

ANNUAL REPORT 2014

THE SIAM CEMENT PUBLIC COMPANY LIMITED



CONTENT

Business Operation	
1. Overview of Business and Vision	1
2. Message from the Board of Directors	2
3. Financial Overview	4
4. Operating Results	5
5. Business Highlight	6
SCG Cement-Building Materials	8
SCG Chemicals	12
SCG Paper	16
6. Supplementary Information	20
Management and Corporate Governance	
7. Securities and Shareholders	38
8. Management Structure	41
9. The Governance and Nomination Committee's Report	69
10. Corporate Governance	70
11. The CSR Committee for Sustainable Development's Report	102
12. Corporate Social Responsibilities	103
13. Internal Control and Internal Audit	105
14. Risk Management	110
15. Connected Transactions	117
Financial Position and Operating Performance	
16. Report on the Board of Directors' Responsibilities for Financial Statements	122
17. The Audit Committee's Report	123
18. Operating Results and Financial Status	126
19. Consolidated Financial Statements of The Siam Cement Public Company Limited and Its Subsidiaries	128
20. Financial Statements of The Siam Cement Public Company Limited	208
Other Related Information	
21. References	254
22. Investor Information	255

Investors can find further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been displayed at www.sec.or.th or www.scg.co.th.

1. OVERVIEW OF BUSINESS AND VISION

SCG is a leading ASEAN business conglomerate with regional focus, and established commitments towards business conducts that are in line with good corporate governance and sustainable development principles. Established in 1913, following the royal decree of His Majesty King Rama VI, cement products from SCG were the essential materials for the construction of Thailand's infrastructure projects during that period, which have contributed greatly towards the country's modernization. Since its inception, SCG has grown continuously and has earned widespread recognition as a role model for other businesses, both locally and internationally.

In early 2013, SCG restructured its construction related businesses, whereby three business units (cement, building materials, and distribution) were integrated into one single business unit called SCG Cement-Building Materials. The goals of the restructuring process were to increase the operational efficiency, accelerate the development of new products and services so as to address the real needs of the consumers, and to support the long-term business expansions. Today, SCG is comprised of three core business units, namely SCG Cement-Building Materials, SCG Chemicals and SCG Paper.

Our vision is that, SCG will be a regional market leader, contributing to the sustainable progress of ASEAN and the local communities where we operate. Through SCG's world class business practices, corporate governance principles and uncompromising safety standards, we are committed to creating value for our customers, employees, and all other stakeholders. We will constantly ensure that our operational excellence, technology development and innovation will allow us to provide quality products and services in order to enhance the quality of life for all.

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 four consecutive years since 2011 and has been ranked Gold Class, the highest group, for seven consecutive years since 2008.



2. MESSAGE FROM THE BOARD OF DIRECTORS

2014 marked the notable rebound of the global economy after subdued economic growth in recent years. Indeed, albeit the risks from highly volatile oil prices in the global markets, ASEAN economies maintained their steady growth pace anchored by government infrastructure investment, indicative of a positive signal for the integration of the ASEAN Economic Community (AEC), which will take effect in late 2015. These favorable factors contributed to SCG's exports and business operations in the ASEAN region in 2014.

The continued development of SCG throughout the course of over 100 years of its operating has gained SCG admiration both domestically and internationally. As SCG enters its second century, the Group is resolved to further the development to drive sustainable growth and prosperity in ASEAN. Its demonstration of readiness to deal with changing social and economic circumstances combined with prudent business operations and swift adjustment has enabled SCG to grow steadily and gain a competitive edge. In 2014, SCG reported revenue from sales of 487,545 Million Baht, an increase of 12% from the preceding year, and profit for the year of 33,615 Million Baht, declining by 8% year-on-year following the political and economic disruption in Thailand and inventory loss due to the lower crude oil prices in global market in the fourth quarter. Having taken into account the Group's performance, its overall financial status, and global economic conditions, the Board of Directors has resolved to propose to the 2015 Annual General Meeting of Shareholders to consider and approve the appropriation of dividends for the year 2014 at 12.50 Baht per share, or 45% of profit for the year listed on the consolidated financial statements.

Committing to Growing alongside ASEAN with Full Confidence in Its Potential

With a commitment to driving growth in ASEAN, SCG has continued to expand its investment in pursuit of becoming ASEAN's sustainable business leader. Major investment projects include the construction of the first integrated greenfield cement plant in the Laos People's Democratic Republic with an annual capacity of 1.8 million tons. In the meantime, other projects in ASEAN have proceeded as planned. The construction of the cement plant in Indonesia and capacity upgrade and expansion projects at the plant in Cambodia are slated to be up and running in 2015 while the cement plant in Myanmar is scheduled to complete construction and commence production in 2016. All of these cement plants will employ the latest technology that is environmentally-friendly, setting a higher standard for other plants in ASEAN.

For the operating results of SCG in the ASEAN region exclusive of Thailand in 2014, revenue from sales amounted to 44,397 Million Baht, an increase of 14% from the previous year,



Chirayu Isarangkun Na Ayuthaya
Chirayu Isarangkun Na Ayuthaya
Chairman

accounting for 9% of total revenue from sales. At present, SCG's assets in ASEAN amounted to 84,875 Million Baht, or 18% of the Group's total assets. The number of employees in ASEAN excluding Thailand stands at 15,592 or 31% of the total workforce, ready to accommodate SCG's future business operations and expansion.

Promoting R&D and Creating Innovative High Value Added Products and Services

With a firm belief that high value added products and services (HVA) will be a key contributing factor for the Group's long-term operating prowess, SCG has pledged to driving innovation development. In 2014, SCG invested in a project to modify the machinery in its fibrous chain to produce Glassine paper, the very smooth and transparent paper used as liner for pressure sensitive labels in the packaging industry. The move has made SCG the first Glassine manufacturer in ASEAN with an annual capacity of 60,000 tons to address the increasing market demands. The production is expected to start by 2016.

To further the development of HVA products and services, SCG entered into a joint venture deal with Florim Ceramiche S.p.A, an Italian world-class ceramic manufacturer, to set up a plant in Italy to produce premium ceramic tiles under the brand COTTO italia, targeting high-end customers across the world. With SCG holding a 33% stake in the joint venture, the plant is expected to commence operations in early 2015. In addition to the acquisition of a 90% stake in PT Indoris Printingdo, a high value added packaging manufacturer in Indonesia with an annual capacity of 8,000 tons, SCG also acquired a stake in Norner Holding AS (Norner Group), a leading innovation and technology firm in Norway, specializing in the petrochemical industry, to consolidate the Company's R&D efforts to compete in the global marketplace.

SCG is convinced that the promotion of research and development is a key to driving a wide array of innovation in products and services to uplift people's quality of life as well as contribute to a better environment and sustainable society. To that effect, the Group has invested heavily in R&D. In 2014, SCG invested 2,710 Million Baht in R&D, representing an increase



Kan Trakulhoon
Kan Trakulhoon
President & CEO

of 31% from the previous year. SCG's R&D team consists of 1,519 members, 101 of whom hold a doctoral degree. Revenue from sales of HVA have grown steadily to 169,071 Million Baht, accounting for 35% of total revenue from sales whereas revenue from sales of SCG eco value products amounted to 150,639 Million Baht, representing 31% of total revenue from sales.

Promoting Cooperation among All Sectors and Expanding the Sustainable Development Network to ASEAN

SCG has conducted business in tune with the sustainable development approach under good corporate governance principles with an emphasis on achieving a balance among economic, social, and environmental development as well as the ongoing development of environmentally-friendly production processes. In 2014, The Siam Cement (Lampang) Co., Ltd. and Map Ta Phut Olefins Co., Ltd. were the first in Thailand to have received the Green Industry Level 5 certificate, the highest level, by applying the sustainable development approach in dealing with all involved parties throughout the value chain. The efforts also extended to coexisting in harmony with the community along with establishing a sustainable green network to support all sectors in focusing on the development of environmentally-friendly business.

In an attempt to develop healthy and self-sustainable communities, SCG has carried out the SCG Conserving Water for Tomorrow project dedicated to water management according to the Royal Initiatives. In addition, SCG in cooperation with National Science and Technology Development Agency and Land Development Department has adopted H.M. the King's Royal Initiatives on soil restoration and conservation as guidelines in conducting the Innovative Technology for Remediation of

Saline Land project since 2008. The objectives are to restore saline land to increase crop productivity and to promote the out-of-box thinking process to generate diverse solutions to a problem. In 2014, SCG built on the success of the projects, establishing two Satanee Plook Khid Pun Sukh (Instilling Thinking and Sharing Happiness Station) in Nakhon Ratchasima and Lampang province to share and transfer knowledge to other communities. The Group pledges to continue to actively carry out the project in honor of His Majesty the King as the Humanitarian Soil Scientist to align with the UN's declaration of the 5th of December, His Majesty the King's birthday, as World Soil Day and 2015 as the International Year of Soils. For its part, Thailand plans to transfer knowledge on soil and land management in a more extensive and concrete manner.

