight-line
Buildings and structures	5, 20 years	Straight-line
Production machinery		
- Kanchanaburi Mill	Estimated production capacity of 1.92 million tons	
- Prachinburi Mill	Estimated production capacity of 5.25 million tons	
Machinery and equipment	5 - 15 years	Straight-line
Transportation equipment	5 years	Straight-line
Furniture and fixtures	5, 10 years	Straight-line

The effect of using the above different depreciation methods on the consolidated financial statements is insignificant.

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

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

(i) Goodwill and intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

<i>Research and development</i>	
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.	
Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.	
Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.	
<i>Other intangible assets</i>	
Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortization and accumulated impairment losses.	
<i>Subsequent expenditure</i>	
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.	
<i>Amortization</i>	
Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.	
Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, 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 are as follows:	
License fees	term of agreements
Software licenses	3 - 20 years
Other	2 - 20 years
Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.	

(j) Impairment

The carrying amounts of the Group’s assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized 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 recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group’s investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of a non-financial asset is the greater of the asset’s 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.

Reversals of impairment

An impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. 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 accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.

(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Employee benefits

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit other than a defined contribution plan. The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan 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. Any unrecognized past service costs and fair value of plan assets are deducted. The discount rate is the yield at the end of the reporting period 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.

	<p>The calculation is performed by a qualified actuary using the projected unit credit method.</p> <p>When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.</p> <p>The Group recognizes 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.</p> <p><i>Other long-term employee benefits</i></p> <p>The Group's net obligation in respect of long-term employee benefits is 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 end of the reporting period on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.</p> <p>The calculation is performed by a qualified actuary using the projected unit credit method.</p> <p><i>Short-term employee benefits</i></p> <p>Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.</p> <p>A liability is recognized 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>
(m)	<p>Provisions</p> <p>A provision is recognized 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 recognized as finance costs.</p>
(n)	<p>Revenue</p> <p>Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates allowed by the entity.</p> <p><i>Sale of goods and services rendered</i></p> <p>Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognized as services are provided on the basis of stage of completion.</p>

	<p><i>Interest and dividend income</i></p> <p>Interest income is recognized in profit or loss as it accrues. Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.</p> <p><i>Service fee income</i></p> <p>Service fee income is recognized on an accrual basis in accordance with the terms of agreement.</p>
(o)	<p>Expenses</p> <p><i>Operating leases</i></p> <p>Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of lease.</p> <p>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.</p> <p><i>Finance costs</i></p> <p>Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and dividends on preference shares classified as liabilities.</p> <p>Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.</p> <p><i>Early retirement expense</i></p> <p>The Group offered certain qualifiable employees the option to take early retirement from the Group. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group records expenses on early retirement upon mutual acceptance.</p>
(p)	<p>Income tax</p> <p>Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.</p> <p><i>Current tax</i></p> <p>Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.</p> <p><i>Deferred tax</i></p> <p>Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following</p>

	<p>temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.</p> <p>The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.</p> <p>In determining the amount of current and deferred 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.</p> <p>Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.</p> <p>A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.</p>
(q)	<p>Foreign currencies</p> <p><i>Foreign currency transactions</i></p> <p>Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rates ruling at the dates of the transactions.</p> <p>Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.</p> <p>Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency 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 the functional currency at the foreign exchange rates ruling at the dates that fair value was determined.</p> <p><i>Foreign entities</i></p> <p>The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the end of the reporting period.</p> <p>Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates for acquisition occurred before the date 1 January 2013, and stated at exchange rates ruling at the end of reporting period for acquisition beginning on or after 1 January 2013.</p>

	<p>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 and using the weighted average method.</p> <p>Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in other components of equity until disposal of the investments.</p> <p>When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in other components of equity until disposal of the investment.</p>
(r)	<p>Derivative financial instruments</p> <p>Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables and payables, long-term receivables, loans, investments, borrowings and debentures.</p> <p>The Group operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the exchange differences on the items covered by the hedge.</p>
(s)	<p>Business segment reporting</p> <p>Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.</p>
5	<p>Acquisitions of business and changes of status to subsidiaries</p> <p>Year 2013</p> <p>Acquisitions</p> <p>In the second quarter of 2013, the Group had acquired the businesses as the following;</p> <ul style="list-style-type: none"> SCG Cement-Building Materials acquired 85% of the ordinary shares of Prime Group Joint Stock Company (Prime Group) (a leading ceramic tiles business in Vietnam) which consists of 24 subsidiaries for a cash consideration of Baht 5,215 million. SCG Paper acquired 75% of ordinary shares in both Dyna Packs Company Limited (Dyna) and Orient Containers Company Limited (Orient) (Thai producers of corrugated containers) for a cash consideration of Baht 286 million. <p>In the third quarter of 2013, SCG Paper acquired 90% of the ordinary shares of PT Primacorr Mandiri (Primacorr) (Indonesia producer of corrugated container) for a cash consideration of Baht 303 million.</p> <p>The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2009) "Business Combinations", which requires that the assets acquired, liabilities and contingent liabilities assumed be recorded at their fair values on acquisition date, together with goodwill, if any. The determination of the fair values of Prime Group, Dyna, Orient and Primacorr has been completed, and the carrying amount of the assets acquired and liabilities assumed were adjusted accordingly.</p> <p>In 2013, the Group incurred acquisition cost of Baht 45 million which have been included in administrative expenses in the Group's consolidated income statement.</p>

The subsidiaries' net assets and liabilities at acquisition date comprised the following:

	in million Baht				
	Prime				
	Group	Dyna	Orient	Primacorr	Total
Cash and cash equivalents	34	2	24	-	60
Trade receivables	183	240	133	66	622
Inventories	1,323	20	32	61	1,436
Other current assets	420	1	1	3	425
Property, plant and equipment	2,644	127	377	189	3,337
Intangible assets	15	-	-	-	15
Other non-current assets	69	3	14	1	87
Interest-bearing loans and borrowings	(1,666)	(312)	(389)	(81)	(2,448)
Trade payables	(280)	(30)	(175)	(37)	(522)
Other current liabilities	(409)	(10)	(6)	(16)	(441)
Other non-current liabilities	(6)	(1)	(1)	-	(8)
Carrying amounts of net identifiable assets and liabilities	2,327	40	10	186	2,563
Add fair value adjustments	(360)	51	88	52	(169)
Less non-controlling interests	(485)	(23)	(25)	(24)	(557)
Recognized value of net assets acquired	1,482	68	73	214	1,837
Goodwill	3,733	47	98	89	3,967
Total consideration transferred	5,215	115	171	303	5,804
Cash acquired	(34)	(2)	(24)	-	(60)
Net cash outflows	5,181	113	147	303	5,744
Less accrued investment and other specified purpose deposit in bank					(451)
Net cash outflows in 2013					5,293

The Group has continuously determined its review of fair values of the business acquired within one year from the acquisition date, taking into accounts additional information, facts as well as circumstances that existed at the acquisition date. Consequently the Group will adjust the provisional fair values or recognize any additional assets or liabilities that existed at the acquisition date, and the adjustments on accounting transactions of such acquisition will be made.

Changes of status to subsidiaries

In the third quarter of 2013, the financial statements of the Group of Siam Sanitary Ware Company Limited (SSW) and The Siam Sanitary Fittings Company Limited (SSF), companies incorporated in Thailand (a manufacturer of sanitary ware and fittings products), have been included in the Group's consolidated financial statements as a result of shareholders' restructuring. The Group's ownerships (direct and indirect) increased from 36% and 45% to 71% and 91%, respectively. As the result, the Group has significant management control over its financial and operating policies since 2 July 2013. The transaction value is Baht 2,597 million, resulting in the Group determined the fair value of the previously held equity interest in SSW and SSF prior to the change of status from associates to subsidiaries.

In the fourth quarter of 2013, the financial statements of Monier Roofing Company Limited (MRC), company incorporated in Thailand (a manufacturer of clay roof tiles), have been included in the Group's consolidated financial statements as a result of shareholders' restructuring. The Group's ownerships (direct and indirect) increased from 25% to 100%. As the result, the Group has significant management control over its financial and operating policies since 18 December 2013. The transaction value is Baht 37 million, resulting in the Group determined the fair value of the previously held equity interest in MRC prior to the change of status from associate to subsidiary.

	in million Baht		
	SSW & SSF	MRC	Total
Fair value of previously held equity interest	2,576	2	2,578
Less carrying amount of investment at equity method	(1,049)	-	(1,049)
Gain on revaluation of investment	1,527	2	1,529

The subsidiaries' net assets and liabilities at the acquisition date comprised the following:

	in million Baht		
	SSW & SSF	MRC	Total
Cash and cash equivalents	284	6	290
Trade receivables	700	13	713
Inventories	898	62	960
Other current assets	131	3	134
Property, plant and equipment	1,565	29	1,594
Intangible assets	44	-	44
Other non-current assets	68	-	68
Interest-bearing loans and borrowings	(45)	-	(45)
Trade payables	(438)	(14)	(452)
Other current liabilities	(397)	(5)	(402)
Other non-current liabilities	(181)	(2)	(183)
Carrying amounts of net identifiable assets and liabilities	2,629	92	2,721
Add fair value adjustments	1,258	104	1,362
Less non-controlling interests	(858)	-	(858)
Less fair value of previously held equity interest	(2,576)	(2)	(2,578)
Recognized value of net assets acquired	453	194	647
Goodwill	2,144	-	2,144
Gain on a bargain purchase	-	(157)	(157)
Total consideration transferred	2,597	37	2,634
Cash acquired	(284)	(6)	(290)
Net cash outflows in 2013	2,313	31	2,344

The assets and liabilities since acquisition date of these companies have been included in the Group's consolidated financial statements for the year ended 31 December 2013. Since acquisition date, those subsidiaries contributed revenue from sales of Baht 9,196 million to the Group's operating results. If the acquisition had occurred on 1 January 2013, management estimates that consolidated revenue from sales would have been Baht 438,548 million for the year ended 31 December 2013.

Year 2012

Acquisitions

In the first quarter of 2012, the Group acquired 100% of the ordinary shares of three companies in the SCG Concrete Indonesia (Formerly: Boral Indonesia) (construction materials business in Indonesia). In the third quarter of 2012, the Group also acquired 100% of the ordinary shares of another company in Boral Indonesia group of companies. Total investment in entire entities of SCG Concrete Indonesia amounted to Baht 4,284 million.

In the second quarter of 2012, the Group acquired 72% of the ordinary shares of Tawana Container Co., Ltd. (Tawana) (a producer and distributor of corrugated containers in Thailand) for a cash consideration of Baht 410 million.

The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2009) “Business Combinations”, which requires that the assets acquired, liabilities and contingent liabilities assumed be recorded at their fair values on acquisition date, together with goodwill, if any. The determination of the fair values of SCG Concrete Indonesia and Tawana has been completed, and the carrying amount of the assets acquired and liabilities assumed were adjusted accordingly. The acquisition of the ordinary shares of Tawana from former shareholder created benefit from synergies to the Seller as well as to the Group, both market-wise and operation-wise. The Group recorded a gain on bargain purchase of business acquisition amounting to Baht 151 million, which is presented under the caption of “Other income” in the consolidated income statement for the year ended 31 December 2012.

The determination of the fair values of Buu Long Industry & Investment Joint Stock Company (Buu Long), which was acquired by the Group in the fourth quarter of 2011, has been completed. The carrying amount of the assets acquired and liabilities assumed were adjusted accordingly.

The subsidiaries’ net assets and liabilities at the acquisition date comprised the following:

	in million Baht			
	SCG			
	Concrete			
	Tawana	Indonesia	Buu Long	Total
Cash and cash equivalents	149	907	34	1,090
Trade receivables	331	670	-	1,001
Inventories	87	186	5	278
Other current assets	5	137	1	143
Property, plant and equipment	222	1,104	8	1,334
Other non-current assets	19	334	8	361
Interest-bearing loans and borrowings	-	(670)	-	(670)
Trade payables	(318)	(435)	-	(753)
Other current liabilities	(16)	(482)	(1)	(499)
Other non-current liabilities	(5)	(127)	-	(132)
Carrying amounts of net identifiable assets and liabilities	474	1,624	55	2,153
Add fair value adjustments	307	1,220	126	1,653
Less non-controlling interests	(220)	-	(2)	(222)
Recognized value of net assets acquisition	561	2,844	179	3,584
Goodwill	-	1,440	-	1,440
Gain on a bargain purchase	(151)	-	(9)	(160)
Total consideration transferred	410	4,284	170	4,864
Cash acquired	(149)	(907)	(34)	(1,090)
Net cash outflow	261	3,377	136	3,774
Less cash payment in 2011				(136)
Less accrued investment				(315)
Net cash outflow in 2012				3,323

In the fourth quarter of 2012, the Group acquired the net assets of a Ready-mixed concrete business in Thailand for a cash consideration of Baht 880 million.

Net assets at the acquisition date comprised the following:

	in million Baht
Inventories	36
Property, plant and equipment	688
Other non-current assets	6
Carrying amounts of net identifiable assets	730
Add fair value adjustments	22
Recognized value of net assets acquired	752
Goodwill	128
Total consideration transferred	880
Less accrued investment	(50)
Net cash outflow in 2012	830

The assets, liabilities and operating results since acquisition date of SCG Concrete Indonesia, Tawana and Ready-mixed concrete business have been included in the Group's consolidated financial statements for the year ended 31 December 2012. From the acquisition date, SCG Concrete Indonesia, Tawana and Ready-mixed concrete business contributed revenue from sales to the Group's operating results of Baht 4,093 million, Baht 685 million and Baht 204 million, respectively. If the acquisition had occurred on 1 January 2012, management estimates that the Group's consolidated revenue from sales would have been Baht 411,942 million for the year ended 31 December 2012.

The Group has continuously determined its review of fair values of the business acquired within one year from the acquisition date, taking into accounts additional information, facts as well as circumstances that existed at the acquisition date. Consequently the Group will adjust the provisional fair values or recognize any additional assets or liabilities that existed at the acquisition date, and the adjustments on accounting transactions of such acquisition will be made.

In the first quarter of 2012, the Group adjusted goodwill of PT Keramika Indonesia Assosiasi,Tbk. (KIA) amounting down to Baht 278 million to reflect new information on the assets and liabilities acquired that affected the assets and liabilities recognition at the acquisition date.