Internationally recognized as a role model in sustainable development, SCG has expanded its sustainable business practices to other ASEAN nations. Chief among them is the SCG Sharing the Dream project which provides over 5,000 scholarships each year to youths in Indonesia, Vietnam, Myanmar, the Philippines, Laos, Thailand, and most recently Cambodia in 2014. This runs concurrent with activities designed to raise environmental awareness and develop the potential of youths across ASEAN. Furthermore, the ASEAN Sustainable Development Symposium 2014 for the fourth consecutive year was staged to share ideas and create a sustainable development network with the aim of encouraging all sectors to act in materializing the concept.

The demonstrated commitment to operating business in tune with the sustainable development approach and continuously promoting the concept has resulted in SCG having been the first in ASEAN to have been ranked as Global Industry Leader in Sustainable Development in Construction Materials Industry on the Dow Jones Sustainability Indices (DJSI) for four consecutive years. DJSI ranks the world's top-notch companies that adopt sustainable best practices based on economic, social, and environmental criteria to ensure investor confidence in sustainable business operations.

Throughout its 100 years of operations, SCG has demonstrated its relentless commitment to sustainable organization development. The Group is resolved to continue driving economic, social, and environmental development in the years to come. 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 realize 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 in tandem with SCG Vision.

Bangkok, January 28, 2015.

3. FINANCIAL OVERVIEW

The Siam Cement Public Company Limited and Its Subsidiaries

	2014	2013	2012	2011	2010
Income Statement (Million Baht)					
Revenue from sales	487,545	434,251	407,601	368,579	301,323
Costs and expenses	461,649	411,322	396,535	354,997	282,911
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA)	66,493	61,265	45,716	46,253	45,949
Profit for the year without non-recurring items ¹	33,615	36,522	23,580	25,298	27,387
Profit for the year ²	33,615	36,522	23,580	27,281	37,382
Statement of Financial Position (Million Baht)					
Assets ³	465,823	440,689	395,573	373,789	359,219
Liabilities ³	256,506	253,927	234,450	210,820	199,649
Shareholders' equity ³	209,317	186,762	161,123	162,969	159,570
Equity attributable to owners of the parent ³	177,283	161,538	143,186	140,199	133,117
Financial Ratio					
Total number of shares issued (Million Shares)	1,200	1,200	1,200	1,200	1,200
Book value per share (Baht)	147.7	134.6	119.3	116.8	110.9
Earnings per share (Baht)	28.0	30.4	19.7	22.7	31.2
Dividends per share (Baht)	12.5	15.5	11.0	12.5	12.5
Dividends payout ratio on profit for the year (%)	44.6	51.0	56.0	55.1	40.1
Return on revenue from sales (%)	6.9	8.4	5.8	7.4	12.4
Return on equity (%)	19.8	24.0	16.6	20.0	31.5
Return on assets (%)	7.4	8.7	6.1	7.4	11.1
EBITDA on total assets (%)	14.7	14.7	11.9	12.6	13.6
Debt to equity ratio (Times) ⁴	1.2	1.4	1.5	1.3	1.3
Price earnings ratio (Times)	15.9	13.1	22.3	13.8	10.9
Net debt to EBITDA ratio (Times)	2.5	2.6	3.0	2.4	1.8

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

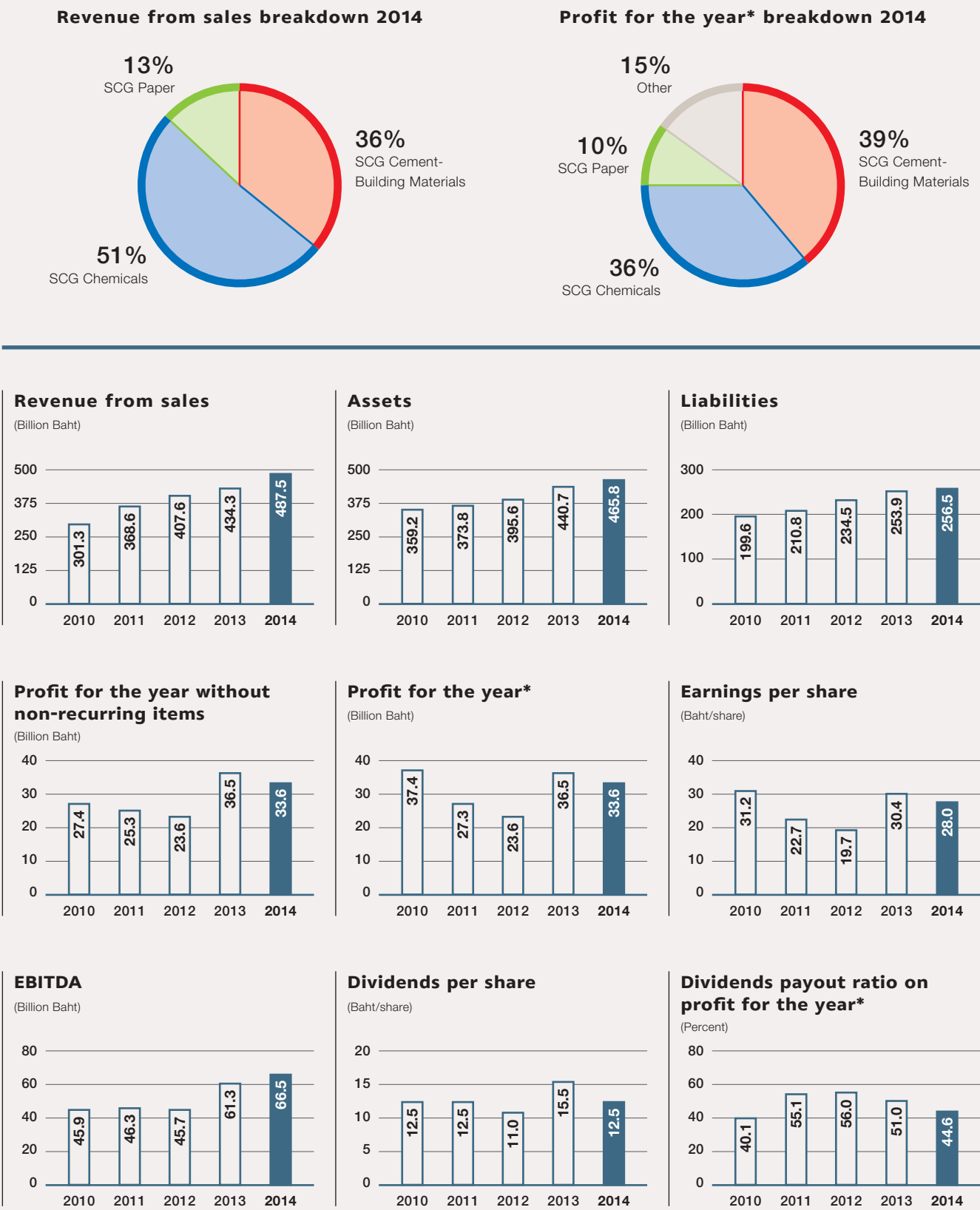
2 Represents profit for the year attributable to owners of the parent.

3 The figures for year 2013 are restated for comparative purpose with year 2014 and the figures for year 2011 are restated for comparative purpose with year 2012.

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

4. OPERATING RESULTS

The Siam Cement Public Company Limited and Its Subsidiaries



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

5. BUSINESS HIGHLIGHT

SCG Cement-Building Materials	8
SCG Chemicals	12
SCG Paper	16

SCG

Consolidated revenue from sales was 487,545 Million Baht. Consolidated EBITDA was 66,493 Million Baht, and consolidated profit for the year was 33,615 Million Baht, a decline of 8% from the previous year upon Thailand’s subdued economy and inventory loss due to the lower crude oil prices in global market in the fourth quarter. SCG has pledged to become ASEAN sustainable business leader and is committed to ongoing organizational development along with the promotion of research and development of innovations in products, services, and processes to uplift the quality of life for people in ASEAN.