Movements during the year ended 31 December on goodwill were as follows:

	in million Baht	
	2013	2012
Cost		
At 1 January	2,511	1,170
Increase through business combination	1,568	1,341
Adjustment	(278)	-
At 31 December	3,801	2,511

Change of status to subsidiary

In the first quarter of 2012, the financial statements of Mariwasa-Siam Ceramics, Inc. (MSC), a private company incorporated in the Philippines, (the principal activities of which are the manufacture and distribution of ceramic tiles) have been included in the Group's consolidated financial statements as a result of shareholders' restructuring and significant management control over its financial and operating policies that the Group has established since 31 March 2012. The transaction value is Baht 467 million, resulting in the Group's ownerships (direct and indirect) increasing from 46% to 83%. The Group determined the fair value of the previously held equity interest in MSC prior to the change status of associate to subsidiary.

	in million Baht
Fair value of previously held equity interest	264
Less carrying amount of investment at equity method	(238)
Gain on revaluation of investment	26

The subsidiary's net assets and liabilities at the acquisition date comprised the following:

	in million Baht
Cash and cash equivalents	192
Trade receivables	164
Inventories	357
Other current assets	76
Property, plant and equipment	1,139
Other non-current assets	126
Interest-bearing loans and borrowings	(740)
Trade payables	(291)
Other current liabilities	(144)
Carrying amounts of net identifiable assets and liabilities	879
Add fair value adjustments	292
Less non-controlling interests	(233)
Less fair value of previously held equity interest	(264)
Recognized value of net assets acquired	674
Gain on a bargain purchase	(207)
Total consideration transferred	467
Cash acquired	(192)
Net cash outflow in 2012	275

Acquisition of non-controlling interests without a change in control

In the first quarter of 2012, the Group acquired additional interest in subsidiary by purchase of the ordinary shares of Thai Plastic and Chemicals Public Company Limited (TPC) from connected persons totalling shares 263.5 million or equivalent to 30.12% for a total consideration of Baht 7,906 million and also submitted the Statement of Intention for Tender Offer to the Securities and Exchange Commission. As at 31 December 2012, the Group held 90.67% interest in TPC, with total investment during 2012 amounted to Baht 11,798 million, increased 45.02%.

Summary of the effect of changes in ownership interest in subsidiary that do not result in a loss of control is as follows:

	in million Baht
Fair value of the consideration transferred	11,798
Less non-controlling interests acquired	(6,016)
Decrease in equity attributable to owners of the parent from additional investment in subsidiary	5,782

6 Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control, common control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	in million Baht		Pricing policies
	2013	2012	
<i>Associates and jointly-controlled entities</i>			
Purchases	16,872	19,689	Market price
Service fee	1,889	1,532	Market price
Revenue from sales	54,968	49,344	Market price
Service income and others	923	1,317	Market price
Management fee and others	2,025	1,662	Mainly based on percentage of revenue from sales
Dividend income	2,813	3,545	Upon declaration
<i>Other</i>			
Purchases	2,827	2,980	Market price
Revenue from sales	956	1,010	Market price
Service income and others	128	98	Market price
Management fee and others	347	357	Mainly based on percentage of revenue from sales
Dividend income	4,525	4,210	Upon declaration

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

	in million Baht	
	2013	2012
<i>Associates and jointly-controlled entities</i>		
PT Chandra Asri Petrochemical Tbk.	1,964	668
Siam Polyethylene Co., Ltd.	943	1,600
Siam Styrene Monomer Co., Ltd.	840	614
Bangkok Synthetics Co., Ltd.	796	594
Siam Synthetic Latex Co., Ltd.	374	482
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	290	30
Grand Siam Composites Co., Ltd.	257	270
Thai MMA Co., Ltd.	125	432
SCG Plastics (Shanghai) Co., Ltd.	68	21
SCG Plastics (China) Co., Limited	55	16
Binh Minh Plastics Joint Stock Company	52	17
The Siam Gypsum Industry (Saraburi) Co., Ltd.	51	32
Siam Toppan Packaging Co., Ltd.	48	46
Siam Global House Public Company Limited	37	32
Siam Tohcello Co., Ltd.	24	73
TCG Rengo Subang (M) Sdn. Bhd.	24	-
Tien Phong Plastics Joint Stock Company	22	5
Siam Kubota Corporation Co., Ltd.	19	16

Nawacam Co., Ltd.
Siam Mitsui PTA Co., Ltd.
PT Styrimdo Mono Indonesia
Riken (Thailand) Co., Ltd.
Other companies

Other
Siam Yamato Steel Co., Ltd.
Other companies

Total

Other receivables

Associates and jointly-controlled entities
Siam Kubota Corporation Co., Ltd.
Long Son Petrochemicals Co., Ltd.
Thai MMA Co., Ltd.
Siam Mitsui PTA Co., Ltd.
Grand Siam Composites Co., Ltd.
Thai PET Resin Co., Ltd.
Thai MFC Co., Ltd.
IT One Co., Ltd.
Other companies

Other
Michelin Siam Group Co., Ltd.
Siam Yamato Steel Co., Ltd.
Other companies

Total

Short-term loans to related parties

Associates
PT M Class Industry
GTC Technology International, LP
Other companies
Total

in million Baht	
2013	2012
19	15
17	30
-	135
-	23
65	89
6,090	5,240

107	84
11	9
118	93
6,208	5,333

in million Baht	
2013	2012
322	291
62	6
54	25
52	45
40	29
20	18
16	8
-	31
100	102
666	555

205	205
11	6
35	22
251	233
917	788

in million Baht	
2013	2012
100	94
41	38
5	5
146	137

Long-term loans to related parties

Associate

Mariwasa Holdings, Inc.

Movements during the years on loans to related parties were as follows:

Short-term

At 1 January

Increase

Decrease

Change of status to subsidiary

At 31 December

Long-term

At 1 January

Increase

Decrease

Increase through business combination

Change of status to subsidiary

At 31 December

Trade payables

Associates

Siam Kubota Corporation Co., Ltd.

Siam Polyethylene Co., Ltd.

Bangkok Synthetics Co., Ltd.

Mehr Petrochemical Company (P.J.S.C.)

PT Chandra Asri Petrochemical Tbk.

Thai PET Resin Co., Ltd.

Siam Synthetic Latex Co., Ltd.

The Siam Gypsum Industry (Saraburi) Co., Ltd.

IT One Co., Ltd.

Jumbo Barges and Tugs Co., Ltd.

Sekisui-SCG Industry Co., Ltd.

Siam Styrene Monomer Co., Ltd.

Thai MMA Co., Ltd.

Other companies

Other

Siam Yamato Steel Co., Ltd.

Other companies

Total

in million Baht	
2013	2012
143	137
in million Baht	
2013	2012
137	154
47	6
(38)	(10)
-	(13)
146	137
in million Baht	
2013	2012
137	401
7	37
(1)	(294)
-	102
-	(109)
143	137
in million Baht	
2013	2012
404	260
398	371
393	257
286	579
224	515
95	111
81	16
65	79
57	44
46	73
36	55
28	29
15	164
48	66
2,176	2,619
161	221
3	1
164	222
2,340	2,841

Other payables

Associates

IT One Co., Ltd.

Siam Polyethylene Co., Ltd.

Other companies

Total

Short-term loans from related parties

Other

PT Trans-Pacific Polyethylene Indonesia

Other companies

Total

Movements during the years on short-term loans from related parties were as follows:

At 1 January

Increase

Decrease

At 31 December

Key management compensation

For the year ended 31 December

Short-term employee benefits

Post-employment benefits

Total

Management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

in million Baht	
2013	2012
91	48
71	-
17	12
179	60
in million Baht	
2013	2012
77	72
11	33
88	105
in million Baht	
2013	2012
105	93
22	882
(39)	(870)
88	105
in million Baht	
2013	2012
332	264
20	15
352	279

7 Trade and other receivables

		in million Baht	
	Note	2013	2012
Trade receivables			
Related parties	6	6,208	5,333
Other companies		34,488	32,264
Less allowance for doubtful accounts		867	821
Net		33,621	31,443
		39,829	36,776
Other receivables			
Related parties	6	917	788
Other companies		8,707	5,313
		9,624	6,101
Total		49,453	42,877
Doubtful debts expenses (bad debts recovery) for the year		75	(7)
		in million Baht	
		2013	2012
Trade receivables			
Related parties			
Within credit terms		6,135	5,280
Overdue:			
Less than 3 months		71	49
3 - 6 months		1	3
Over 6 - 12 months		-	1
Over 12 months		1	-
Total		6,208	5,333
Other companies			
Within credit terms		30,021	28,316
Overdue:			
Less than 3 months		3,061	2,806
3 - 6 months		475	308
Over 6 - 12 months		155	81
Over 12 months		776	753
		34,488	32,264
Less allowance for doubtful accounts		867	821
Net		33,621	31,443
Total		39,829	36,776

The normal credit term granted by the Group is 30 - 90 days.

As at 31 December 2013, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 1,155 million (2012: Baht 795 million).

8 Inventories

	in million Baht	
	2013	2012
Finished goods	21,601	19,841
Goods in process	2,898	2,492
Raw materials	13,023	10,109
Spare parts	6,380	5,865
Stores, supplies and others	4,779	4,979
Raw materials in transit	7,539	6,051
Total	56,220	49,337
Less allowance for decline in value	663	447
Net	55,557	48,890
Cost of inventories recognized as an expense in cost of sales:		
- Cost of sales	363,096	353,695
- Write-down to net realizable value	(738)	(1,059)
- Reversal of write-down	583	1,002
- Service cost and other	(1,914)	(1,874)
Net total	361,027	351,764
Changes in inventories of finished goods and goods in process	(2,166)	(2,679)
Raw materials and supplies used	237,568	194,564

9 Cash and cash equivalents and other investments

	in million Baht	
	2013	2012
Cash and cash equivalents		
Cash on hand and at banks	12,658	11,204
Highly liquid short-term investments	4,770	13,793
Cash (Private funds)	6	67
Total	17,434	25,064
Temporary investments		
Fixed deposits with financial institutions	-	1,690
Available-for-sale debt securities (Private funds)	6,984	5,987
Total	6,984	7,677
Available-for-sale investments		
Available-for-sale debt securities (Private funds)	5,178	5,696
Marketable equity securities	5,959	6,352
Total	11,137	12,048

As at 31 December 2013, the value of private funds invested by 3 independent assets management companies was totalling Baht 12,168 million. Those private funds had invested in debt securities which had high liquidity and rating as investment grade with return rates from 2.27% to 4.31% per annum.

The quoted market prices of available-for-sale investments on the Stock Exchange as at 31 December 2013 are as follows:

	in million Baht		
	Net changes in		
	fair value of		
	Cost	Quoted market prices (latest bid price)	available-for-sale securities
Marketable securities	14,787	18,122	3,335

Movements during the year of net changes in fair value of available-for-sale investments (before tax) were as follows:

	in million Baht	
	2013	2012
Net change in fair value	805	921
Transfer of gain on net change in fair value to profit or loss	(636)	(100)
Net	169	821

During 2013, the Group sold the available-for-sale investments and recorded a gain before tax which was presented under the caption of “Other income” in the income statement for the year ended 31 December 2013 amounting to Baht 636 million.

10 Investments in associates and jointly-controlled entities

Movements for the years ended 31 December in investments in associates and jointly-controlled entities accounted for using the equity method were as follows:

	in million Baht	
	2013	2012
At 1 January	65,575	55,747
Share of net profit of investments - equity method	6,546	1,561
Increase in investments	10,870	12,432
Dividend income	(2,813)	(3,545)
Disposals	(194)	(342)
Change of the status to associate	24	-
Change of the status to subsidiaries	(1,049)	(149)
Other	229	(129)
At 31 December	79,188	65,575

Investments in associates and jointly-controlled entities as at 31 December and dividends from these investments in the years ended at the same date are as follows:

	Total direct/ indirect holding		in million Baht							
	(%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Associates										
SCG Cement-Building Materials										
Siam Global House Public Company Limited	30	31	2,613	2,152	9,414	9,414	9,737	9,454	12	-
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	2,325	1,139	1,139	775	898	-	-
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	592	627	298	134
Jumbo Barges and Tugs Co., Ltd.	45	32	399	399	262	145	307	185	3	-
Noritake SCG Plaster Co., Ltd.	40	40	405	405	134	134	179	192	-	-
Anhui Conch-SCG Refractory Co., Ltd.	30	30	497	497	148	148	174	142	-	-
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	55	58	5	5
Green Siam Resources Corporation	40	40	95	95	38	38	49	50	-	-
PT M Class Industry	28	28	222	222	106	106	38	38	-	-
CPAC Monier (Laos) Co., Ltd.	50	38	21	21	11	11	27	23	-	-
Mariwasa Holdings, Inc.	40	40	267	267	94	94	20	22	-	-
CMPI Holding, Inc.	40	20	55	55	18	11	16	21	-	-
Siam Sanitary Ware Co., Ltd.	-	36	-	60	-	50	-	705	26	39
The Siam Sanitary Fittings Co., Ltd.	-	45	-	200	-	66	-	371	20	7
TOTO Manufacturing (Thailand) Co., Ltd.	-	40	-	920	-	368	-	227	-	-
Other companies			136	300	51	85	57	39	-	1
			7,248	8,131	11,492	11,886	12,026	13,052	364	186

	Total direct/ indirect holding		in million Baht							
	(%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
SCG Chemicals										
Bangkok Synthetics Co., Ltd.	49	26	1,173	1,173	10,812	2,036	15,938	6,703	305	458
PT Chandra Asri Petrochemical Tbk.	30	30	14,690	10,629	14,134	12,894	13,609	12,037	-	-
Siam Styrene Monomer Co., Ltd.	50	50	4,755	4,755	2,375	2,375	5,093	3,508	-	-
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,424	3,632	823	1,265
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	2,491	2,892	-	14
Siam Synthetic Latex Co., Ltd.	50	50	5,789	5,789	2,788	2,788	1,401	1,541	-	-
Tien Phong Plastics										
Joint Stock Company	22	21	652	652	738	702	849	751	54	29
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	829	734	-	25
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	810	989	600	191
Binh Minh Plastics										
Joint Stock Company	19	19	682	525	642	642	780	686	35	32
Riken (Thailand) Co., Ltd.	32	32	120	120	42	42	523	527	114	-
Mitsui Advanced Composites										
(Zhongshan) Co., Ltd.	20	20	596	596	119	119	337	276	58	55
Siam Tohcello Co., Ltd.	45	45	592	444	266	200	251	203	-	-
GTC Technology International, LP	25	25	191	191	107	107	245	186	-	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	194	183	18	3
Mehr Petrochemical Company (P.J.S.C.)	39	39	1,335	1,335	801	801	177	433	-	-
PT Siam Masplon Terminal	50	50	327	327	163	163	162	161	-	-
Thai PET Resin Co., Ltd.	20	20	900	900	180	180	158	183	-	16
GTC Technology US, LLC	25	25	102	102	160	160	114	139	-	1
SD Group Service Co., Ltd.	50	50	78	78	38	38	110	109	-	-
Siam Mitsui PTA Co., Ltd.	-	50	-	4,800	-	2,372	-	4,093	-	1,044
Other companies			20	80	18	47	79	125	14	18
			43,306	43,800	38,884	31,167	47,574	40,091	2,021	3,151
SCG Paper										
Siam Nippon Industry Paper Co., Ltd.	44	44	1,100	495	495	223	490	219	-	-
Siam Toppan Packaging Co., Ltd.	48	48	500	500	245	245	372	364	3	1
TCG Rengo Subang (M) Sdn. Bhd.	17	-	804	-	201	-	184	-	-	-
Saha Green Forest Co., Ltd.	25	25	190	190	48	48	47	44	-	-
Other companies			263	263	105	105	-	-	-	-
			2,857	1,448	1,094	621	1,093	627	3	1
Other										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	9,738	7,242	109	-
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	1,407	1,171	42	17
Musashi Auto Parts Co., Ltd.	21	21	200	200	42	42	736	501	-	-
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	705	652	42	46
Aisin Takaoka Foundry										
Bangpakong Co., Ltd.	30	30	475	475	142	142	497	474	45	51
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	427	420	28	25
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	343	328	9	15
Muang Thong United Co., Ltd.	30	30	120	120	120	120	116	130	-	-
IT One Co., Ltd.	20	20	80	80	16	16	92	95	68	30
Siam Lemmerz Co., Ltd.	30	30	110	107	294	293	88	181	82	23
			4,657	4,654	2,046	2,045	14,149	11,194	425	207

	Total direct/ indirect holding		in million Baht							
	(%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Jointly-controlled entities										
SCG Chemicals										
Siam Mitsui PTA Co., Ltd.	50	-	4,800	-	2,372	-	3,528	-	-	-
Long Son Petrochemicals Co., Ltd.	44	44	1,646	1,646	758	758	619	611	-	-
SMH Co., Ltd.	50	-	60	-	31	-	25	-	-	-
SCG Cement-Building Materials										
SCG Nichirei Logistics Co., Ltd.	51	-	342	-	174	-	174	-	-	-
Total			64,916	59,679	56,851	46,477	79,188	65,575	2,813	3,545

The following summarized financial information related to interests in jointly-controlled entities for the years ended 31 December is as follows:

	Total direct/ indirect holding	(%)	in million Baht							
			Current	Non-	Total	Current	Non-	Share-	Total	Loss
			assets	current	assets	liabilities	current	holders'	revenues	for
				assets			liabilities	equity	expenses	the year
2013										
Siam Mitsui PTA Co., Ltd.	50		2,165	4,324	6,489	1,903	1,039	3,547	15,243	(15,809)
Long Son Petrochemicals Co., Ltd.	44		424	267	691	71	-	620	-	(4)
SMH Co., Ltd.	50		6	28	34	-	-	34	-	-
SCG Nichirei Logistics Co., Ltd.	51		97	86	183	3	6	174	3	(3)
2012										
Long Son Petrochemicals Co., Ltd.	44		478	150	628	17	-	611	3	(22)

Acquisition

In the fourth quarter of 2013, the Group acquired the ordinary shares of Bangkok Synthetics Co., Ltd., interest in such company increased from 26.01% to 48.84% and PT Chandra Asri Petrochemical Tbk., increased from 30.06% to 30.12% for a total cash consideration of Baht 10,016 million.

Disposal

In the second quarter of 2013, the status of TCG Rengo Subang (M) Sdn. Bhd. has been changed from subsidiary to associate since the Group partially sold its 52.50% interest in the ordinary shares to Rengo Group.

In the third quarter of 2013, the Group sold its 40% interest in the ordinary shares of TOTO Manufacturing (Thailand) Company Limited to TOTO Group. As a result, the Group recorded profit before tax amounting to Baht 174 million, which was presented under the caption of “Other income” in the consolidated income statement for the year ended 31 December 2013.

Common stock dividend payments

In the first quarter of 2013, the Board of Directors Meeting of Siam Global House Public Company Limited approved dividend payment of cash dividend and common stock dividend with the date of dividend payment on 3 May 2013. The Group is entitled to receive common stock dividend of approximately 112 million shares at the par value Baht 1 per share, totalling approximately Baht 112 million.

In the second quarter of 2013, the Annual General Meeting of the Shareholders of Binh Minh Plastics Joint Stock Company approved dividend payment of cash dividend and common stock dividend with the date of dividend payment on 5 July 2013. The Group is entitled to receive common stock dividend of approximately 2.14 million shares at the par value VND 10,000 per share, totalling approximately Baht 32 million.

11 Other long-term investments

	Total direct/ indirect holding (%)		in million Baht			
			Investment		Dividend income	
	2013	2012	2013	2012	2013	2012
At Cost						
SCG Cement-Building Materials						
Asia Cement Public Company Limited	10	10	942	942	39	39
Holcim Cement (Bangladesh) Limited	10	10	375	375	10	17
Finfloor S.P.A.	10	10	299	299	-	-
Other companies			59	53	-	4
			1,675	1,669	49	60
SCG Chemicals						
PT Trans-Pacific Petrochemical Indotama	20	20	2,002	2,002	-	-
PT Trans-Pacific Polyethylene Indonesia *	39	39	184	184	-	-
PT Trans-Pacific Polyethylindo *	39	39	131	131	-	-
PT Trans-Pacific Styrene Indonesia	10	10	31	31	-	-
PT Trans-Pacific Polypropylene Indonesia	10	10	22	22	-	-
Other companies			33	33	7	5
			2,403	2,403	7	5
* No existence of significant influence						
SCG Paper			31	31	-	-
Other						
Toyota Motor Thailand Co., Ltd.	10	10	881	881	4,226	3,933
Siam Yamato Steel Co., Ltd.	10	10	484	484	-	-
Michelin Siam Group Co., Ltd.						
- Cumulative preferred shares	10	10	267	267	205	205
Lysando AG	10	-	180	-	-	-
Siam Toyota Manufacturing Co., Ltd.	4	4	138	138	38	7
Other companies			13	13	-	-
			1,963	1,783	4,469	4,145
Total			6,072	5,886	4,525	4,210
Less accumulated impairment losses			2,594	2,600	-	-
Net			3,478	3,286	4,525	4,210

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements as at 31 December 2013 are as follows:

	in million Baht		
	Cost	Interests in carrying amount	Accumulated impairment losses
Non-marketable securities	6,072	9,353	(2,594)

12 Investment properties

	in million Baht		
	Land and land improvements	Buildings and structures	Total
Cost			
At 1 January 2012	1,389	617	2,006
Disposals	(59)	(57)	(116)
At 31 December 2012	1,330	560	1,890
Additions	61	-	61
Adjustment	(24)	(64)	(88)
Reclassification from property, plant and equipment	63	-	63
At 31 December 2013	1,430	496	1,926
Accumulated depreciation and accumulated impairment losses			
At 1 January 2012	109	302	411
Depreciation charge for the year	1	29	30
Disposals	(1)	(24)	(25)
At 31 December 2012	109	307	416
Depreciation charge for the year	-	23	23
Impairment losses	7	-	7
Adjustment	(1)	(54)	(55)
At 31 December 2013	115	276	391
Carrying amount			
At 31 December 2012	1,221	253	1,474
At 31 December 2013	1,315	220	1,535

Investment properties were revalued as at 31 December 2013 at open market values on an existing use basis. The appraised value was Baht 3,761 million (2012: Baht 3,732 million).

13 Property, plant and equipment

	in million Baht						
	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Cost							
At 1 January 2012	18,459	43,905	289,472	4,327	4,935	14,688	375,786
Acquisitions through business combinations	939	988	5,622	467	117	308	8,441
Additions	774	208	1,887	136	407	14,791	18,203
Disposals/written off	(26)	(95)	(1,741)	(37)	(110)	(21)	(2,030)
Transfers in/(out)	438	1,017	7,533	147	52	(9,690)	(503)
Foreign currency translation differences	(121)	(213)	(386)	(33)	(4)	(36)	(793)
At 31 December 2012	20,463	45,810	302,387	5,007	5,397	20,040	399,104
Acquisitions through business combinations	1,150	3,196	7,047	194	210	746	12,543
Additions	1,267	1,366	4,862	446	294	18,820	27,055
Disposals/written off	(54)	(210)	(2,452)	(92)	(237)	(9)	(3,054)
Transfers to investment properties	(63)	-	-	-	-	-	(63)
Transfers to assets held for sales	-	-	(544)	-	-	-	(544)
Transfers in/(out)	1,004	3,443	17,323	330	320	(21,768)	652
Foreign currency translation differences	(314)	91	(131)	(17)	(16)	(63)	(450)
At 31 December 2013	23,453	53,696	328,492	5,868	5,968	17,766	435,243

	in million Baht						
	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Accumulated depreciation and accumulated impairment losses							
At 1 January 2012	6,028	24,235	180,864	3,809	4,167	-	219,103
Acquisitions through business combinations	6	354	2,879	92	95	-	3,426
Depreciation charge for the year	428	1,784	10,741	219	323	-	13,495
Impairment losses	-	-	5	-	-	-	5
Disposals/written off	(21)	(74)	(1,637)	(36)	(107)	-	(1,875)
Transfers in/(out)	-	20	(99)	3	11	-	(65)
Foreign currency translation differences	(7)	(37)	(199)	(26)	(8)	-	(277)
At 31 December 2012	6,434	26,282	192,554	4,061	4,481	-	233,812
Acquisitions through business combinations	105	907	4,856	99	160	-	6,127
Depreciation charge for the year	429	1,960	12,022	314	356	-	15,081
Impairment losses (reversal)	-	28	(18)	-	-	-	10
Disposals/written off	(42)	(170)	(2,372)	(75)	(211)	-	(2,870)
Transfers to assets held for sales	-	-	(401)	-	-	-	(401)
Transfers in/(out)	1	242	(231)	(14)	(39)	-	(41)
Foreign currency translation differences	13	11	(61)	(12)	(15)	-	(64)
At 31 December 2013	6,940	29,260	206,349	4,373	4,732	-	251,654
Carrying amount							
At 31 December 2012	14,029	19,528	109,833	946	916	20,040	165,292
At 31 December 2013	16,513	24,436	122,143	1,495	1,236	17,766	183,589

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to Baht 134,771 million as at 31 December 2013 (2012: Baht 133,058 million).

Capitalized borrowing costs relating to the acquisition of the property, plant and equipment incurred in the year ended 31 December 2013, amounting to Baht 209 million (2012: Baht 114 million), rates of interest capitalized at 4.40% - 5.00% per annum (2012: 4.48% - 5.25% per annum), were capitalized as part of the cost of construction in progress.

The cost of machinery and equipment held under finance leases was Baht 3,727 million as at 31 December 2013 (2012: Baht 3,731 million) and has carrying amount of Baht 1,100 million as at 31 December 2013 (2012: Baht 1,253 million).

14 Goodwill and intangible assets

	in million Baht				
	Goodwill	Software licenses & license fees	Development cost	Other	Total
Cost					
At 1 January 2012	2,511	4,987	335	1,639	9,472
Acquisitions through business combinations	1,568	5	18	855	2,446
Additions	-	89	322	42	453
Disposals/written off	-	(55)	-	-	(55)
Adjustment	(278)	-	-	-	(278)
Transfers in/(out)	-	220	(213)	3	10
At 31 December 2012	3,801	5,246	462	2,539	12,048
Acquisitions through business combinations	6,111	61	15	8	6,195
Additions	-	310	1,465	277	2,052
Disposals/written off	-	(108)	(22)	-	(130)
Foreign currency translation differences	388	-	-	-	388
Transfers in/(out)	-	219	(304)	81	(4)
At 31 December 2013	10,300	5,728	1,616	2,905	20,549
Accumulated amortization					
At 1 January 2012	-	2,712	-	238	2,950
Amortization charge for the year	-	406	-	73	479
Disposals/written off	-	(55)	-	-	(55)
Transfers in/(out)	-	-	(3)	6	3
At 31 December 2012	-	3,063	(3)	317	3,377
Acquisitions through business combinations	-	24	-	3	27
Amortization charge for the year	-	466	-	138	604
Disposals/written off	-	(56)	-	-	(56)
Transfers in/(out)	-	8	-	10	18
At 31 December 2013	-	3,505	(3)	468	3,970
Carrying amount					
At 31 December 2012	3,801	2,183	465	2,222	8,671
At 31 December 2013	10,300	2,223	1,619	2,437	16,579

For the purpose of impairment testing, the recoverable amount of goodwill was based on its value in use and was determined by discounting the future cash flows for the period of five years using weighted average cost of capital of the Group.

15 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the consolidated statement of financial position as follows:

	in million Baht	
	2013	2012
Deferred tax assets	4,604	4,301
Deferred tax liabilities	(2,773)	(2,472)
Net	1,831	1,829

Movements in total deferred tax assets and liabilities during the years were as follows:

	in million Baht					
	At 1 January 2012	Credited (charged) to		Increase through business combinations	Translation differences	At 31 December 2012
		profit or loss (note 30)	other comprehensive income			
Deferred tax assets						
Investments	228	(105)	3	-	-	126
Property, plant and equipment	258	(12)	-	-	(1)	245
Employee benefit liabilities	697	153	225	30	(1)	1,104
Loss carry forward	2,035	1,209	-	-	-	3,244
Other	634	92	-	41	6	773
Total	3,852	1,337	228	71	4	5,492
Deferred tax liabilities						
Available-for-sale investments	(648)	(192)	15	-	-	(825)
Property, plant and equipment	(1,307)	(563)	-	(805)	3	(2,672)
Other	(556)	42	-	333	15	(166)
Total	(2,511)	(713)	15	(472)	18	(3,663)
Net	1,341	624	243	(401)	22	1,829

in million Baht

	Credited (charged) to					At 31 December 2013
	At 1 January 2013	profit or loss (note 30)	other comprehensive income	Increase through business combinations	Translation differences	
Deferred tax assets						
Investments	126	56	-	-	-	182
Property, plant and equipment	245	(8)	-	78	8	323
Employee benefit liabilities	1,104	60	5	38	(3)	1,204
Loss carry forward	3,244	126	-	23	-	3,393
Other	773	(37)	-	14	(5)	745
Total	5,492	197	5	153	-	5,847
Deferred tax liabilities						
Available-for-sale investments	(825)	30	(1)	-	3	(793)
Property, plant and equipment	(2,672)	(52)	-	(369)	(5)	(3,098)
Other	(166)	29	-	-	12	(125)
Total	(3,663)	7	(1)	(369)	10	(4,016)
Net	1,829	204	4	(216)	10	1,831

Deferred tax assets (liabilities) arising from temporary differences and unused tax losses that have not been recognized in the financial statements were as follows:

	in million Baht	
	2013	2012
Deductible temporary differences		
- Inventories	9	7
- Employee benefit liabilities	19	17
Unused tax losses	5,463	4,637
Total	5,491	4,661

The deductible temporary differences do not expire under current tax legislation and the tax losses which would be expired within 2018. The Group has not recognized these items in deferred tax assets.

16 Other non-current assets

	in million Baht	
	2013	2012
Land prepayments	1,111	1,061
Land and assets not used in operations	883	1,417
Factory prepayments	643	685
Recoverable tax	320	272
Other	2,258	2,250
Total	5,215	5,685
Less accumulated impairment losses	163	163
Net	5,052	5,522

17 Bank overdrafts and short-term loans from financial institutions

	in million Baht	
	2013	2012
Promissory notes	11,192	12,382
Loans	1,610	1,301
Bank overdrafts and others	115	88
Total	12,917	13,771

The Group has overdraft lines with several banks amounting to approximately Baht 6,500 million in 2013 (2012: Baht 6,000 million).

18 Long-term debts

	in million Baht	
	2013	2012
Current		
- Unsecured		
Current portion of long-term debts	5,073	4,638
Current portion of finance lease liabilities	786	580
	5,859	5,218
Non-current		
- Unsecured		
Long-term debts	26,913	29,491
Finance lease liabilities	16	807
	26,929	30,298
Total	32,788	35,516

The currency denomination of interest-bearing debts is as follows:

	in million Baht	
	2013	2012
Thai Baht	22,453	21,871
US Dollars	8,732	11,665
Euro	977	1,101
Peso	496	697
Other	130	182
Total	32,788	35,516

During the year ended 31 December 2013, the Group has drawn down under the loan agreements made equivalent to Baht 4,600 million (2012: Baht 7,866 million). The average interest rates are approximately 0.62% - 5.25% per annum (2012: 0.62% - 7.75% per annum). Repayment schedules are monthly to semi-annually, with payment period of 3 - 15 years and some loans have repayment schedule at maturity of the loan agreements. Many of the above long-term loans are guaranteed by the Company.