SCG Cement-Building Materials

Revenue from sales was 185,423 Million Baht. EBITDA was 26,683 Million Baht, and profit for the year was 13,180 Million Baht, declining by 18% from the preceding year, which registered gain on fair value adjustment of investment in sanitary and faucet business in Thailand. SCG Cement-Building Materials focuses on business expansion in ASEAN to accommodate the growing demand driven by the development of infrastructure in the ASEAN countries in anticipation of the launch of the ASEAN Economic Community (AEC).

SCG Chemicals

Revenue from sales was 248,118 Million Baht with EBITDA of 26,142 Million Baht. Profit for the year was 12,461 Million Baht, an increase of 10% from the previous year, attributing to wider product-to-feed margins. SCG Chemicals commits itself to promoting research and development of innovative products and services to address the need across various applications and enhance our competitiveness in the global marketplace.

SCG Paper

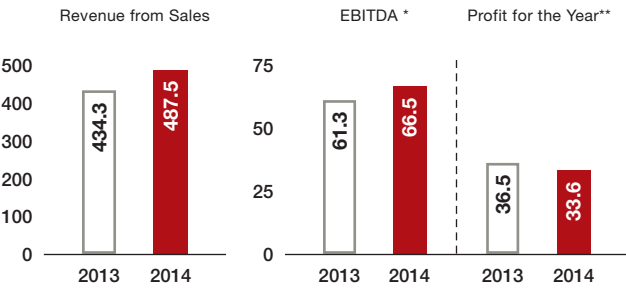
Revenue from sales was 64,614 Million Baht. EBITDA was 9,718 Million Baht, and profit for the year was 3,448 Million Baht, a decrease of 4% from the previous year mainly due to higher depreciation and financial cost. SCG Paper is resolved to expand its business in ASEAN and develop high value added products and services.

Other

EBITDA was 4,083 Million Baht, and profit for the year was 4,829 Million Baht. This could be attributed to the operating results of SCG Investment that recorded EBITDA inclusive of dividend from associated companies of 5,237 Million Baht and profit for the year of 7,478 Million Baht after deducting corporate administrative and other expenses.

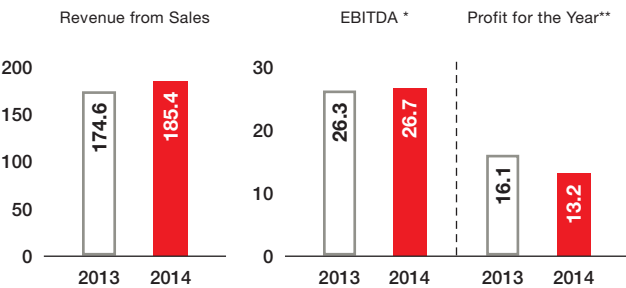
SCG

(Billion Baht)



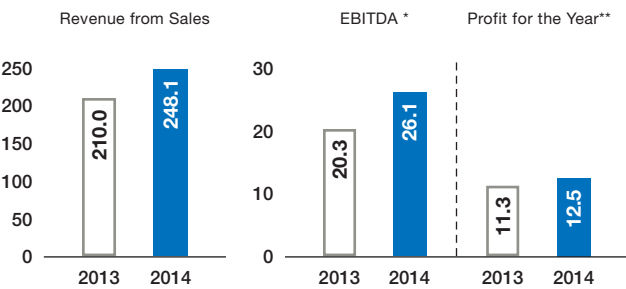
SCG Cement-Building Materials

(Billion Baht)



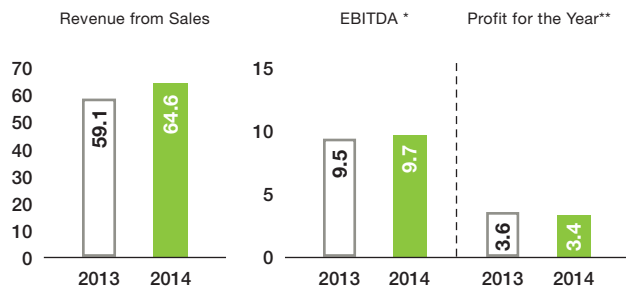
SCG Chemicals

(Billion Baht)



SCG Paper

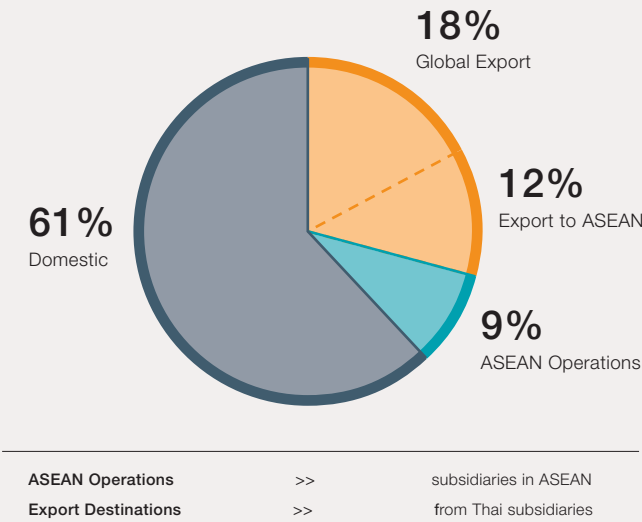
(Billion Baht)



* Includes dividends from associates.

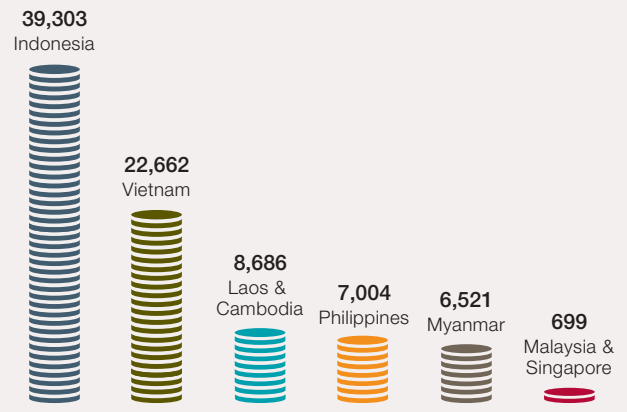
** Profit for the year attributable to owners of the parent.

Revenue from Sales Breakdown



Regional Operations - Assets in ASEAN

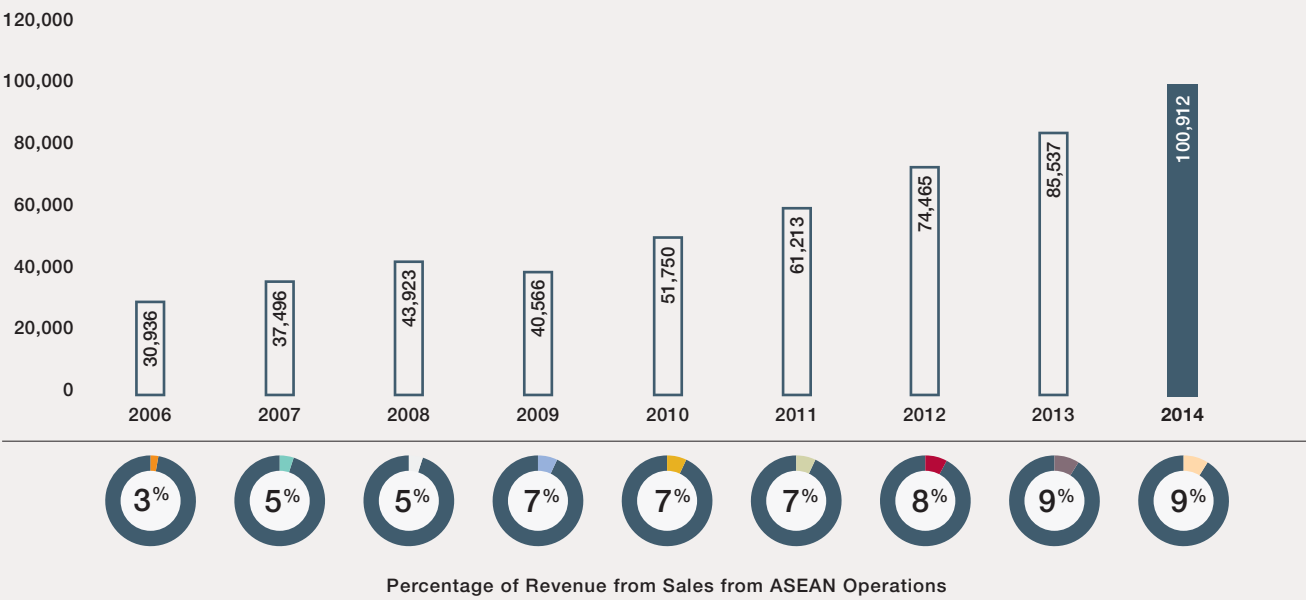
(Million Baht)