The average interest rate of long-term debts in foreign currency is approximately 1.28% per annum in 2013 (2012: 1.08% per annum). The Group has mainly entered into various forward foreign exchange contracts and interest rate swap agreements to hedge the foreign exchange rate and interest rate risks as discussed in note 34.

The interest-bearing debts, excluding finance lease liabilities, can be classified by periods to maturity as follows:

	in million Baht	
	2013	2012
Within 1 year	5,073	4,638
After 1 year but within 5 years	23,843	23,768
After 5 years	3,070	5,723
Total	31,986	34,129

Finance lease liabilities

Subsidiaries entered into leased machinery and equipment agreements. Lease terms are for a period of 3 - 5 years. Finance lease liabilities as at 31 December are as follows:

	in million Baht		
	Principal	Interest	Payments
Year 2013			
Within 1 year	786	12	798
After 1 year but within 5 years	16	1	17
Total	802	13	815
Year 2012			
Within 1 year	580	38	618
After 1 year but within 5 years	807	12	819
Total	1,387	50	1,437

19 Debentures

As at 31 December 2013, the Company had issued unsubordinated and unsecured debentures totalling Baht 141,500 million (2012: Baht 127,460 million) as follows:

Debentures No.	in million Baht		Interest Rate			Fair Value *	
	2013	2012	(% p.a.)	Term	Maturity Date	2013	2012
Debentures - The Siam Cement Public Company Limited							
1/2009	-	20,000	5.15	4 years	1 April 2013	-	1,004
2/2009	-	10,000	4.15	4 years	1 October 2013	-	1,016
1/2010	10,000	10,000	3.85	4 years	1 April 2014	1,004	1,013
2/2010	5,000	5,000	3.85	4 years	1 October 2014	1,015	1,008
1/2011	15,000	15,000	4.00	4 years	1 April 2015	1,018	1,025
2/2011	10,000	10,000	4.50	4 years	1 November 2015	1,022	1,037
1/2012	25,000	25,000	4.15	4 years	1 April 2016	1,021	1,020
2/2012	25,000	25,000	4.15	4 years	1 November 2016	1,020	1,006
3/2012	6,500	6,500	4.40	7 years	12 October 2019	1,006	1,028
1/2013	25,000	-	4.00	4 years	1 April 2017	1,003	-
2/2013	20,000	-	4.25	4 years	1 October 2017	1,013	-
Total	141,500	126,500					

Convertible Debentures - Thai-German Ceramic Industry Public Company Limited **

1/2008	-	960	1st - 2nd year	5 years	1 August 2013	-	952
			MLR minus 3.50				
			3rd - 5th year				
			MLR minus 3.00				
Total	141,500	127,460					
Less Debentures							
held by subsidiaries	363	1,277					
Net	141,137	126,183					
Less Current portion	14,963	29,910					
Net	126,174	96,273					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2013 and 2012.

** Debenture holders have the option to convert the debentures into TGCI shares at the rate of Baht 1.45 per share of TGCI, subject to the adjustment of which is specified in the agreement. The holders can exercise the option after 2 years from the issuance date of the debentures.

20 Employee benefit liabilities

The Group operates post-employment benefits and pension plans based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

Employee benefit liabilities in consolidated statements of financial position as at 31 December

	in million Baht	
	2013	2012
Post-employment benefits		
Legal severance payments plan	5,202	4,657
Pension	42	56
Other long-term employee benefits	669	647
Other employee benefits	272	258
Total	6,185	5,618
Less plan assets of foreign subsidiaries	62	52
Net	6,123	5,566

Movements in the present value of the defined benefit obligations

	in million Baht	
	2013	2012
For the years ended 31 December		
Defined benefit obligations at 1 January	5,360	3,559
Benefits paid	(233)	(302)
Current service costs and interest	655	453
Acquisitions through business combinations	184	115
Actuarial losses (gains)		
Recognized in profit or loss	(5)	189
Recognized in other comprehensive income	28	1,287
Foreign currency translation differences	(76)	(18)
Losses from adjustment on defined benefit liabilities	-	77
Defined benefit obligations at 31 December	5,913	5,360

Movements in the fair value of plan assets of foreign subsidiaries

	in million Baht	
	2013	2012
For the years ended 31 December		
Plan assets at 1 January	52	19
Contributions paid into the plan	19	12
Benefits paid	(10)	(8)
Expected return on plan assets of foreign subsidiaries	1	3
Actuarial gains	-	1
Increase through business combinations	-	25
Plan assets at 31 December	62	52

Consolidated statement of comprehensive income

Recognized in profit or loss

	in million Baht	
	2013	2012
For the years ended 31 December		
Current service costs	448	246
Interest on obligation	207	207
Expected return on plan assets of foreign subsidiaries	(1)	(3)
Actuarial losses (gains)	(5)	189
Total	649	639

Expenses recognized in profit or loss are included in the following:

	in million Baht	
	2013	2012
For the years ended 31 December		
Cost of sales	184	274
Administrative expenses	465	365
Total	649	639

Recognized in other comprehensive income

	in million Baht	
	2013	2012
For the years ended 31 December		
Actuarial losses	28	1,287

Principal actuarial assumptions at the end of the reporting period

Defined benefit obligations

	%	
	2013	2012
For the years ended 31 December		
Discount rate		
- Thailand	3.20 - 4.58	3.20 - 4.58
- Vietnam	10.50	10.50
- Other	5.10 - 7.50	5.72 - 7.00
Salary increase rate	3.00 - 8.70	3.00 - 8.70
Employee turnover rate	0.50 - 20.00 *	0.50 - 20.00 *
Mortality rate	25.00, 30.00, 50.00 of TMO2008 **	25.00, 30.00, 50.00 of TMO2008 **

* Upon the length of service

** Reference from TMO2008: Thai Mortality Ordinary Table 2008

Plan assets of foreign subsidiaries

	%	
	2013	2012
For the years ended 31 December		
Discount rate	5.10, 5.75	5.96, 6.40
Expected return on plan assets	4.00, 7.00	4.00, 7.00

21 Other non-current liabilities

	in million Baht	
	2013	2012
Deferred revenue	381	420
Provision for share certificates compensation case	307	286
Accrued dividend and interest of debentures	169	131
Other	823	274
Total	1,680	1,111

22 Share capital

	Par Value (in Baht)	in million shares / million Baht			
		2013		2012	
		Number of shares	Value	Number of shares	Value
Authorized					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- ordinary shares	1	1,600	1,600	1,600	1,600
Issued and paid-up					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary shares	1	1,200	1,200	1,200	1,200

23 Reserves

Legal reserve

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

Fair value changes

Fair value changes recognized in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized.

24 Business segment information

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

Segment assets, revenues and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Before 2013, the Group presented the business consists of SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, SCG Distribution and SCG Investment. In the first Quarter of 2013, the Board of Directors of the Company has approved the business restructuring of its subsidiaries in SCG Cement, SCG Building Materials and SCG Distribution. These three main businesses have recently been consolidated into a single market-facing entity, and named as SCG Cement-Building Materials. As a result, the presentation of business segment was changed to four segments.

Business segments

The Group comprises the following main business segments:

SCG Cement-Building Materials	Manufacture and sale of grey cement, ready-mixed concrete, white cement, dry mortar, roof tiles, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings. Distribution of cement, building and decorative products of the Group companies through distributors, as well as importing fuel products, waste paper and scrap iron.
SCG Chemicals	Manufacture and sale of olefins, polyolefins and other chemical products.
SCG Paper	Manufacture and sale of printing and writing paper, gypsum linerboard, industrial paper, corrugated boxes and securities document.
Other	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components and steel, as well as other services.

The Group has retrospectively adjusted segment information presented in 2012 to be in accordance with Thai Financial Reporting Standards No. 8 (TFRS 8) "Operating Segments".

The segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.

Information relating to business segments for the years ended 31 December was as follows:

	in million Baht					
	Total assets		Revenue from sales		EBITDA (1)	
	2013	2012	2013	2012	2013	2012
Consolidated SCG	440,436	395,573	434,251	407,601	61,265	45,716
Business Segments						
SCG Cement-Building Materials	155,458	129,818	174,642	154,537	26,274	23,009
SCG Chemicals	192,063	176,837	209,997	203,539	20,342	8,628
SCG Paper	65,169	58,439	59,135	57,430	9,473	8,844
Other	246,621	215,586	94	146	5,231	5,441

	in million Baht			
	Profit for the year (2)		Depreciation and amortization	
	2013	2012	2013	2012
Consolidated SCG	36,522	23,580	15,718	14,047
Business Segments				
SCG Cement-Building Materials	16,092	13,129	6,254	5,086
SCG Chemicals	11,292	2,690	5,468	5,502
SCG Paper	3,587	3,560	3,836	3,353
Other	5,797	4,481	160	105

(1) Represents profit before share of profit of associates, finance costs, income tax, depreciation and amortization and includes dividends from associates.

(2) Represents profit for the year attributable to owners of the parent.

Operating results of business segments

	in million Baht					
	SCG Cement-Building Materials		SCG Chemicals		SCG Paper	
	2013	2012	2013	2012	2013	2012
Information from statements of financial position						
Current assets	51,935	38,736	51,321	46,423	21,782	19,927
Investments in associates and jointly-controlled entities	12,207	13,052	51,746	40,701	1,093	628
Other long-term investments	1,494	1,479	5,978	6,372	17	17
Property, plant and equipment	74,589	67,598	76,244	76,600	40,092	35,833
Other non-current assets	15,233	8,953	6,774	6,741	2,185	2,034
Total assets	155,458	129,818	192,063	176,837	65,169	58,439
Short-term loans	44,976	39,254	50,295	37,932	15,156	15,674
Other current liabilities	21,421	18,444	28,615	25,404	6,287	5,403
Long-term loans	593	1,260	27,918	34,093	3,367	342
Other non-current liabilities	5,196	4,586	2,445	2,539	1,323	1,237
Total liabilities	72,186	63,544	109,273	99,968	26,133	22,656
Shareholders' equity	83,272	66,274	82,790	76,869	39,036	35,783
Total liabilities and shareholders' equity	155,458	129,818	192,063	176,837	65,169	58,439
Supplementary information						
Increase in non-current assets	30,806	18,835	5,068	2,691	8,795	7,429

	in million Baht					
	Other		Intersegment Elimination		Consolidated SCG	
	2013	2012	2013	2012	2013	2012
Information from statements of financial position						
Current assets	118,931	109,600	(108,839)	(85,420)	135,130	129,266
Investments in associates and jointly-controlled entities	14,149	11,194	(7)	-	79,188	65,575
Other long-term investments	105,378	90,207	(98,251)	(82,741)	14,616	15,334
Property, plant and equipment	3,059	1,162	(10,395)	(15,901)	183,589	165,292
Other non-current assets	5,104	3,423	(1,383)	(1,045)	27,913	20,106
Total assets	246,621	215,586	(218,875)	(185,107)	440,436	395,573
Short-term loans	21,499	30,643	(98,099)	(74,498)	33,827	49,005
Other current liabilities	2,692	3,362	(3,107)	(2,888)	55,908	49,725
Long-term loans	126,174	96,260	(4,949)	(5,385)	153,103	126,570
Other non-current liabilities	1,621	813	(9)	(25)	10,576	9,150
Total liabilities	151,986	131,078	(106,164)	(82,796)	253,414	234,450
Shareholders' equity	94,635	84,508	(112,711)	(102,311)	187,022	161,123
Total liabilities and shareholders' equity	246,621	215,586	(218,875)	(185,107)	440,436	395,573
Supplementary information						
Increase in non-current assets	3,642	734	(367)	(146)	47,944	29,543

in million Baht

	SCG Cement- Building Materials		SCG Chemicals		SCG Paper	
	2013	2012	2013	2012	2013	2012
Information from income statements						
Revenue from sales						
External customers	167,160	148,417	209,211	202,800	57,786	56,238
Intersegment	7,482	6,120	786	739	1,349	1,192
Total revenue from sales	174,642	154,537	209,997	203,539	59,135	57,430
Cost of sales	(132,943)	(116,939)	(191,787)	(197,924)	(47,916)	(46,903)
Gross profit	41,699	37,598	18,210	5,615	11,219	10,527
Other income	3,432	2,031	2,389	1,554	558	539
Profit before expenses	45,131	39,629	20,599	7,169	11,777	11,066
Operating expenses	(23,947)	(21,892)	(7,746)	(7,194)	(6,143)	(5,576)
Profit (loss) before finance costs and income tax expense	21,184	17,737	12,853	(25)	5,634	5,490
Finance costs	(1,460)	(1,219)	(3,388)	(1,828)	(672)	(648)
Profit (loss) before income tax expense	19,724	16,518	9,465	(1,853)	4,962	4,842
Income tax expense	(3,417)	(3,290)	(1,036)	(865)	(866)	(833)
Profit (loss) after income tax expense	16,307	13,228	8,429	(2,718)	4,096	4,009
Share of profit (loss) of associates and jointly-controlled entities	394	453	2,774	(606)	7	1
Profit (loss) for the year	16,701	13,681	11,203	(3,324)	4,103	4,010
Profit (loss) attributable to:						
Owners of the parent	16,092	13,129	11,292	2,690	3,587	3,560
Non-controlling interests	609	552	(89)	(6,014)	516	450
	16,701	13,681	11,203	(3,324)	4,103	4,010

in million Baht

	Other		Intersegment Elimination		Consolidated SCG	
	2013	2012	2013	2012	2013	2012
Information from income statements						
Revenue from sales						
External customers	94	146	-	-	434,251	407,601
Intersegment	-	-	(9,617)	(8,051)	-	-
Total revenue from sales	94	146	(9,617)	(8,051)	434,251	407,601
Cost of sales	(43)	(116)	9,593	8,186	(363,096)	(353,696)
Gross profit	51	30	(24)	135	71,155	53,905
Other income	6,972	7,014	(210)	(401)	13,141	10,737
Profit before expenses	7,023	7,044	(234)	(266)	84,296	64,642
Operating expenses	(2,376)	(1,914)	179	58	(40,033)	(36,518)
Profit before finance costs and income tax expense	4,647	5,130	(55)	(208)	44,263	28,124
Finance costs	(2,720)	(2,829)	47	203	(8,193)	(6,321)
Profit before income tax expense	1,927	2,301	(8)	(5)	36,070	21,803
Income tax expense	492	467	(176)	(221)	(5,003)	(4,742)
Profit after income tax expense	2,419	2,768	(184)	(226)	31,067	17,061
Share of profit of associates and jointly-controlled entities	3,378	1,713	(7)	-	6,546	1,561
Profit for the year	5,797	4,481	(191)	(226)	37,613	18,622
Profit (loss) attributable to:						
Owners of the parent	5,797	4,481	(246)	(280)	36,522	23,580
Non-controlling interests	-	-	55	54	1,091	(4,958)
	5,797	4,481	(191)	(226)	37,613	18,622

Geographical segment

The Group has expanded its investment and operating in foreign countries. All significant revenue from sales and non-current assets on the basis of geography is presented in this information. Segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Geographical segment information

	in million Baht			
	Revenue from sales		Non-current assets	
	2013	2012	2013	2012
Thailand	280,048	261,222	171,904	152,074
Indonesia	26,466	26,781	9,796	10,060
Vietnam	23,264	16,030	12,759	5,940
China	19,898	21,420	-	-
Other	84,575	82,148	7,386	7,500
Total	434,251	407,601	201,845	175,574

Major customer

The Group has no revenue from one customer for the amount over 10% of the Group's total revenue from sales.

25 Other income

	in million Baht	
	2013	2012
Dividend income from other companies	4,894	4,414
Gain from sales of investments and others	2,502	634
Management fee income	2,265	1,878
Interest income from financial institutions	1,038	1,330
Gain on disposals of scrap and others	705	589
Rental income and royalty fee income	205	194
Gain from financial instruments	97	87
Income from penalty/delay payment	70	162
Other	1,365	1,449
Total	13,141	10,737

26 Selling expenses

	in million Baht	
	2013	2012
Freight, sales promotion and advertising expenses	14,584	14,919
Other	1,014	926
Total	15,598	15,845

27 Administrative expenses

	in million Baht	
	2013	2012
Salary, welfare and personnel expenses	17,463	14,183
Outside wages	1,270	968
Publication	1,093	1,006
Professional fees	1,022	890
Depreciation and amortization expenses	956	770
Supplies, repair and maintenance	876	925
Tax, license fees and others	593	616
Communication and transportation	271	244
Interest cost of employee benefits	208	207
Cost of business acquisition	45	10
Provision for share certificates compensation case	21	55
Other	616	799
Total	24,434	20,673

28 Employee benefit expenses

	in million Baht	
	2013	2012
Salaries and wages	26,900	22,462
Welfares and others	3,325	3,007
Contribution to defined contribution plans	1,460	1,158
Contribution to defined benefit plans	649	639
Early retirement expenses	83	95
Total	32,417	27,361

The Group has provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, the benefits made solely by the Group are payable to the employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment. In addition to the above provident funds, since April 1995, the Group has established a contributory provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership is voluntary upon employees attaining permanent status. Under the regulations of the fund, members are required to make monthly contributions to the fund at 2% to 13% of the members' basic salaries and the Group is required to make monthly contributions to the fund at 5% to 13% of the members' basic salaries, depending on the length of employment.

29 Finance costs

	Note	in million Baht	
		2013	2012
Interest - Thai Baht loans		7,188	7,002
Interest - Foreign loans		509	357
Interest - Provident funds		17	19
Loss (gain) on exchange rate		688	(943)
		8,402	6,435
Capitalized as cost of construction in progress	13	(209)	(114)
Net		8,193	6,321

30 Income tax

Income tax recognized in profit or loss

	Note	in million Baht	
		2013	2012
Current tax			
Current tax		5,379	5,315
Under (over) provided in prior years		(172)	51
		5,207	5,366
Deferred tax			
Movement in temporary differences		(197)	(624)
Income tax reduction		(7)	-
	15	(204)	(624)
Total		5,003	4,742

Income tax recognized in other comprehensive income

	Note	in million Baht	
		2013	2012
Actuarial losses		(5)	(225)
Gains (losses) on remeasuring available-for-sale investments		1	(18)
Total	15	(4)	(243)

Reconciliation of effective tax rate

	2013		2012	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		36,070		21,803
Income tax using the Thai corporation tax rate	20	7,214	23	5,015
Tax rates in foreign jurisdictions		13		(49)
Income not subject to tax		(2,528)		(1,215)
Tax privileges		(83)		(84)
Temporary differences		(154)		(226)
Tax losses		289		1,219
Expenses not deductible for tax purposes and others		628		655
Current tax		5,379		5,315
Under (over) provided in prior years		(172)		51
Movement in temporary differences		(197)		(624)
Income tax reduction		(7)		-
Income tax expense	14	5,003	22	4,742

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.

31 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December was based on the profit for the year attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the years as follow:

	in million Baht / million shares	
	2013	2012
Profit for the year attributable to owners of the parent	36,522	23,580
Weighted average number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	30.44	19.65

32 Agreements

- a) Certain subsidiaries have entered into agreements with several foreign companies for the latter to provide technical information, technical know-how and technical assistance to manufacture licensed products. As at 31 December 2013, the subsidiaries are committed to pay technical know-how fees for a lump sum amount, and royalty fees based on a percentage of net sales of products as indicated in the agreements.
- b) Certain subsidiaries have entered into various different long-term agreements with local and foreign companies in order to purchase raw materials, receive services, lease assets, acquire assets, and construct plants and other assets. Additionally, the Group has obtained concession licenses from the government and has to comply with conditions specified in the applicable laws.

33 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 30 March 2012, the shareholders resolved to declare total dividends for the year 2011 at Baht 12.50 per share, totalling approximately Baht 15,000 million. The interim dividend was paid at the amount of Baht 5.50 per share to the shareholders entitled to receive the dividends, totalling Baht 6,594 million, and was paid on 25 August 2011. The final dividend was paid at the amount of Baht 7.00 per share to the shareholders entitled to receive the dividends, totalling Baht 8,388 million, and was paid on 26 April 2012.

At the Annual General Meeting of the Shareholders of the Company held on 27 March 2013, the shareholders resolved to declare total dividends for the year 2012 at Baht 11.00 per share, totalling approximately Baht 13,200 million. The interim dividend was paid at the amount of Baht 4.50 per share to the shareholders entitled to receive the dividends, totalling Baht 5,386 million, and was paid on 23 August 2012. The final dividend was paid at the amount of Baht 6.50 per share to the shareholders entitled to receive the dividends, totalling Baht 7,769 million, and was paid on 25 April 2013.

At the Board of Directors' Meeting of the Company held on 31 July 2013, the directors approved to pay interim dividend for the year 2013 at Baht 5.50 per share to the shareholders entitled to receive the dividends, totalling Baht 6,569 million and was paid on 29 August 2013.

At the Board of Directors' Meeting of the Company held on 30 October 2013, the directors approved to pay the 2013 interim dividend for SCG 100th Anniversary at Baht 3.00 per share to the shareholders entitled to receive dividends, totalling Baht 3,584 million, and was paid on 28 November 2013.

34 Financial instruments

Liquidity risk

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

Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect this risk by assessing the credit of customers, defining the credit limit, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilization and reviewing collections. Fair value of receivables which is presented in the statement of financial position is the balances net of allowance for doubtful accounts.

Interest rate risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Group manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivables mature were as follows:

Loans receivable

		in million Baht			
	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2013					
Current					
Short-term loans to related parties	4.75 - 10.00 LIBOR3M plus 2.15	146	-	-	146
Non-current					
Long-term loans to related party	2.00	-	-	143	143
Total		146	-	143	289
Year 2012					
Current					
Short-term loans to related parties	5.00 - 10.00 LIBOR3M plus 2.15	137	-	-	137
Non-current					
Long-term loans to related party	2.00	-	-	137	137
Total		137	-	137	274

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

Financial liabilities

		in million Baht			
	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2013					
Current					
Bank overdrafts and short-term loans from financial institutions	1.55 - 10.50 / MOR LIBOR6M plus 3.00 SIBOR plus 2.00	12,917	-	-	12,917
Short-term loans from related parties	0.75	88	-	-	88
Long-term loans from financial institutions	2.00 - 5.00 MLR minus (1.75 - 2.50) LIBOR plus (0.30 - 0.375) EURIBOR plus 0.65 SIBOR plus (0.375 - 1.00)	5,073	-	-	5,073
Finance lease liabilities	2.00 - 8.25	786	-	-	786
Debentures	3.85	14,963	-	-	14,963
Non-current					
Long-term loans from financial institutions	2.00 - 5.00 MLR minus (1.00 - 2.50) LIBOR plus (0.30 - 0.475) EURIBOR plus 0.65 SIBOR plus (0.375 - 1.00)	-	23,843	3,070	26,913
Finance lease liabilities	3.45 - 8.50	-	16	-	16
Debentures	4.00 - 4.50	-	126,174	-	126,174
Total		33,827	150,033	3,070	186,930

		in million Baht			
	Effective interest rates (% p.a.)	After 1 year			Total
		Within 1 year	but within 5 years	After 5 years	
Year 2012					
Current					
Bank overdrafts and short-term loans from financial institutions	3.50 - 5.63 / MOR / MMR LIBOR6M plus 3.00 SIBOR plus 2.50 SIBOR plus Margin 6.50	13,771	-	-	13,771
Short-term loans from related parties	0.75	105	-	-	105
Long-term loans from financial institutions	2.50 - 5.65 MLR minus (1.75 - 2.125) LIBOR plus (0.178 - 0.375) EURIBOR plus 0.65 SIBOR plus (0.375 - 0.90)	4,638	-	-	4,638
Finance lease liabilities	3.45 - 8.50	580	-	-	580
Debentures	4.15 - 5.15	29,910	-	-	29,910
Non-current					
Long-term loans from financial institutions	0.75 - 5.65 MLR minus (1.00 - 2.50) LIBOR plus (0.178 - 0.475) EURIBOR plus 0.65 SIBOR plus 0.375	-	23,768	5,723	29,491
Finance lease liabilities	3.45 - 8.50	-	807	-	807
Debentures	3.85 - 4.50 / MLR minus 3.00	-	96,273	-	96,273
Total		49,004	120,848	5,723	175,575

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

As at 31 December, the Group's foreign currency interest-bearing debts are as follows:

		in million Baht				
	Short-term and current portion of long-term		Long-term		Total	
	2013	2012	2013	2012	2013	2012
US Dollars	2,623	3,219	6,898	9,201	9,521	12,420
Euro	244	220	733	881	977	1,101
Peso	756	544	386	616	1,142	1,160
Dong	312	-	-	-	312	-
Yen	17	35	113	147	130	182
Other	83	24	-	-	83	24
Total	4,035	4,042	8,130	10,845	12,165	14,887

The Group uses derivative financial instruments to manage its risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors of the Company, and there are controls on operating procedures for compliance with the policy.

The financial derivatives utilized are forward exchange contract, cross currency swap and interest rate swap to hedge the foreign exchange rate and interest rate risks of short-term and long-term loans as discussed in note 35. Furthermore, the Group also has adequate export and other income in foreign currencies to reduce the impact of exchange rate fluctuations.

Fair value

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2013 and 2012, the carrying amount of the Group's financial instruments does not materially differ from their aggregate fair value (fair value of debentures presented in note 19).

35 Commitments and contingent liabilities

As at 31 December, the Group had:

	in million Baht	
	2013	2012
a) Guarantees on loans of non-consolidated related parties	1,252	2,289
b) Bank guarantees issued by banks to government, state enterprises and private sectors	1,497	1,331
c) Unused letters of credit	2,620	959
d) Commitments		
- for purchase of raw material contracts	101,031	69,522
- for rental and service agreements	2,070	2,104
- for purchasing land, construction and installation of machinery and implementation project	20,676	2,637

Commitment for construction and installation of machinery included construction plant in Indonesia and Myanmar is amounted to US Dollars 469 million, equivalent to Baht 15,105 million for the entire project. However, as at 31 December 2013, there has been construction cost occurred totalling US Dollars 54 million, equivalent to Baht 1,518 million.

e) Contingent liability for the assessment from the Revenue Department and others amounted to Baht 141 million (2012: Baht 141 million) (Since the cases are under the consideration of the Courts and the outcome is uncertain, the Group has not yet recorded such contingent liability in the consolidated financial statements).

f) In the first quarter of 2009, the Company lodged a complaint with the police officers against an ex-employee for the theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged ("plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation.

In the fourth quarter of 2011, the Civil Court had the judgment that the ex-employee committed a tort against the plaintiff and ordered him to return the shares or pay the cash for shares prices together with interest until fully paid, and the dividend which the plaintiff should have received. In addition, the court also decided that the Company, as the employer, shall be jointly liable to the plaintiff. Therefore, the Company has recorded the provision for compensation in the consolidated statement of financial position as at 31 December 2013 of Baht 307 million (2012: Baht 286 million). The Company and the plaintiff have each appealed the judgment of the Civil Court to the Appeal Court.

- g) The Group had entered into forward contracts and swap contracts with several local and foreign banks to hedge against the risk from payment of borrowings, payment for goods, machinery and equipment purchased, and money received from sales of goods. The details of the contracts are as follows:

	in million / in million Baht			
	Contract amount - Swap Loan			
	Currency		Equivalent to Baht	
	2013	2012	2013	2012
US Dollars	279	20	8,364	701

The above contracts will be gradually due within April 2020 (2012: due within December 2015).

	in million / in million Baht							
	Contract amount							
	Forward Receivable				Forward Payable			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	2013	2012	2013	2012	2013	2012	2013	2012
US Dollars	861	722	27,172	21,947	336	254	10,730	7,819
Euro	14	17	591	675	13	6	543	257
Yen	4	4	1	2	1,876	452	596	176
Other	1	-	35	12	3	-	49	9
Total			27,799	22,636			11,918	8,261

The above contracts will be gradually due within December 2014 (2012: due within December 2013).

- h) The Group had entered into interest rate swap contracts with various foreign banks to hedge the risk of interest on foreign loans of US Dollars 249 million (2012: US Dollars 305 million), whereby exchanging floating interest rates based on LIBOR with fixed interest rates from 2.67% to 4.98% per annum (2012: from 2.67% to 4.98% per annum).
- i) The Company had entered into cross currency swap and interest rate swap contract with a local bank to hedge against the risk in exchange rate and interest rate amounting to US Dollars 213 million (2012: US Dollars 213 million) and to swap interest rate into fixed interest rate at 3.86% per annum (2012: fixed interest rate at 3.86% per annum), which has fair value amounting to US Dollars 219 million.
- j) The Group had entered into commodity and freight swap contracts with various local banks and foreign banks to hedge the risk of price changes amounting to US Dollars 72 million, equivalent to Baht 2,371 million (2012: US Dollars 37 million, equivalent to Baht 1,124 million).
- k) A joint venture had entered into the contract for purchasing raw materials from a certain company in Vietnam with the contract period of 17 years.

36 Capital Management

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

37 Other

- a) On 29 September 2009, the Central Administrative Court ordered 8 governments authorities to order the temporary suspension of the projects or activities representing a total of 76 projects in the Map Ta Phut Industrial Estate and vicinity of Rayong Province. Thereafter, the Supreme Administrative Court and the Central Administrative Court ordered the 12 projects to resume construction. However, the 64 projects were still suspended according to the order of the Central Administrative Court, including 18 projects totalling approximately Baht 57,500 million which mainly are joint ventures projects of SCG Chemicals.

On 2 September 2010, the Central Administrative Court delivered its judgment to revoke permits of the projects, for which such permits were issued after the Constitution B.E. 2550 came into force, and fall within the list of 11 types of serious impact projects issued on 31 August 2010 by the Ministry of Natural Resources and Environment. As a result of the judgment, almost all projects of the Group which are considered as non-serious impact projects are able to continue their operations, except for 1 project of the Group which fall within the list. Around the end of 2012, such project has complied with the paragraph 2 of Article 67 of the Constitution B.E. 2550. The Industrial Estate Authority of Thailand (IEAT) was of the opinion that the project has fulfilled the requirements and accordingly, IEAT has submitted the issue to the prosecutor, requesting the prosecutor to request the Supreme Administrative Court to revoke the temporary suspension order in order to allow the project to resume construction. On 1 April 2013, the prosecutor has filed the petition to the Supreme Administrative Court. Currently, the petition is being reviewed by the Supreme Administrative Court.