Total Assets in ASEAN = 84,875 Million Baht
(18% of Total Assets)

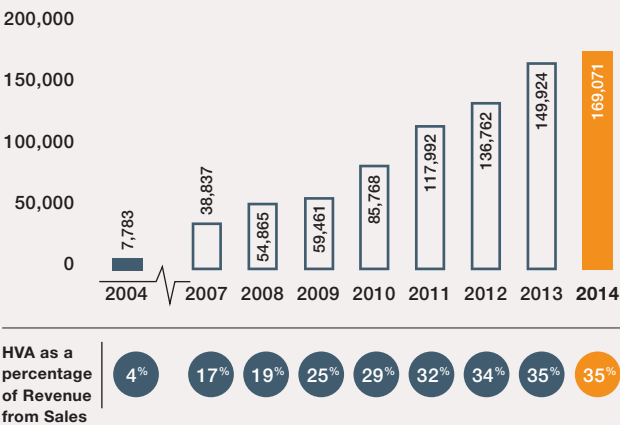
Revenue from Sales in ASEAN

(Million Baht)



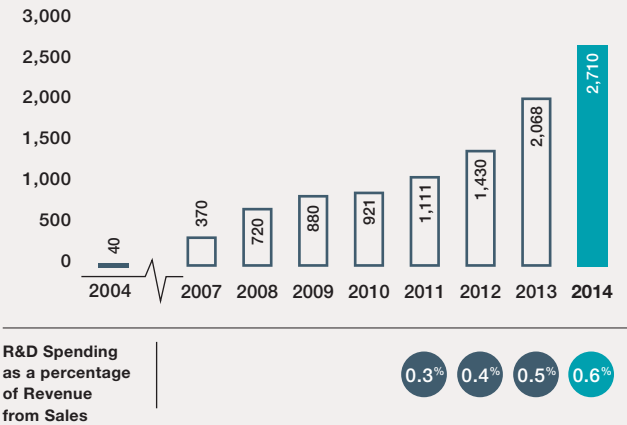
Revenue from Sales of HVA

(Million Baht)



R&D Spending

(Million Baht)



SCG CEMENT-BUILDING MATERIALS



SCG Eldercare Solution, a housing innovation for the convenient, safe, and hygienic living for the elderly.

Consolidated Financial Information

(Million Baht)

	2014	2013	2012	2011	2010
Information from Statement of Financial Position					
Current assets	53,566	51,935	38,736	30,347	23,087
Assets ¹	168,662	155,711	129,818	105,308	92,938
Liabilities ¹	85,937	72,699	63,544	47,443	34,175
Shareholders' equity	82,725	83,012	66,274	57,865	58,763
Information from Income Statement					
Revenue from sales	185,423	174,642	154,537	128,580	112,708
Costs and expenses	170,565	158,350	140,050	116,004	101,676
Profit for the year without non-recurring items ²	13,180	16,092	13,129	9,802	8,927
Profit for the year ³	13,180	16,092	13,129	9,802	8,927
EBITDA ⁴	26,683	26,274	23,009	19,334	17,720

1 The figures for year 2011 are restated for comparative purpose with year 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, including dividends from associates.

Operating Results

In 2014, revenue from sales of SCG Cement-Building Materials amounted to 185,423 Million Baht, a rise of 6% over the previous year. The improved sales were attributable to the expansion of businesses overseas. EBITDA was 26,683 Million Baht, up 2% year-on-year, and profit for the year was 13,180 Million Baht, a decrease of 18% from the year before due to the registered gain on fair value adjustment of investment in sanitary and faucet business in Thailand.

Market and Competition

- In 2014, demand for cement in Thailand held generally stable while exports to the ASEAN countries increased from the previous year.
- Demand for building materials in Thailand witnessed some growth slowdown compared to the year before due to the lack of consumer confidence and sagging prices of agricultural commodities. Nevertheless, SCG Cement-Building Materials managed to maintain its leadership status in the building product business through the continued development of high value added products and services to better address customer needs.
- Demand for building materials in ASEAN saw a steady growth driven by the expansion of the construction sector in the region, especially Myanmar, Vietnam, and Cambodia where the governments promoted scores of large-scale infrastructure projects. Examples included the special economic zone development project in Myanmar, the new airport construction project in Hanoi, Vietnam, the deep sea port construction project in Cambodia, and the construction of roads and rail lines to connect major cities in the region. Meanwhile, construction projects in Indonesia slackened in the third quarter in light of concerns about the Indonesian election results. All in all, the overall market in Indonesia saw a moderate growth due to the construction projects in response to the national development plan.

Organizational Development
Business Development

- Entered into a joint venture deal with Florim Ceramiche S.p.A of Italy with SCG Cement-Building Materials holding a 33% stake to establish a plant to manufacture high-end ceramic tiles with a capital investment of 502 Million Baht with an annual output capacity of 5 million square meters. The plant is set to begin production in early 2015.

- Constructed the first integrated greenfield cement plant in Laos PDR with a capital investment of 10,000 Million Baht. With an annual capacity of 1.8 million tons, the plant is set to begin production in the second quarter of 2017.
- Constructed a mortar plant in Thailand with a capital investment of 2,800 Million Baht. The plant, which has a capacity of 2 million tons per year, is set to commence production in the first half of 2016.
- Acquired a 55% stake in Panel World Company Limited, the manufacturer of cement-bonded particleboard for interior and exterior usage with an annual capacity of 4.8 million square meters. The particle board features excellent durability to harsh weather conditions, heat and sound insulation, and ease of workability. The capital investment is 550 Million Baht.

Human Resources Development

- Developed a human resources management system to accommodate business expansion to ASEAN. The focus was on instilling business ethics along with uplifting quality of work life and fostering a good relationship between the company and its employees on an ongoing basis.
- Promoted the development of homegrown knowhow to innovate and develop high value added products and services to address the needs of customers and all involved parties.
- Supported learning and development of employees both in Thailand and overseas to promote their career advancement in line with the company's sustainable growth path.



Revenue from sales amounted to

185,423

Million Baht, a rise of 6%



EBITDA was

26,683

Million Baht, up 2%

Innovation Development

- Innovated The NEST (The Next Eco-Sustainable Technology for Home), the first futuristic energy-plus home in ASEAN incorporating an innovative design and passive technology that produces more energy from renewable energy sources than it uses. The solution is also designed to provide comfort and safety for elderly residents.

“

We stress the importance of technological research and development that addresses the needs of residents for a better living and a sustainable environment. Examples are SCG Eldercare Solution, a housing innovation which is designed based on a medical study on the demand of the elderly to ensure their comfort and safety, and The NEST (The Next Eco-Sustainable Technology for Home), the futuristic home that incorporates Eco System Solution to save water and energy. Apart from producing energy from renewable energy sources, the solution is easily installed and friendly to the environment.

”

Sanit Ketsuwan (Center)

Director of Innovation and Technology Office

Sitthichai Niemcharoen (Left)

Specialist in Technology Integration for Home and Building System Development

Ratchaneekorn Ruamthawee (Right)

Technology Management Manager



- Researched and developed SCG Eldercare Solution, a housing innovation for the elderly, designed to address desired application needs based on a study on the needs and lifestyles of the elderly in cooperation with Siriraj Hospital and Mahidol University.

- Researched and developed innovative precast systems that offer exceptional quality and ease of use, thereby reducing installation time and costs. Examples include precast concrete panels and precast concrete restrooms.

- Researched and developed an eco-friendly hybrid cement that reduces CO₂ emissions in the manufacturing process, a major cause of global warming. Ideal for structures that demand strength and durability, the cement is fast-setting and provides a flat, smooth surface.

- Researched and developed technology for the production of fiber cement board, a substitute for wood. The technology allows for the manufacturing of sophisticated fiber cement board that takes paint extremely well and features an authentic wood grain look.

Sustainable Development in Business Operations

- Operated in line with the green supply chain management concept with commitment to good environmental stewardship and creating the participatory involvement of all concerned parties along with taking care of stakeholders especially communities surrounding the plants to uplift the quality of life and enable the communities and the business to coexist sustainably. This relentless commitment has resulted in The Siam Cement (Lampang) Co., Ltd. being the first in Thailand to have received the Green Industry Level 5 certificate, the highest level from the Ministry of Industry Thailand.

- Achieved the Carbon Footprint for Organization (CFO) certifications by The Siam Cement (Kaeng Khoi) Co., Ltd., Thai Ceramic Co., Ltd., Siam Sanitary Ware Industry Co., Ltd., and Soso Ceramic Co., Ltd.

- Received carbon footprint certifications for COTTO basin faucets CT2142A series, and SGI wall tiles of size 8"x10".

- Carried out the project dedicated to waste management in cooperation with customers by reusing roof tile scrap in the manufacturing process to reduce waste in tune with the zero waste to landfill policy and to maximize resource efficiency.

- Enhanced energy efficiency and reduced CO₂ emissions by replacing the wet grinding process to obtain powder for tile manufacture with a dry grinding process. The efforts reduced energy consumption by 113,235 gigajoules per year, an equivalent of 6,358 tons of CO₂ per year without compromising the product quality.

- Created a cooperation network with all 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, the first in Thailand since 2000.

- Streamlined Safety Performance Assessment Program (SPAP) by implementing vital risk control systems including behavior-based safety to reduce risky behaviors, setting up a change management system to minimize potential risks from the change in work conditions, and defining proactive KPIs to keep risk reduction activities in line with the goals.

- Developed standards in forklift safety management, safety tool testing, and management of permission for hazardous jobs performance. Added to this was the exchange of knowledge and practices among plants so they could be built upon and effectively implemented.

- Developed cargo transport safety systems such as introducing in cab coaching, mapping out hazards found on 19 major routes, employing GPS to provide safety checks, and installing a front camera to monitor driver behaviors and use the data to coach drivers.



Consolidated Financial Information

(Million Baht)

	2014	2013	2012	2011	2010
Information from Statement of Financial Position					
Current assets	47,070	51,321	46,423	43,257	38,178
Assets ¹	183,884	192,063	176,837	176,036	165,087
Liabilities ¹	99,133	109,273	99,968	95,337	93,875
Shareholders' equity	84,751	82,790	76,869	80,699	71,212
Information from Income Statement					
Revenue from sales	248,118	209,997	203,539	192,929	144,317
Costs and expenses	237,386	202,921	206,946	192,642	138,380
Profit for the year without non-recurring items ²	12,461	11,292	2,690	9,762	12,641
Profit for the year ³	12,461	11,292	2,690	11,190	22,609
EBITDA ⁴	26,142	20,342	8,628	14,394	16,024

1 The figures for year 2011 are restated for comparative purpose with year 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, including dividends from associates.

Operating Results

In 2014, revenue from sales of SCG Chemicals totaled 248,118 Million Baht, increased by 18% from the year before on the back of the higher prices and demand of plastic resins. EBITDA was 26,142 Million Baht, and profit for the year was 12,461 Million Baht, up 29% and 10% year-on-year, respectively, attributable to wider product-to-feed margins.

Market and Competition

The petrochemical industry in 2014 continued to recover as the U.S. economy had signs of recovery, despite the Chinese and European economic slowdown. The average prices of polyethylene and polypropylene resins were 1,544 USD per ton and 1,560 USD per ton, an increase of 4% and 3%, respectively. Meanwhile, the average price of naphtha, our primary feed, was 861 USD per ton, a decrease of 7% from the previous year due to falling crude oil price triggered by growing supply in the market. This resulted in wider product-to-feed margins compared to the year earlier. On competition, the price of commodity resin is volatile and cyclical to global market price and oil price, which determines the cost of our primary feed. Consequently, SCG Chemicals aims to consistently develop high value added products (HVA) to minimize impacts from the volatility during the down cycle and increase overall competitiveness.

Organizational Development

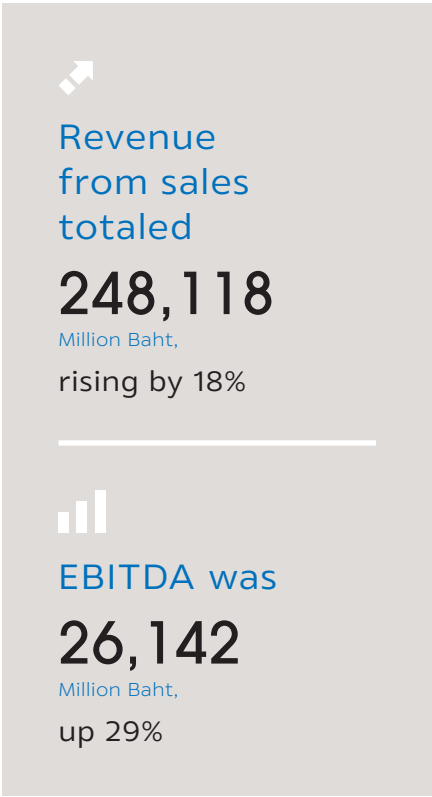
Business Development

Acquired a 51% stake in Norner Holding AS, a leading Innovation and Technology company in Norway, specializing in material and polymer industries. Norner Holding offers a comprehensive array of world-class services in the research and development of plastics, ranging from polymerization to plastics application. The move extended SCG Chemicals' ongoing efforts to develop high value added products. The company plans to acquire the remaining 49% stake by September 2015.

Streamlined management and operations by adopting the Integrated Business Excellence System (IBE), designed to create integrated connections between operations value chain and human resource development. IBE will align business goals and business operation in order to enhance management efficiency, reduce costs, and increase revenue to achieve sustainable development.

- Revenue from sales of high value added products (HVA) such as special grade resins for medical device, high pressure pipe, electrical appliance, automotive part, and packaging film, totaling 50% of revenue from sales in 2014.
- Commenced manufacturing of T.U.X™, a specialty LLDPE film that features outstanding transparency and sealing property, ideal for food packaging. The product is from Siam Tohcello Co., Ltd, a joint venture with Mitsui Chemicals Tohcello, Inc. with a production capacity of 15,000 tons per year.
- Developed WINDSOR Fast Renew, an innovative window and door solution that offers one-day installation of vinyl window and door. Produced using Fast Frame Technology, an in-house technology, WINDSOR Fast Renew's professional team provides full service to significantly reduce installation time and cost.
- For the joint investment in the first integrated petrochemicals complex in Vietnam with Thai Plastic and Chemicals Public Company Limited as well as Vietnamese and Qatari partners, the project has started the negotiation on the financing term sheet with prospective lenders and is in the process of selecting the main contractors for engineering, procurement and construction of the complex. In addition, the project has conducted Environmental Impact Assessment and Environmental and Social Impact Assessment, while the local authorities have already started the land compensation process.
- PT Chandra Asri Petrochemical Tbk. (CAP) started executing its project to expand olefins plant, together with

its synthetic rubber project with Compagnie Financière Michelin, such product is high value added product (HVA). The projects will help CAP capture the increasing demand for petrochemical product in Indonesia.



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SCG Chemicals is committed to consistently developing the innovations for products and processes, and at the same time, lifting our business operation to be certified as Eco Factory. The company's efforts include emisspro®, a high emissivity coating material that reduces energy consumption, and an innovation to add value to industrial waste by using earthworm to transform sludge from petrochemical plants into organic fertilizer. The project has been educated to communities surrounding the plants, enabling them to earn supplemental income. Moreover, SCG Chemicals also acquired a stake in Norner Holding AS, a leading Innovation and Technology company in Norway specializing in materials and polymer industries, to enhance the company's competitiveness and drive sustainable business growth.

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Suracha Udomsak

R&D Director / Technology Business Group Head



Human Resources Development

- Aligned enterprise's goals to those of the employees', using the New Performance Management System and created organizational culture that promotes common understanding. Added to this was the development of a better performance evaluation between supervisors and subordinates, as well as the development of necessary skills for executives, enabling them to be role models for employees to work collaboratively in an efficient manner.
- Elevated Strategic Workforce Planning, starting from assessing the needs and readiness of human resources in terms of numbers, capability, and traits that are vital to business operations, readying them for business development both today and tomorrow.

Innovation Development

- Filed 93 patent applications in the areas of chemistry, chemical engineering, mechanical engineering, and product design.

- Established Licensing Association (Thailand) in cooperation with the Thai government and foreign companies to promote and support activities related to intellectual properties and licensing in Thailand.
- Innovated robots to assess and evaluate the condition of machinery and equipment. Examples include robots to assess the cracking of furnace coils which operate in high temperature condition and underwater robots to monitor underwater objects. The service is available to both internal and external customers.
- Designed a program to assess and analyze the remaining lifetime of stainless steel equipment used in refinery and petrochemical industries. The service is available to both internal and external customers.
- Expanded the market for emisspro®, high emissivity coating material that reduces energy consumption, to Southeast Asian countries, Japan, and South Korea. The product received the Creative Energy Project Award from 2014 Thailand Energy Awards.

- Applied the biological science knowledge to raise earthworm to convert waste from petrochemical plant into organic fertilizer. A learning center was also established to serve as knowledge center for the community to earn extra income.