At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

- b) In the third quarter of 2013, SCG Paper Public Company Limited (SCG Paper) has signed a Memorandum of Understanding with Nippon Paper Industries Company Limited (NPI), company incorporated in Japan, to form a strategic joint venture to collaboratively enhance the competitiveness of Fibrous Chain. This joint venture will involve NPI's equity injection for a 30% stake in SCG Paper's Fibrous Chain. In the fourth quarter of 2013, SCG Paper and NPI have entered into definitive agreements resulted in NPI's equity injection of Baht 5,035 million. Subject to fulfillment of the investment conditions, an initial amount of approximately Baht 3,300 million will be invested within the second quarter of 2014 (an estimated stake of 22%), while the remaining amount will be invested within the second quarter of 2016 for the stake of 30%.

38 Events after the reporting period

- a) On 14 January 2014, SCG Paper has sold its subsidiary’s ordinary shares to NP Trading Co., Ltd. (NPT) for a cash consideration of Baht 172 million.
- b) At the Board of Directors’ Meeting of the Company held on 30 January 2014, the directors approved the following matters:
- 1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2013 at the rate of Baht 15.50 per share. An interim dividend of Baht 5.50 per share was paid on 29 August 2013 and an interim dividend 2013 of Baht 3.00 per share for SCG 100th Anniversary was paid on 28 November 2013, as discussed in note 33. The final dividend will be at the rate of Baht 7.00 per share, payable to shareholders entitled to receive dividends totalling approximately Baht 8,400 million and is scheduled for payment on 24 April 2014. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 26 March 2014.
- 2) To issue a new lot of debenture No. 1/2014 on 1 April 2014, not exceeding Baht 15,000 million with the four-year maturity at a market interest rate at the time of issuance. The new issuance is to replace the debentures No. 1/2010 amounting to Baht 10,000 million to be retired for redemption on 1 April 2014, and issue a new tranche of debentures of Baht 5,000 million to support future investments. The total amount of the Company’s debentures, including this particular lot, will not exceed Baht 146,500 million.
- c) The Group has made a tender offer to purchase securities of Thai Cane Paper Public Company Limited from the existing shareholders for the offer price of Baht 21 per share, during the tender offer period of 45 business days from 29 November 2013 to 6 February 2014. As the result, the Group’s ownership was increased from 85% to 92%.

39 Reclassification of accounts

Certain accounts in 2012 consolidated financial statements have been reclassified complying with the presentation in the 2013 consolidated financial statements as follows:

	in million Baht		
	Before reclassification	Reclassification	After reclassification
Consolidated statement of financial position			
Trade and other receivables	43,181	(304)	42,877
Other current assets	4,318	304	4,622

40 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The Group has not adopted the new and revised TFRSs that have been issued but are not yet effective. These TFRSs will become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table:

TFRSs	Topic	Year effective
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TAS 1 (revised 2012)	Presentation of Financial Statements	2014

TFRSs	Topic	Year effective
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investment in Associates	2014
TAS 31 (revised 2012)	Interest in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases - Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements: Disclosure	2014
TIC 32	Intangible Assets - Web Site Costs	2014

Management has made a preliminary assessment of the potential initial impact on the consolidated financial statements of these new and revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

Financial Statements

The Siam Cement Public Company Limited

Independent auditor’s report

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying financial statements of The Siam Cement Public Company Limited (the “Company”), which comprise the statement of financial position as at 31 December 2013, the income statement, the statement of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 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 financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

D. Singhasaneh

Supot Singhasaneh
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
20 February 2014

Statement of financial position

As at 31 December 2013


The Siam Cement Public Company Limited

in thousand Baht			
Assets	Note	2013	2012
Current assets			
Cash and cash equivalents	6	1,725,673	15,685,753
Temporary investments	6	6,984,018	7,486,825
Other receivables	5	2,923,398	2,253,830
Short-term loans to related parties	5	96,940,893	72,573,124
Other current assets		875,111	870,564
Total current assets		109,449,093	98,870,096
Non-current assets			
Available-for-sale investments	6	10,461,246	11,447,566
Investments in associates	7	572,795	571,898
Investments in subsidiaries	7	105,379,788	89,724,149
Other long-term investments	8	3,256,758	3,256,758
Long-term loans to related parties	5	-	91,748
Investment properties	9	1,917,213	1,643,648
Property, plant and equipment	10	3,051,846	1,151,338
Intangible assets	11	1,841,433	620,543
Other non-current assets		324,305	318,225
Total non-current assets		126,805,384	108,825,873
Total assets		236,254,477	207,695,969

On behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

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

Statement of financial position

As at 31 December 2013

The Siam Cement Public Company Limited

in thousand Baht			
Liabilities and shareholders' equity	Note	2013	2012
Current liabilities			
Short-term loans from financial institutions	13	6,500,000	-
Other payables	5	643,690	495,946
Current portion of debentures	14	15,000,000	30,000,000
Short-term loans from related parties	5	5,305,541	5,513,343
Accrued interest expense		1,332,894	1,224,982
Income tax payable		37,897	5,756
Other current liabilities		229,586	205,263
Total current liabilities		29,049,608	37,445,290
Non-current liabilities			
Debentures	14	126,500,000	96,500,000
Deferred tax liabilities	12	382,653	505,712
Employee benefit liabilities	15	517,972	486,019
Other non-current liabilities		1,038,189	463,282
Total non-current liabilities		128,438,814	97,955,013
Total liabilities		157,488,422	135,400,303
Shareholders' equity			
Share capital			
Authorized share capital	16	1,600,000	1,600,000
Issued and paid-up share capital	16	1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	17	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		64,085,370	57,567,404
Other components of equity		2,804,685	2,852,262
Total shareholders' equity		78,766,055	72,295,666
Total liabilities and shareholders' equity		236,254,477	207,695,969

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

Income statement

For the year ended 31 December 2013

The Siam Cement Public Company Limited

in thousand Baht			
	Note	2013	2012
Revenues			
Dividend income	5	23,455,486	18,282,957
Intellectual property income	5	2,929,466	2,824,731
Management fees for administration	5	2,226,350	2,078,012
Other income	18	1,856,954	1,616,318
Total revenues		30,468,256	24,802,018
Expenses			
Administrative expenses	19	(2,297,025)	(2,084,158)
Profit before finance costs and income tax expense		28,171,231	22,717,860
Finance costs	5, 21	(3,446,602)	(2,690,719)
Profit before income tax expense		24,724,629	20,027,141
Income tax expense	22	(285,037)	(377,620)
Profit for the year		24,439,592	19,649,521
Basic earnings per share (in Baht)	23	20.37	16.37

On behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

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

Statement of comprehensive income

For the year ended 31 December 2013

The Siam Cement Public Company Limited

in thousand Baht			
	Note	2013	2012
Profit for the year		24,439,592	19,649,521
Other comprehensive income			
Gains (losses) on remeasuring available-for-sale investments	6	(59,470)	744,977
Defined benefit plan actuarial gains (losses)	15	483	(50,497)
Income tax on other comprehensive income	22	11,797	(55,093)
Other comprehensive income for the year, net of income tax		(47,190)	639,387
Total comprehensive income for the year		24,392,402	20,288,908

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

Statement of changes in shareholders' equity

For the years ended 31 December 2013

The Siam Cement Public Company Limited

		Issued and paid-up share capital
Note		
Balance at 1 January 2012		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	24	-
Total transactions with owners, recorded directly in shareholders' equity		-
Comprehensive income for the year		
Profit or loss		-
Other comprehensive income		-
Total comprehensive income for the year		-
Balance at 31 December 2012		1,200,000
Balance at 1 January 2013		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	24	-
Total transactions with owners, recorded directly in shareholders' equity		-
Comprehensive income for the year		
Profit or loss		-
Other comprehensive income		-
Total comprehensive income for the year		-
Balance at 31 December 2013		1,200,000

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

					in thousand Baht
Retained earnings			Other components of equity		Total shareholders' equity
Appropriated		Unappropriated			
Legal reserve	General reserve		Gains (losses) on remeasuring available-for-sale investments		
160,000	10,516,000	51,732,658	2,172,463		65,781,121
-	-	(13,774,363)	-		(13,774,363)
-	-	(13,774,363)	-		(13,774,363)
-	-	19,649,521	-		19,649,521
-	-	(40,412)	679,799		639,387
-	-	19,609,109	679,799		20,288,908
160,000	10,516,000	57,567,404	2,852,262		72,295,666
160,000	10,516,000	57,567,404	2,852,262		72,295,666
-	-	(17,922,013)	-		(17,922,013)
-	-	(17,922,013)	-		(17,922,013)
-	-	24,439,592	-		24,439,592
-	-	387	(47,577)		(47,190)
-	-	24,439,979	(47,577)		24,392,402
160,000	10,516,000	64,085,370	2,804,685		78,766,055

Statement of cash flows

For the year ended 31 December 2013

The Siam Cement Public Company Limited

in thousand Baht		
	2013	2012
Cash flows from operating activities		
Profit for the year	24,439,592	19,649,521
Adjustments for		
Depreciation and amortization	140,091	73,607
Interest income	(4,180,863)	(3,879,053)
Interest expense	5,496,300	5,291,116
Unrealised loss (gain) on foreign currency exchange	429,754	(69,469)
Dividend income	(23,455,486)	(18,282,957)
Employee benefit expense	53,615	286,330
Income tax expense	285,037	377,620
Gain on sales of assets and others	(790,049)	(176,456)
Profit provided by operating activities before changes in operating assets and liabilities	2,417,991	3,270,259
Decrease (increase) in operating assets		
Other receivables	(267,239)	(217,960)
Other current assets	(4,547)	(14,354)
Other non-current assets	(13,172)	(1,591)
Net increase in operating assets	(284,958)	(233,905)
Increase (decrease) in operating liabilities		
Other payables	85,717	121,649
Other current liabilities	14,375	36,981
Employee benefit liabilities	(11,172)	(49,525)
Other non-current liabilities	50,599	73,747
Net increase in operating liabilities	139,519	182,852
Cash generated from the operations	2,272,552	3,219,206
Income tax paid	(364,157)	(647,859)
Net cash provided by operating activities	1,908,395	2,571,347

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

Statement of cash flows

For the year ended 31 December 2013

The Siam Cement Public Company Limited

in thousand Baht		
	2013	2012
Cash flows from investing activities		
Interest received	4,208,242	3,937,173
Dividends received	23,485,415	19,325,313
Temporary investments	511,631	(223,612)
Available-for-sale investments	(11,582,711)	(14,026,993)
Investments in subsidiaries and associates	(15,656,537)	(22,452,007)
Proceeds from sales and return of investments	12,840,835	28,951,194
Income tax paid from sales of investments	-	(816,413)
Purchases of property, plant and equipment and intangible assets	(3,384,485)	(677,214)
Proceeds from sales of property, plant and equipment and intangible assets	74,932	71,705
Loans to related parties	(24,327,124)	(15,441,395)
Net cash used in investing activities	(13,829,802)	(1,352,249)
Cash flows from financing activities		
Borrowings		
Interest paid	(5,408,858)	(5,191,795)
Increase in short-term loans from financial institutions	6,500,000	-
Proceeds from (Payments of) short-term loans from related parties	(207,802)	344,193
Proceeds from issuance of debentures	45,000,000	56,500,000
Redemption of debentures	(30,000,000)	(40,000,000)
Net increase in borrowings	15,883,340	11,652,398
Dividends paid	(17,922,013)	(13,774,363)
Net cash used in financing activities	(2,038,673)	(2,121,965)
Net decrease in cash and cash equivalents	(13,960,080)	(902,867)
Cash and cash equivalents at beginning of the year	15,685,753	16,588,620
Cash and cash equivalents at end of the year	1,725,673	15,685,753
Supplementary information for cash flows		
Non-cash transactions		
Outstanding payable from purchases of property, plant, equipment and intangible assets	124,586	-

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

Notes to the financial statements

For the year ended 31 December 2013

The Siam Cement Public Company Limited

Note	Contents	Page
1	General information	199
2	Basis of preparation of the financial statements	199
3	Change in accounting policies	200
4	Significant accounting policies	201
5	Related parties	210
6	Cash and cash equivalents and other investments	215
7	Investments in subsidiaries and associates	216
8	Other long-term investments	217
9	Investment properties	218
10	Property, plant and equipment	219
11	Intangible assets	220
12	Deferred tax assets (deferred tax liabilities)	220
13	Short-term loans from financial institutions	222
14	Debentures	222
15	Employee benefit liabilities	222
16	Share capital	224
17	Reserves	224
18	Other income	225
19	Administrative expenses	225
20	Employee benefit expenses	226
21	Finance costs	226
22	Income tax	227
23	Basic earnings per share	228
24	Dividends	228
25	Financial instruments	229
26	Commitments and contingent liabilities	231
27	Capital management	232
28	Events after the reporting period	232
29	Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective	232

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 and English languages, and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 20 February 2014.

1 General information

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company was listed on the Stock Exchange of Thailand on 25 April 1975.

The Company holds investments in the following core business segments: SCG Cement-Building Materials, SCG Chemicals and SCG Paper.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued the following new and revised TFRSs that are relevant to the Company’s operations and are effective for accounting periods beginning on or after 1 January 2013:

TFRSs		Topic
TAS 12	Income Taxes	
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	

The adoption of these TFRSs is disclosed in note 3.

In addition to the above new and revised TFRSs, the FAP issued a number of new and revised TFRSs which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRSs are disclosed in note 29.

(b) Basis of measurement

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

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- the present value of the defined employee benefit obligations.

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 recognized in the financial statements is included in the following notes:

Note 6, 7, 8, 9, 10 and 11	Measurement of the recoverable amounts of each asset and cash-generating units containing goodwill
Note 12, 22	Current and deferred tax
Note 15	Discount rate, salary increase rate, employee turnover rate and mortality rate
Note 26	Provisions and contingent liabilities

3 Change in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRSs as set out in note 2, the Company has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates

Details of the new accounting policies adopted by the Company are included in notes 3(b) to 3(c) below. Other new and revised TFRSs did not have any impact on the accounting policies, financial position or performance of the Company.

(b) Accounting for income tax

The principal change introduced by TAS 12 “Income Taxes” is the requirement to account for deferred tax assets and liabilities in the financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the assets or liabilities in the statement of financial position and the amount attributed to those assets or liabilities for tax purposes; and the carryforward of unused tax losses. The accounting policy for deferred tax is described in note 4(m).

The Company adopted TAS 12 with effect from 1 January 2013, which did not have significant impact on the financial statements.

(c) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Company has adopted TAS 21 (revised 2009) “The Effects of Changes in Foreign Exchange Rates”.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 (revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation. Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity’s functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Company’s reported financial position, financial performance and cash flows of the Company.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(b) Trade and other receivables

Trade and other receivables 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.

(c) Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for using the cost method.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

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

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, 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 and foreign currency differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

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

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.

Disposal of investments

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 recognized in profit or loss.

If the Company 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 amount of the total holding of the investment.