Sustainable Development in Business Operations

- Set to become a role model in Eco Factory by adopting Eco Innovation in plant management encompassing raw material selection, manufacturing process, and the research and development of eco-friendly products to promote a better quality of life, build community confidence, and enable the industry, the environment, and the community to coexist sustainably.
- Developed a green value chain by applying the industrial symbiosis principle to waste management and embracing Eco Innovation in plant management along with joining forces with business partners and contractors to build a sustainable green network and engaging the community and society in ongoing development.

- Researched and developed eco-friendly products and services, contributing to an increase in sales from SCG eco value to 46% of revenue from sales. Examples include:
 - Bioplastic compound for paper coating that has more than 80% of its weight accounted by renewable materials.
 - Melamine products from a manufacturing process that reduces greenhouse gas emissions by 15% or approximately 1.5 million kilograms per year.
 - Ethylene from a manufacturing process that reduces greenhouse gas emission by 8 kilograms per ton or approximately 14 million kilograms annually.

Packaging by SCG Paper, friendly to the Earth...friendly to you.



Consolidated Financial Information

(Million Baht)

	2014	2013	2012	2011	2010
Information from Statement of Financial Position					
Current assets	22,969	21,782	19,927	16,963	16,088
Assets ¹	73,987	65,169	58,439	52,463	50,127
Liabilities ¹	29,150	26,133	22,656	19,936	19,957
Shareholders' equity	44,837	39,036	35,783	32,527	30,170
Information from Income Statement					
Revenue from sales	64,614	59,135	57,430	54,839	51,714
Costs and expenses	60,368	54,731	53,127	50,461	46,972
Profit for the year without non-recurring items ²	3,448	3,587	3,560	3,331	3,490
Profit for the year ³	3,448	3,587	3,560	3,331	3,490
EBITDA ⁴	9,718	9,473	8,844	8,811	9,129

1 The figures for year 2011 are restated for comparative purpose with year 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, including dividends from associates.

Operating Results

In 2014, revenue from sales of SCG Paper totaled 64,614 Million Baht, up 9% compared to 2013 on the back of growing sales volume. EBITDA was 9,718 Million Baht, an increase of 3% from the previous year, and profit for the year was 3,448 Million Baht, dropped by 4% year-on-year.

Packaging Chain: Total sales volume rose 11% compared to 2013 due to the increasing demand for packaging paper and corrugated containers, especially in ASEAN, which recorded a 4% growth in response to the growing economy.

Fibrous Chain: Total sales volume increased by 6% compared to 2013, attributable to the higher sales volume of dissolving pulp as well as the higher export of printing & writing paper.

Market and Competition

• 2014 saw a minor growth in the demand for corrugated containers on the back of Thailand's modest economic recovery. However, demand in ASEAN witnessed a continued growth, prompting corrugated containers manufacturers in the region to continue expanding their production capacities, resulting in intense price competition. As a consequence, it was imperative that manufacturers drive innovations and leverage their operating performance to better address customer demand and enhance competitiveness while, at the same time, maintaining their profitability in a sustainable manner.

• Thailand's demand for printing & writing paper in 2014 relapsed to a 11% decline especially coated paper used in the printing of magazines which was increasingly replaced by electronic media. Nevertheless, imports dropped by 17% from the previous year due to currency fluctuations and stagnant market in Thailand.

Organizational Development
Business Development

• Expanded the manufacturing base of packaging paper, starting up PM16, a world-class containerboard production line in Ratchaburi. With an annual output capacity of 320,000 tons, this environmentally-friendly production line produces high quality packaging paper that best addresses customers' application needs.

• Expanded into the flexible packaging for food and consumer product business that staged the highest growth. To that effect, the company acquired a 22% stake (increased to 72% in January 2015) in Prepack Thailand Co., Ltd. with a capacity of 14,000 tons per year as well as modifying the production line at

Packamex Co., Ltd. in Vietnam to manufacture flexible packaging with a capacity of 3,000 tons per year, in line with the strategy to become an integrated manufacturer and supplier of packaging.

• Expanded the fast-growing corrugated containers business by acquiring a 100% stake in D-In-Pack Co., Ltd. with a converting capacity for corrugated packaging of 15,000 tons to answer needs in the niche market.

• Acquired a 90% stake in PT Indoris Printingdo, Indonesia's leading manufacturer of offset boxes with a production capacity of 8,000 tons per year. The move was a major step in making inroads into the packaging market overseas.

• Modified the machinery in the Fibrous Chain business to produce Glassine paper, the extremely smooth and transparent paper used as liner for pressure sensitive labels in the packaging industry. The move will make SCG Paper the first major Glassine manufacturer in ASEAN with an annual capacity of 60,000 tons. The plant is set to commence production in the late of 2015.

Human Resources Development

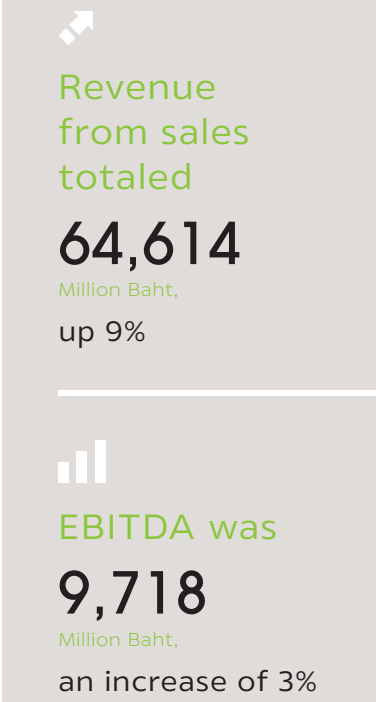
• Developed employees' knowledge and skills in production and promoted career development by creating a training roadmap that enables employees to envision their development plan starting from their first position of employment. Efforts have extended to subsidiaries in Vietnam through the C-Paper-Vietnam project in cooperation with a leading university. The emphasis was on project-based learning to promote self-learning among employees.

• Developed leadership among employees at managerial level to empower them to lead their teams to achieve goals as the plan under the fast-evolving changes and challenges.

• Streamlined the company's safety management system by adopting the safety management best practices and encouraging the safety engineers to observe the practices at world-class corporations. This ran concurrent with raising workplace safety awareness of employees at all levels by giving employees working in hazardous areas through the "Good Friends Good Safety" project.

Innovation Development

• Developed printing technology on rolled paper



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SCG Paper focuses on developing innovative products and processes, incorporating the Paper Machine number 16 (PM16), a world-class containerboard production line. It encompasses waste paper sorting that provides better strength properties of cellulose fibers to the webbing that makes fiber distribution very even, resulting in consistent and high quality paper across the paper width. PM16 also reduces resource consumption and is friendly to the environment. All this ensures that customers can enjoy high quality and environmentally-friendly products.

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Wichan Jitpukdee

Managing Director,
Siam Kraft Industry Co., Ltd



using flexographic preprint that offers the quality as same as offset printing, strength and load-carrying capacity to match customer needs efficiently.

- Developed Inspired Studio, a one-stop-service product design and development center that provides a broad spectrum of services from consultation to creative and commercial graphic design and art works by a professional team.
- Developed machine glazed paper for hygienic packaging. Manufactured from high quality and highly safe materials, it is ideal for applications that focus on cleanliness such as medical packaging.
- Manufactured Idea CarePack, hygienic paper cone cups, from virgin fiber. Produced using food contact paper that guarantees safety and the curve lock technology, the cone cups provide easy handling and leak proof performance. They passed the fluorescence test and was the first in Thailand to have received Thai Industrial Standard certification from the Thai Industrial Standards Institute.
- Developed Idea Green Plus that contains high quality EcoFiber made from used paper in place of virgin pulp. Ideal for various print media, the product offers three

distinctive features, namely, environmentally friendly, high quality, and the same cost as traditional printing paper to address the needs of eco-conscious customers.

- Developed 10 eucalyptus species that are suitable for climatic conditions in Thailand. They can be grown in various soil types in many areas. In addition to reducing disease and insect problems, these species offer better yields to improve the farmer's income sustainably.

Sustainable Development in Business Operations

- SCG Paper has defined strategies, taking into considerations risk associated with sustainable development both as a whole business and individual subsidiaries. To achieve the objectives, the company assessed risks, set up control measures, and monitored to ensure such risks did not impact the company's operations. At the same time, the company pledged to leverage its sustainable development business operations to enable the business to proceed and thrive in the wake of the fast-changing socio-economic circumstances with concern for the interests and impacts on all stakeholders.

- **Green Product** To add more value to eucalyptus, every part of the trees are fully utilized through the development of numerous new products. Examples include the wood pallet business in which large timbers are processed into high quality pallets for use in the transportation and shipping of goods. The wood pellet business makes use of eucalyptus chips to produce biomass to generate heat as an alternative energy. The examples also extend to small power plants for the community using branches and waste wood to generate electricity. Moreover, apart from promoting the use of carbon footprint in the company's packaging plants, the company also has several SCG eco value certified paper products including Idea Green Offset, Idea Green Card, and gypsum board paper, proving that customers can enjoy excellent quality products that are friendly to the environment.

- **Green Process** The company is concerned with energy management, using sophisticated technology and effective knowhow. The efforts start at the early stage of production by selecting energy-efficient production technology and using alternative energy in lieu of the scarce natural energy sources. Meanwhile, the company is also committed to studying and developing energy management

to maximize resource efficiency while, at the same time, recycling or recapturing waste materials for reuse as raw materials or alternative energy. Examples are a project to reduce water and energy consumption in the production process, a project to consolidate the waste water treatment at various companies, and a project to use waste from the production to produce high quality organic fertilizer. Some of the fertilizer was given to the communities surrounding the plants, helping them to reduce costs, restore land to fertility, and increase yields.

- **Green Mind** The company has committed to raising environmental awareness through scores of socially-beneficial activities including the "Sharing the Opportunities...Drawing the Future" project, the "Modeling Clay Sharing Smiles" project, and the "Supplier Development toward Sustainability" project. In an attempt to enhance the environmental awareness of employees and consumers through social media under the theme "We are Greeners", the focus is on changing consumer behavior, promoting the exchange of information, knowledge, and experience about the environment as well as creating a green market network to keep consumers informed of natural products, making them become more environmentally concerned.

6. SUPPLEMENTARY INFORMATION

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

		Location (Head Office / Factory)
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	Khammouance Cement Co., Ltd.	Cement Laos
8	Siam Mortar Co., Ltd.	Dry mortar Saraburi
9	The Siam White Cement Co., Ltd.	White cement Saraburi
10	The Siam Refractory Industry Co., Ltd.	Refractory Bangkok
11	Cementhai Energy Conservation Co., Ltd.	Energy service Bangkok
12	Eco Plant Services Co., Ltd.	Technical services and plant installation Saraburi
13	Siam Research and Innovation Co., Ltd.	Research and development Saraburi
14	SCI Eco Services Co., Ltd.	Industrial waste disposal Nonthaburi
15	PT Pion Quarry Nusantara	Quarry Indonesia
16	PT SCG Pipe and Precast Indonesia	Concrete products Indonesia
17	PT Semen Lebak	Cement Indonesia
18	PT SCG Readymix Indonesia	Ready-mixed concrete Indonesia
19	PT CPAC Surabaya	Ready-mixed concrete Indonesia
20	Q Mix Supply Co., Ltd.	Ready-mixed concrete Bangkok
21	CPAC Lao Co., Ltd.	Ready-mixed concrete Laos
22	The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready-mixed concrete Vietnam
23	CPAC Concrete Products (Cambodia) Co., Ltd.	Precasted slab Cambodia
24	Silathai Sanguan (2540) Co., Ltd.	Crushing plant Khonkaen
25	Cementhai Building Materials (Singapore) Pte. Ltd.	Holding company Singapore
26	SCG Building Materials Co., Ltd.	Holding company Bangkok
27	Cementhai Gypsum Co., Ltd.	Holding company Bangkok
28	Thai Ceramic Holding Co., Ltd.	Holding company Bangkok
29	MRC Roofing Co., Ltd.	Holding company Bangkok
(Formerly : Monier Roofing Co., Ltd.)		

* 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				
66-2586-3060-1	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
(85621) 243-435-6	(85621) 243-437	Ordinary shares	9	2,758	100	100
		Preferred shares	0.02			
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	14	455	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.03	1,012	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	7	204	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
(8483) 602-7111	(8483) 713-3707	**	-	178	100	100
(88523) 990-406	-	Ordinary shares	0.001	17	100	100
66-4335-8031	66-4335-8033	Ordinary shares	1	122	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	7	242	100	100
66-2586-3333	66-2586-2761	Ordinary shares	2	200	100	100
66-2555-0055	66-2555-0001	Ordinary shares	9	950	100	100

			Location (Head Office / Factory)
Name	Principal Business / Products		
30	The Siam Fibre-Cement Co., Ltd.	Fiber cement roof	Saraburi
31	The Fibre-Cement Products (Lampang) Co., Ltd.	Fiber cement roof	Lampang
32	Tip Fibre-Cement Co., Ltd.	Fiber cement roof	Bangkok
33	SCG Landscape Co., Ltd.	Concrete blocks for floor wall and fence	Saraburi
34	Siam Fiberglass Co., Ltd.	Insulation and glass wools	Saraburi
35	The CPAC Roof Tile Co., Ltd.	Concrete roof tiles	Nakorn Prathom/ Saraburi / Lamphun / Nakorn Sri Thamaraj / Chonburi / Khonkaen /Nakorn rajchasrima
36	SCG Concrete Roof (Vietnam) Co., Ltd.	Concrete roof tiles	Vietnam
37	SCG Roofing Philippines, Inc. (Formerly : CPAC Monier Philippines, Inc.)	Concrete roof tiles	Philippines
38	SCG Concrete Roof (Cambodia) Co., Ltd. (Formerly : CPAC Monier (Cambodia) Co., Ltd.)	Concrete roof tiles	Cambodia
39	Thai Ceramic Roof Tile Co., Ltd.	Ceramic roof tiles	Saraburi
40	Cementthai Ceramics Co., Ltd.	Holding company	Bangkok
41	Cementthai Gypsum (Singapore) Pte. Ltd.	Holding company	Singapore
42	Cementthai Roof Holdings Philippines, Inc.	Holding company	Philippines
43	Cementthai Ceramic (Singapore) Pte. Ltd.	Holding company	Singapore
44	Cementthai Ceramics Philippines Holdings, Inc.	Holding company	Philippines
45	Keating Capital Partners Pte. Ltd.	Holding company	Singapore
46	Kitchener Limited	Holding company	Hong Kong
47	Thai Ceramic Co., Ltd.	Floor and wall ceramic tiles	Bangkok
48	The Siam Ceramic Group Industries Co., Ltd.	Floor and wall ceramic tiles	Saraburi
49	Cementthai Home Services Co., Ltd.	Home-related services	Bangkok
50	Gemago Co., Ltd.	Electricity plant	Bangkok
51	PT SCG Lightweight Concrete Indonesia	Light-weight concrete	Indonesia
52	SCG Distribution Co., Ltd.	Holding company	Bangkok
53	SCG Cement-Building Materials Company Limited	Domestic distribution	Bangkok
54	SCG Trading Co., Ltd.	International trading	Bangkok
55	SCG Trading Australia Pty. Ltd.	International trading	Australia
56	SCG Trading Guangzhou Co., Ltd.	International trading	China
57	SCG Trading Hong Kong Limited	International trading	Hong Kong
58	SCG Trading Philippines Inc.	International trading	Philippines
59	SCG Singapore Trading Pte. Ltd.	International trading	Singapore
60	SCG Trading USA Inc.	International trading	USA

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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				
66-2586-3333	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	0.5	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
66-2586-4032-4	66-2586-4308	Ordinary shares	2	211	100	100
66-2586-4037-9						
(84650) 767-581-4	(84650) 767-580	**	-	235	100	100
(6349) 703-0193	(632) 836-2254	Ordinary shares	206	159	100	100
(85523) 454-388	-	Ordinary shares	0.1	43	100	100
66-2586-5999	66-2586-5017	Ordinary shares	2	200	100	100
66-2586-3333	66-2586-2761	Ordinary shares	60	6,037	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	21	411	100	100
(6343) 778-2942	(6343) 778-2934	Ordinary shares	14	136	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	39	1,342	100	100
(6343) 778-2942	(6343) 778-2934	Ordinary shares	174	192	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
66-2586-4094-8	66-2587-8800	Ordinary shares	32	3,160	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
(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	66-2586-2961	Ordinary shares	21	524	100	100
66-2586-3333	66-2586-2251	Ordinary shares	4	400	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						