(d) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated 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 capitalized borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	5 years
Buildings and structures	5, 20, 40 years

Reclassification to property, plant and equipment

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(e) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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 capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different consumption patterns or 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 recognized net within other income or other expenses in profit or loss.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated 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.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

Subsequent costs

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

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:

Land improvements	5	years
Buildings and structures	5, 20, 40	years
Plant, machinery and equipment	5, 10	years
Transportation and equipment	5	years
Furniture, fixtures and office equipment	5	years

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

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

(f) Intangible assets

Other intangible assets

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

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

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

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, 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 are as follows:

License fee	term of agreement
Software licenses	3, 10 years
Other	10, 25 years

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

(g) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized 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 recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

	<p><i>Calculation of recoverable amount</i></p> <p>The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.</p> <p>The recoverable amount of a non-financial asset is the greater of the asset's 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.</p> <p><i>Reversals of impairment</i></p> <p>An impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.</p> <p>Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. 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 accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.</p>
(h)	<p>Trade and other payables</p> <p>Trade and other payables are stated at cost.</p>
(i)	<p>Employee benefits</p> <p><i>Defined contribution plans</i></p> <p>A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity (Provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.</p> <p><i>Defined benefit plans</i></p> <p>A defined benefit plan is a post-employment benefit other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan 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. Any unrecognized past service costs are deducted. The discount rate is the yield at the end of the reporting period on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.</p> <p>The calculation is performed by a qualified actuary using the projected unit credit method.</p> <p>When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.</p>

	<p>The Company recognizes 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.</p> <p><i>Other long-term employee benefits</i></p> <p>The Company's net obligation in respect of long-term employee benefits is 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 end of the reporting period on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.</p> <p>The calculation is performed by a qualified actuary using the projected unit credit method.</p> <p><i>Short-term employee benefits</i></p> <p>Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.</p> <p>A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company 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>
(j)	<p>Provisions</p> <p>A provision is recognized if, as a result of a past event, the Company 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 recognized as finance costs.</p>
(k)	<p>Revenue</p> <p>Revenue excludes value added taxes.</p> <p><i>Service fee income</i></p> <p>Intellectual property income, management income and service income are recognized on an accrual basis in accordance with the terms of agreement.</p> <p><i>Rental income</i></p> <p>Rental income is recognized in profit or loss on a straight-line basis over the term of the rent. Lease incentives granted are recognized as expenses in which they are incurred.</p> <p><i>Interest and dividend income</i></p> <p>Interest income is recognized in profit or loss as it accrues. Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.</p>

(l) **Expenses**

Operating leases

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

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and dividends on preference shares classified as liabilities.

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

Early retirement expense

The Company offered certain qualifiable employees the option to take early retirement from the Company. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Company records expenses on early retirement upon mutual acceptance.

(m) **Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) **Foreign currencies**

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

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

(o) **Derivative financial instruments**

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables and payables, long-term receivables, loans, investments, borrowings and debentures.

The Company operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Company uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the exchange differences on the items covered by the hedge.

5 Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control, common control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	in million Baht		
	2013	2012	Pricing policies
<i>Subsidiaries</i>			
Intellectual property income, management income, services and others	4,491	4,345	Mainly based on percentage of revenue from sales
Dividend income	18,045	13,625	Upon declaration
Interest income	3,346	2,709	Contract rate
Interest expense	67	69	Contract rate
<i>Associates</i>			
Intellectual property income, management income, services and others	560	492	Mainly based on percentage of revenue from sales
Dividend income	568	289	Upon declaration
Interest income	-	2	Contract rate
<i>Other</i>			
Intellectual property income, management income, services and others	310	311	Mainly based on percentage of revenue from sales
Dividend income	4,508	4,184	Upon declaration
Interest expense	18	36	Contract rate

In the income statement for the year ended 31 December 2013, the Company presents finance costs of Baht 3,447 million (2012: Baht 2,691 million), which is comprised of interest expense and financial charges of Baht 6,793 million (2012: Baht 5,402 million) and interest income from related parties of Baht 3,346 million (2012: Baht 2,711 million).

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

Receivables from related parties

	in million Baht	
	2013	2012
<i>Current accounts</i>		
<i>Subsidiaries</i>		
Thai Polyethylene Co., Ltd.	428	241
The Concrete Products and Aggregate Co., Ltd.	182	163
SCG Chemicals Co., Ltd.	100	40
The Siam Cement (Ta Luang) Co., Ltd.	99	147
The Siam Cement (Kaeng Khoi) Co., Ltd.	95	146
The Siam Cement (Thung Song) Co., Ltd.	80	89
The Siam Fibre - Cement Co., Ltd.	78	67
Siam Kraft Industry Co., Ltd.	74	21
SCG Logistics Management Co., Ltd.	59	39
SCG Accounting Services Co., Ltd.	53	8
SCG Cement-Building Materials Co., Ltd. (Formerly: SCG Network Management Co., Ltd.)	52	17
SCG Trading Co., Ltd.	50	34
Map Ta Phut Olefins Co., Ltd.	48	47
Thai Ceramic Co., Ltd.	41	39
The Siam Cement (Lampang) Co., Ltd.	33	55
SCG Paper Public Company Limited	30	22
Siam Mortar Co., Ltd.	28	17
SCG Plastics Co., Ltd.	27	15
SCG Cement Co., Ltd.	26	20
Thai Paper Co., Ltd.	25	23
The Siam Refractory Industry Co., Ltd.	23	19
Thai Containers Group Co., Ltd.	22	6
SCG Performance Chemicals Co., Ltd.	22	7
Thai Polypropylene Co., Ltd.	-	171
Other companies	191	154
	1,866	1,607
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	151	138
Other companies	46	46
	197	184

Other

Michelin Siam Group Co., Ltd.

Other companies

Total

in million Baht	
2013	2012
205	205
21	12
226	217
2,289	2,008

Short-term loans to related parties

Notes receivable

Subsidiaries

SCG Chemicals Co., Ltd.

The Concrete Products and Aggregate Co., Ltd.

The Siam Fibre - Cement Co., Ltd.

SCG Paper Public Company Limited

Cementhai Ceramics Co., Ltd.

Kampot Cement Co., Ltd.

SCG Distribution Co., Ltd.

in million Baht	
2013	2012
40,860	20,656
25,798	15,930
15,319	18,435
13,843	14,939
-	1,754
-	767
1,027	-
96,847	72,481

Short-term loans

Subsidiaries

The Siam Cement (Thung Song) Co., Ltd.

Buu Long Industry & Investment Joint Stock Company

Total

94	76
-	16
94	92
96,941	72,573

Long-term loans to related parties

Subsidiary

The Siam Cement (Thung Song) Co., Ltd.

in million Baht	
2013	2012
-	92

Finance lease receivable

The Company entered into a finance lease agreement for machinery and equipment with a related party. Lease terms are for a period of 4 years. The Company presented finance lease receivable net of deferred interest income under the caption of “Loans to related parties” as at 31 December are as follows:

	in million Baht		
	Finance lease receivable	Deferred interest income	Net
Year 2012			
Within 1 year	81	5	76
After 1 year but within 5 years	96	4	92
Total	177	9	168
Year 2013			
Within 1 year	96	2	94
Total	96	2	94

Movements during the years on loans to related parties were as follows:

	in million Baht	
	2013	2012
Short-term		
At 1 January	72,573	56,764
Increase	57,056	35,930
Decrease	(32,688)	(20,121)
At 31 December	96,941	72,573
Long-term		
At 1 January	92	565
Decrease	(92)	(473)
At 31 December	-	92

Payables to related parties

in million Baht	
2013	2012
204	210

Current accounts

Short-term loans from related parties

	in million Baht	
	2013	2012
<i>Notes payable</i>		
<i>Subsidiaries</i>		
Cementhai Holding Co., Ltd.	2,849	2,503
The Siam Iron and Steel Co., Ltd.	1,304	1,307
Property Value Plus Co., Ltd.	332	303
Cementhai Captive Insurance Pte. Ltd.	292	312
SCG Accounting Services Co., Ltd.	218	98
Bangsue Industry Co., Ltd.	166	164
CTO Management Co., Ltd.	40	62
SCG Legal Counsel Limited	37	19
SCG Distribution Co., Ltd.	-	517
Other companies	68	13
	<u>5,306</u>	<u>5,298</u>
<i>Short-term loans</i>		
<i>Subsidiary</i>		
Tuban Petrochemicals Pte. Ltd.	-	215
Total	<u>5,306</u>	<u>5,513</u>

Movements during the years on short-term loans from related parties were as follows:

	in million Baht	
	2013	2012
At 1 January	5,513	5,177
Increase	4,700	13,996
Decrease	(4,907)	(13,660)
At 31 December	<u>5,306</u>	<u>5,513</u>

Key management compensation

	in million Baht	
	2013	2012
For the years ended 31 December		
Short-term employee benefits	182	143
Post-employment benefits	7	5
Total	<u>189</u>	<u>148</u>

Management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

6 Cash and cash equivalents and other investments

	in million Baht	
	2013	2012
Cash and cash equivalents		
Cash on hand and at banks	1,599	4,959
Highly liquid short-term investments	121	10,660
Cash (Private funds)	6	67
Total	<u>1,726</u>	<u>15,686</u>
Temporary investments		
Fixed deposits with financial institutions	-	1,500
Available-for-sale debt securities (Private funds)	6,984	5,987
Total	<u>6,984</u>	<u>7,487</u>
Available-for-sale investments		
Available-for-sale debt securities (Private funds)	5,178	5,696
Marketable equity securities	5,283	5,752
Total	<u>10,461</u>	<u>11,448</u>

As at 31 December 2013, the value of private funds invested by 3 independent assets management companies was totalling Baht 12,168 million. Those private funds had invested in debt securities which had high liquidity and rating as investment grade with return rates from 2.27% to 4.31% per annum.

The quoted market prices of available-for-sale investments on the Stock Exchange as at 31 December 2013 are as follows:

	in million Baht		
	Cost	Quoted market prices (latest bid price)	Net changes in fair value of available-for-sale securities
Marketable securities	<u>13,939</u>	<u>17,445</u>	<u>3,506</u>

Movements during the year of net changes in fair value of available-for-sale investments (before tax) were as follows:

	in million Baht	
	2013	2012
Net change in fair value	732	845
Transfer of gain on net change in fair value to profit or loss	(791)	(100)
Net	(59)	745

During 2013, the Company sold the available-for-sale investments and recorded a gain before tax which was presented under the caption of “Other income” in the income statement for the year ended 31 December 2013 amounting to Baht 791 million.

7 Investments in subsidiaries and associates

Movements for the years ended 31 December in investments in subsidiaries and associates accounted for using the cost method were as follows:

	in million Baht	
	2013	2012
At 1 January	90,296	68,042
Acquisitions and additional investments	15,657	22,561
Disposals and return of capital	-	(722)
Reversal of impairment losses	-	415
At 31 December	105,953	90,296

Investments in subsidiaries and associates as at 31 December and dividends from these investments in the years ended at the same date are as follows:

	Ownership interest (%)		in million Baht							
	2013	2012	At Cost		Accumulated impairment losses		Net		Dividend income	
			2013	2012	2013	2012	2013	2012	2013	2012
SCG Cement-Building Materials	100	100	42,499	26,899	111	111	42,388	26,788	8,108	6,532
SCG Chemicals	100	100	44,084	44,084	-	-	44,084	44,084	9,444	5,743
SCG Paper	98	98	17,162	17,161	-	-	17,162	17,161	769	769
Other	100	100	2,460	2,404	141	141	2,319	2,263	292	870
Total			106,205	90,548	252	252	105,953	90,296	18,613	13,914

8 Other long-term investments

	Ownership interest (%)		in million Baht			
	2013	2012	Investment		Dividend income	
			2013	2012	2013	2012
At Cost						
Asia Cement Public Company Limited	10	10	1,119	1,119	39	39
Toyota Motor Thailand Co., Ltd.	10	10	881	881	4,227	3,933
Siam Yamato Steel Co., Ltd.	10	10	401	401	-	-
Finfloor S.P.A.	10	10	299	299	-	-
Michelin Siam Group Co., Ltd.						
- Cumulative preferred shares	10	10	267	267	205	205
Siam Toyota Manufacturing Co., Ltd.	4	4	289	289	37	7
Other companies	-	-	10	10	-	-
Total			3,266	3,266	4,508	4,184
Less accumulated impairment losses			9	9	-	-
Net			3,257	3,257	4,508	4,184

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements as at 31 December 2013, are as follows:

	in million Baht		
	Cost	Interests in carrying amount	Accumulated impairment losses
Non-marketable securities	3,266	10,138	(9)

9 Investment properties

	in million Baht			
	Land and land improvements	Buildings and structures	Construction in progress	Total
Cost				
At 1 January 2012	1,623	156	-	1,779
Transfer in	-	-	103	103
Disposals/written off	(1)	-	-	(1)
At 31 December 2012	1,622	156	103	1,881
Additions	-	281	-	281
Transfers in/(out)	-	103	(103)	-
At 31 December 2013	1,622	540	-	2,162
Accumulated depreciation				
At 1 January 2012	105	125	-	230
Depreciation charge for the year	-	8	-	8
At 31 December 2012	105	133	-	238
Depreciation charge for the year	-	7	-	7
At 31 December 2013	105	140	-	245
Carrying Amount				
At 31 December 2012	1,517	23	103	1,643
At 31 December 2013	1,517	400	-	1,917

Investment properties were revalued as at 31 December 2013 at open market values on an existing use basis. The appraised value was Baht 2,652 million (2012: Baht 2,685 million)

10 Property, plant and equipment

	in million Baht						
	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Cost							
At 1 January 2012	173	1,027	113	36	292	463	2,104
Additions	-	-	7	-	1	613	621
Disposals/written off	-	(22)	-	(2)	(2)	-	(26)
Transfers in/(out)	3	16	-	-	8	(131)	(104)
At 31 December 2012	176	1,021	120	34	299	945	2,595
Additions	309	745	628	-	43	249	1,974
Disposals/written off	-	(82)	(3)	-	(22)	-	(107)
Transfers in/(out)	35	547	99	-	40	(722)	(1)
At 31 December 2013	520	2,231	844	34	360	472	4,461
Accumulated depreciation and accumulated impairment losses							
At 1 January 2012	79	946	105	31	260	-	1,421
Depreciation charge for the year	5	21	5	2	16	-	49
Disposals/written off	(1)	(22)	-	(1)	(2)	-	(26)
At 31 December 2012	83	945	110	32	274	-	1,444
Depreciation charge for the year	7	34	6	2	21	-	70
Disposals/written off	-	(80)	(3)	-	(22)	-	(105)
At 31 December 2013	90	899	113	34	273	-	1,409
Carrying amount							
At 31 December 2012	93	76	10	2	25	945	1,151
At 31 December 2013	430	1,332	731	-	87	472	3,052

The gross carrying amounts of fully depreciated property, plant and equipment that is still in use amounted to Baht 1,123 million as of 31 December 2013 (2012: Baht 1,167 million).

11 Intangible assets

	in million Baht			
	Software licenses	Software licenses development cost	Other	Total
Cost				
At 1 January 2012	178	16	456	650
Additions	13	25	20	58
Disposals/written off	-	-	(2)	(2)
Transfers in/(out)	7	(6)	-	1
At 31 December 2012	198	35	474	707
Additions	217	1,052	15	1,284
Disposals/written off	(4)	-	-	(4)
Transfers in/(out)	6	(11)	5	-
At 31 December 2013	417	1,076	494	1,987
Accumulated amortization				
At 1 January 2012	66	-	2	68
Amortization charge for the year	17	-	1	18
At 31 December 2012	83	-	3	86
Amortization charge for the year	61	-	1	62
Disposals/written off	(2)	-	-	(2)
At 31 December 2013	142	-	4	146
Carrying amount				
At 31 December 2012	115	35	471	621
At 31 December 2013	275	1,076	490	1,841

12 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the statement of financial position as follows:

	in million Baht	
	2013	2012
Deferred tax assets	329	234
Deferred tax liabilities	(712)	(740)
Net	(383)	(506)

Movements in total deferred tax assets and liabilities during the years were as follows:

	in million Baht			
	At 1 January 2012	Credited (charged) to profit or loss (note 22)	other comprehensive income	At 31 December 2012
Deferred tax assets				
Available-for-sale investments	32	(31)	-	1
Investments in subsidiaries and associates	135	(82)	-	53
Employee benefit liabilities	46	58	10	114
Other	55	11	-	66
Total	268	(44)	10	234
Deferred tax liabilities				
Available-for-sale investments	(648)	-	(65)	(713)
Finance lease receivable	(39)	13	-	(26)
Other	(45)	44	-	(1)
Total	(732)	57	(65)	(740)
Net	(464)	13	(55)	(506)
	in million Baht			
	At 1 January 2013	Credited (charged) to profit or loss (note 22)	other comprehensive income	At 31 December 2013
Deferred tax assets				
Available-for-sale investments	1	-	-	1
Investments in subsidiaries and associates	53	-	-	53
Employee benefit liabilities	114	(2)	-	112
Other	66	97	-	163
Total	234	95	-	329
Deferred tax liabilities				
Available-for-sale investments	(713)	-	12	(701)
Finance lease receivable	(26)	15	-	(11)
Other	(1)	1	-	-
Total	(740)	16	12	(712)
Net	(506)	111	12	(383)

13 Short-term loans from financial institutions

In 2013, the Company has overdraft lines with several local banks amounting to approximately Baht 740 million, bearing interest at the minimum overdraft rate (2012: Baht 740 million). Additionally, the Company has promissory notes totally Baht 6,500 million which loaned from various financial institutions during 2013.

14 Debentures

As at 31 December 2013, the Company had issued unsubordinated and unsecured debentures totalling Baht 141,500 million (2012: Baht 126,500 million), as follows:

Debentures No.	in million Baht		Interest	Term	Maturity Date	Fair Value *	
	2013	2012	Rate (% p.a.)			2013	2012
1/2009	-	20,000	5.15	4 years	1 April 2013	-	1,004
2/2009	-	10,000	4.15	4 years	1 October 2013	-	1,016
1/2010	10,000	10,000	3.85	4 years	1 April 2014	1,004	1,013
2/2010	5,000	5,000	3.85	4 years	1 October 2014	1,015	1,008
1/2011	15,000	15,000	4.00	4 years	1 April 2015	1,018	1,025
2/2011	10,000	10,000	4.50	4 years	1 November 2015	1,022	1,037
1/2012	25,000	25,000	4.15	4 years	1 April 2016	1,021	1,020
2/2012	25,000	25,000	4.15	4 years	1 November 2016	1,020	1,006
3/2012	6,500	6,500	4.40	7 years	12 October 2019	1,006	1,028
1/2013	25,000	-	4.00	4 years	1 April 2017	1,003	-
2/2013	20,000	-	4.25	4 years	1 October 2017	1,013	-
Total	141,500	126,500					
Less Current portion	15,000	30,000					
Net	126,500	96,500					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2013 and 2012.

15 Employee benefit liabilities

The Company operates post-employment benefits and pension plans based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

Employee benefit liabilities in statements of financial position as at 31 December

	in million Baht	
	2013	2012
Post-employment benefits		
legal severance payments plan	488	458
Other long-term employee benefits	29	27
Other employee benefits	1	1
Total	518	486

Movements in the present value of the defined benefit obligations

	in million Baht	
	2013	2012
For the years ended 31 December		
Defined benefit obligations at 1 January	485	196
Benefits paid	(11)	(14)
Current service costs and interest	47	21
Transfer of employees from (to) subsidiaries	(3)	229
Actuarial losses (gains)		
Recognized in profit or loss	-	3
Recognized in other comprehensive income	(1)	50
Defined benefit obligations at 31 December	517	485

Statements of comprehensive income

Recognized in profit or loss

	in million Baht	
	2013	2012
For the years ended 31 December		
Current service costs	28	10
Interest on obligation	19	11
Transfer of employees from (to) subsidiaries	(3)	229
Actuarial losses	-	3
Total	44	253

Expenses recognized in profit or loss are included in the following;

	in million Baht	
	2013	2012
For the years ended 31 December		
Administrative expenses	44	253

Recognized in other comprehensive income

	in million Baht	
	2013	2012
For the years ended 31 December		
Actuarial losses (gains)	(1)	50

Principal actuarial assumptions at the end of the reporting period

	%	
	2013	2012
For the years ended 31 December		
Discount rate	3.58, 3.75	3.58, 3.75
Salary increase rate	3.00 - 8.00	3.00 - 8.00
Employee turnover rate	1.00 - 10.00 *	1.00 - 10.00 *
Mortality rate	30.00 of TMO2008 **	30.00 of TMO2008 **
* Upon the length of service		
** Reference from TMO2008: Thai Mortality Ordinary Table 2008		

16 Share capital

		in million shares / million Baht			
		2013		2012	
	Par Value (in Baht)	Number of shares	Value	Number of shares	Value
<i>Authorized</i>					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- ordinary shares	1	1,600	1,600	1,600	1,600
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary shares	1	1,200	1,200	1,200	1,200

17 Reserves

Legal reserve

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

Fair value changes

Fair value changes recognized in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized.

18 Other income

	in million Baht	
	2013	2012
Interest income from banks and financial institutions	851	1,182
Income from sales of investments and others	791	140
Guarantee fee income	173	203
Gain on stores sold and others	16	37
Reversal of impairment losses	-	35
Other	26	19
Total	1,857	1,616

19 Administrative expenses

	in million Baht	
	2013	2012
Salary, welfares and personnel expenses	2,835	1,698
Publication	744	627
Outside wages	297	173
Repair and maintenance	220	135
Professional fees	214	118
Rent	179	121
Depreciation and amortization expenses	139	70
Utility expenses	81	75
Tax, license fees and others	32	31
Provision for share certificates compensation case	21	55
Reimbursed amounts	(2,546)	(1,117)
Other	81	98
Total	2,297	2,084

20 Employee benefit expenses

	in million Baht	
	2013	2012
Salaries and wages	2,030	830
Welfares and others	156	117
Contribution to defined contribution plans	140	54
Early retirement expenses	4	20
Contribution		
Defined benefit plans	47	24
Transfer of employees from subsidiaries	3	229
	2,380	1,274
Capitalized as cost of construction in progress	(51)	(2)
Net	2,329	1,272

The Company has provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, the benefits made solely by the Company are payable to the employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment. In addition to the above provident funds, since April 1995, the Company has established a contributory provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership is voluntary upon employees attaining permanent status. Under the regulations of the fund, members are required to make monthly contributions to the fund at 2% to 13% of the members' basic salaries and the Company is required to make monthly contributions to the fund at 5% to 13% of the members' basic salaries, depending on the length of employment.

21 Finance costs

	in million Baht	
	2013	2012
Interest expense -Thai Baht loans	5,554	5,286
Interest income - Foreign loans	(122)	(189)
Interest expense (income) - Affiliated companies		
Interest expense - Affiliated companies	85	105
Interest income - Affiliated companies	(3,346)	(2,711)
Loss on exchange rate	1,357	212
	3,528	2,703
Capitalized as cost of construction in progress	(81)	(12)
Net	3,447	2,691

22 Income tax

Income tax recognized in profit or loss

	Note	in million Baht	
		2013	2012
Current tax			
Current tax		396	416
Over provided in prior years		-	(25)
		396	391
Deferred tax			
Movement in temporary differences		(111)	(13)
	12	(111)	(13)
Total		285	378

Income tax recognized in other comprehensive income

	Note	in million Baht	
		2013	2012
Gains (losses) on remeasuring available-for-sale investments		(12)	65
Actuarial gains (losses)		-	(10)
Total	12	(12)	55

Reconciliation of effective tax rate

	2013		2012	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit (loss) before income tax expense		24,725		20,027
Income tax using the Thai corporation tax rate	20	4,945	23	4,606
Income not subject to tax		(4,691)		(4,205)
Expenses not deductible for tax purposes and others		145		152
Tax privileges		(3)		(137)
Current tax		396		416
Under (over) provided in prior years		-		(25)
Movement in temporary differences		(111)		(13)
Income tax expense	1.2	285	1.9	378

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.

23 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December was based on the profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the years as follow:

	in million Baht / million shares	
	2013	2012
Profit for the year attributable to ordinary shareholders	24,440	19,650
Weighted average number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	20.37	16.37

24 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 30 March 2012, the shareholders resolved to declare total dividends for the year 2011 at Baht 12.50 per share, totalling approximately Baht 15,000 million. The interim dividend was paid at the amount of Baht 5.50 per share to the shareholders entitled to receive the dividends, totalling Baht 6,594 million, and was paid on 25 August 2011. The final dividend was paid at the amount of Baht 7.00 per share to the shareholders entitled to receive the dividends, totalling Baht 8,388 million, and was paid on 26 April 2012.

At the Annual General Meeting of the Shareholders of the Company held on 27 March 2013, the shareholders resolved to declare total dividends for the year 2012 at Baht 11.00 per share, totalling approximately Baht 13,200 million. The interim dividend was paid at the amount of Baht 4.50 per share to the shareholders entitled to receive the dividends, totalling Baht 5,386 million, and was paid on 23 August 2012. The final dividend was paid at the amount of Baht 6.50 per share to the shareholders entitled to receive the dividends, totalling Baht 7,769 million, and was paid on 25 April 2013.

At the Board of Directors' Meeting of the Company held on 31 July 2013, the directors approved to pay interim dividend for the year 2013 at Baht 5.50 per share to the shareholders entitled to receive the dividends, totalling Baht 6,569 million and was paid on 29 August 2013.

At the Board of Directors' Meeting of the Company held on 30 October 2013, the directors approved to pay the 2013 interim dividend for SCG 100th Anniversary at Baht 3.00 per share to the shareholders entitled to receive dividends, totalling Baht 3,584 million and was paid on 28 November 2013.

25 Financial instruments

Liquidity risk

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

Interest rate risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Company manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature were as follows:

Loans receivable

	Effective interest rates (% p.a.)	in million Baht		
		Within 1 year	After 1 year but within 5 years	Total
Year 2013				
Current				
Short-term loans to related parties	4.75	96,941	-	96,941
Total		96,941	-	96,941
Year 2012				
Current				
Short-term loans to related parties	4.73	72,573	-	72,573
Non-current				
Long-term loans to related parties	6.25	-	92	92
Total		72,573	92	72,665

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

Financial liabilities

		in million Baht			
	Effective interest Rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2013					
Current					
Short-term loans from financial institutions	2.50 - 2.58	6,500	-	-	6,500
Short-term loans from related parties	1.23	5,306	-	-	5,306
Debentures	3.85	15,000	-	-	15,000
Non-current					
Debentures	4.00 - 4.50	-	120,000	6,500	126,500
Total		26,806	120,000	6,500	153,306
Year 2012					
Current					
Short-term loans from related parties	1.21	5,513	-	-	5,513
Debentures	4.15 - 5.15	30,000	-	-	30,000
Non-current					
Debentures	3.85 - 4.50	-	90,000	6,500	96,500
Total		35,513	90,000	6,500	132,013

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

As at 31 December, the Company's foreign currency debts are as follows:

		in million Baht	
		Short-term loans	
		2013	2012
US Dollars		-	215

The Company uses derivative financial instruments to manage its foreign exchange risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors of the Company, and there are controls on operating procedures for compliance with the policy.

The financial derivatives utilized are forward exchange contracts and interest rate swap.

Fair value

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2013 and 2012, the carrying amount of the Company's financial instruments does not materially differ from their aggregate fair value (fair value of debentures presented in note 14).

26 Commitments and contingent liabilities

As at 31 December, the Company had:

		in million Baht	
		2013	2012
a)	Guarantees on loans of related parties	16,889	22,015
b)	Bank guarantees issued by banks to government, state enterprises and private sectors	475	116
c)	Commitments for office buildings 3, improvement of parking and office building and implementation project	580	1,437
d)	In the first quarter of 2009, the Company lodged a complaint with the police officers against an ex-employee for the theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged ("plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation.		
In the fourth quarter of 2011, the Civil Court had the judgment that the ex-employee committed a tort against the plaintiff and ordered him to return the shares or pay the cash for shares prices together with interest until fully paid, and the dividend which the plaintiff should have received. In addition, the court also decided that the Company, as the employer, shall be jointly liable to the plaintiff. Therefore, the Company has recorded the provision for compensation in the statement of financial position as at 31 December 2013 of Baht 307 million (2012: Baht 286 million). In addition, the Company and the plaintiff has each appealed the judgment of the Civil Court to the Appeal Court.			
e)	The Company entered into forward contracts with several local and foreign banks amounting to US Dollars 693 million, equivalent to Baht 21,749 million (2012: US Dollars 567 million, equivalent to Baht 17,255 million), to hedge against the risk in exchange rates for foreign investments, payment received on loan to a foreign related party and from its cash flows of commercial transactions to the Group of SCG. The contracts will be gradually due within July 2014.		
f)	The Company entered into cross currency swap and interest rate swap contract with a local bank to hedge against the risk in exchange rate and interest rate amounting to US Dollars 213 million (2012: US Dollars 213 million) and to swap interest rate into fixed interest rate at 3.86% per annum (2012: fixed interest rate at 3.86% per annum), which has fair value amounting to US Dollars 219 million.		

27 Capital management

The management of the Company has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business’s performance and sustained good cash flows management. In addition, the Company considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest’s confidence.

28 Events after the reporting period

At the Board of Directors’ Meeting held on 30 January 2014, the directors approved the following matters:

- 1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2013 at the rate of Baht 15.50 per share. An interim dividend of Baht 5.50 per share was paid on 29 August 2013 and an interim dividend 2013 of Baht 3.00 per share for SCG 100th Anniversary was paid on 28 November 2013, as discussed in note 24. The final dividend will be at the rate of Baht 7.00 per share, payable to shareholders entitled to receive dividends total approximately Baht 8,400 million and is scheduled for payment on 24 April 2014. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 26 March 2014.
- 2) To issue a new lot of debenture No. 1/2014 on 1 April 2014, not exceeding Baht 15,000 million with the four-year maturity at a market interest rate at the time of issuance. The new issuance is to replace the debentures No. 1/2010 amounting to Baht 10,000 million to be retired for redemption on 1 April 2014, and issue a new tranche of debentures of Baht 5,000 million to support for future investments. The total amount of the Company’s debentures, including this particular lot, will not exceed Baht 146,500 million.

29 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The Company has not adopted the new and revised TFRSs that have been issued but are not yet effective. These TFRSs will become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table:

TFRSs	Topic	Year effective
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 4 (revised 2012)	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investment in Associates	2014

TFRSs	Topic	Year effective
TAS 31 (revised 2012)	Interest in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases - Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements: Disclosure	2014
TIC 32	Intangible Assets - Web Site Costs	2014

Management has made a preliminary assessment of the potential initial impact on the Company’s financial statements of these new and revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

References

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