			Location (Head Office / Factory)
Name	Principal Business / Products		
61 PT SCG Trading Indonesia	International trading		Indonesia
62 SCG Trading Vietnam Co., Ltd.	Logistics service, international trading and local distribution		Vietnam
63 SCG Trading Lao Co., Ltd.	International trading		Laos
64 SCG Marketing Philippines Inc.	International trading		Philippines
65 SCGT Malaysia Sdn. Bhd.	International trading		Malaysia
66 SCG Trading (Cambodia) Co., Ltd.	International trading		Cambodia
67 Siam Cement Myanmar Trading Ltd.	International trading		Myanmar
68 SCG Logistics Management Co., Ltd.	Logistics service		Bangkok
69 SCG Logistics Management (Lao) Co., Ltd.	Logistics service		Laos
70 SCG Logistics Management (Cambodia) Co., Ltd.	Logistics service		Cambodia
71 SCG Trading Services Co., Ltd.	Business services		Bangkok
72 Myanmar CBM Services Co., Ltd.	Business services		Myanmar
73 SCG Sourcing Co., Ltd.	Retail		Bangkok
74 SCG Experience Co., Ltd.	Exhibition center services and consultation		Bangkok
75 SCG Skills Development Co., Ltd.	Logistics skills development school for SCG business partners		Saraburi
76 Buu Long Industry & Investment Joint Stock Company	White cement		Vietnam
77 Kampot Cement Co., Ltd.	Cement		Cambodia
78 PT KIA Serpih Mas	Floor and wall ceramic tiles		Indonesia
79 PT KIA Keramik Mas	Ceramic roof tiles		Indonesia
80 PT Keramik Indonesia Assosiasi, Tbk.	Floor and wall ceramic tiles		Indonesia
81 PT Semen Jawa	Cement		Indonesia
82 PT Kokoh Inti Arebama Tbk.	Building materials distribution		Indonesia
83 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings		Bangkok
84 PT Tambang Semen Sukabumi	Limestone Quarry		Indonesia
85 Sosuco and Group (2008) Co., Ltd.	Marketing and sales of floor and wall ceramic tiles		Bangkok
86 Prime Group Joint Stock Company	Holding company		Vietnam
87 Prime Trading, Import and Export One Member Limited Liability Company	Marketing and sales of floor and wall ceramic tiles		Vietnam
88 Prime Materials Company Limited	Exploration and processing material		Vietnam
89 Ceramic Research Institution	Research and development new technology, materials and products		Vietnam
90 Prime International Im-Ex & Servicing Trading Co., Ltd.	Marketing and sales of machine and spare part		Vietnam

* 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				
(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	0.02	11	100	100
(632) 501-8634	(632) 501-8635	Ordinary shares	0.4	30	100	100
(632) 501-8634						
(603) 5632-0168	(603) 5632-0158	Ordinary shares	0.4	4	100	100
(85523) 990-401-5	(85523) 990-400	Ordinary shares	0.0001	1	100	100
(959) 873-0462	(951) 548-058	Ordinary shares	0.0002	3	100	100
66-2586-3333	66-2586-2158	Ordinary shares	11	1,078	100	100
(856) 41-9591-9652	-	Ordinary shares	0.004	0.4	100	100
(85523) 966-206	(85523) 966-205	Ordinary shares	0.03	11	100	100
66-2586-3333	66-2586-4445	Ordinary shares	0.1	10	100	100
(951) 227-579	(951) 227-579	Ordinary shares	0.01	35	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
(8461) 396-5475	(8461) 396-5478	Ordinary shares	4	56	99	99
(85523) 996-839	(85523) 996-849	Ordinary shares	13	4,281	97	97
(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	98	4,046	95	95
(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	91	91
66-2938-9833	66-2938-9839	Ordinary shares	1	50	90	90
(84) 211-3888-987	(84) 211-3888-986	Ordinary shares	101	1,413	85	85
(84) 211-2212-842	(84) 211-3898-276	**	-	420	85	85
(84) 211-3888-987	(84) 211-3888-986	**	-	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

			Location (Head Office / Factory)
Name	Principal Business / Products		
91 Prime Ngoi Viet Joint Stock Company	Clay roof tiles		Vietnam
92 Prime Pho Yen Joint Stock Company	Floor ceramic tiles		Vietnam
93 Prime Yen Binh Joint Stock Company	Wall ceramic tiles		Vietnam
94 Prime Truong Xuan Joint Stock Company	Water heater and mechanical		Vietnam
95 Prime Mineral Joint Stock Company	Exploration and processing material		Vietnam
96 Saraburirat Co., Ltd.	Concrete floor and wall tiles		Saraburi
97 Mariwasa-Siam Ceramics, Inc.	Floor and wall ceramic tiles		Philippines
98 PT Surya Siam Keramik	Ceramic floor tiles		Indonesia
99 Myanmar CPAC Service Co., Ltd.	Ready-mixed concrete		Myanmar
100 Prime Dai Viet Joint Stock Company	Floor and wall ceramic tiles		Vietnam
101 Prime Thein Phuc Joint Stock Company	Exploration and processing material		Vietnam
102 Prime Phong Dien Joint Stock Company	Manufacture of material		Vietnam
103 Prime Dai Thinh Joint Stock Company	Real Estate Business		Vietnam
104 Prime Dai Loc Joint Stock Company	Floor and wall ceramic tiles		Vietnam
105 CPAC Cambodia Co., Ltd.	Ready-mixed concrete		Cambodia
106 Thai-German Ceramic Industry Public Company Limited	Floor and wall ceramic tiles		Saraburi
107 Prime Dai An Joint Stock Company	Exploration and processing material		Vietnam
108 Prime Hop Thinh Joint Stock Company	Industrial Park Development		Vietnam
109 Siam Sanitary Ware Co., Ltd.	Sanitary ware		Bangkok
110 Siam Sanitary Ware Industry Co., Ltd.	Sanitary ware		Saraburi
111 Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Sanitary ware		Saraburi
112 Prime Tien Phong Joint Stock Company	Floor and wall ceramic tiles		Vietnam
113 MAWLAMYINE CEMENT LIMITED	Cement		Myanmar
114 Quality Construction Products Public Company Limited	Light-weight concrete	Phra Nakhon Si Ayutthaya	
115 Q-Con Eastern Co., Ltd.	Light-weight concrete	Rayong	
116 SCGT Automobile Co., Ltd.	Dealer	Bangkok	
117 Prime Hoa Cuong Joint Stock Company	Holding Company	Vietnam	
118 Prime Industrial Joint Stock Company	Industrial Park Development	Vietnam	
119 Prime Vinh Phuc Joint Stock Company	Floor and wall ceramic tiles	Vietnam	
120 Guangxi SCG Logistics Co., Ltd.	Logistics service	China	
121 Panel World Co., Ltd.	Cement-bonded particleboard	Samutsakorn	
122 Sosuco Ceramic Co., Ltd.	Floor and wall ceramic tiles	Saraburi	
123 SCG-Sekisui Sales Co., Ltd.	Construction & Sales of modular houses manufactured	Bangkok	
124 MINGALAR MOTOR CO., LTD.	Dealer	Myanmar	
125 PT Siam-Indo Gypsum Industry	Gypsum boards	Indonesia	
126 PT Siam-Indo Concrete Products	Natural-fibre roofing sheets	Indonesia	
127 SCG Trading Emirates L.L.C.	International trading	United Arab Emirates	
128 Kampot Land Co., Ltd.	Land investment	Cambodia	
129 Prime Dai Quang Joint Stock Company	Packaging	Vietnam	
130 Prime Hao Phu Joint Stock Company	Exploration and processing material	Vietnam	

* 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				
(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) 211-3728-770	(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
(6221) 5696-2458	(6221) 5696-1635	Ordinary shares	0.01	87	80	80
(951) 681-351	(951) 681-351	Ordinary shares	4	153	80	80
(84) 211-3845-238	(84) 211-3844-464	Ordinary shares	13	182	77	77
(84) 54-3626-282	(84) 54-3752-292	Ordinary shares	5	70	77	77
(84) 54-3751-222	(84) 54-3751-222	Ordinary shares	3	35	77	77
(84) 211-3888-987	(84) 211-3888-986	Ordinary shares	0.01	0.2	77	77
(84) 510-3761-762	(84) 510-3761-763	Ordinary shares	30	414	76	76
(85523) 356-677	-	Ordinary shares	0.2	5	75	75
66-2790-9800	66-2790-9890	Ordinary shares	1,698	1,698	75	75
(84) 211-3728-770	(84) 211-3726-547	Ordinary shares	3	35	75	75
(84) 211-3888-987	(84) 211-3888-986	Ordinary shares	0.001	0.01	72	72
66-2973-5040-54	66-2973-3470	Ordinary shares	1	60	71	71
66-2973-5040-54	66-2973-3470	Ordinary shares	2	200	71	71
66-2973-5040-54	66-2973-3470	Ordinary shares	2	160	71	71
(84) 211-3888-174	(84) 211-3887-747	Ordinary shares	12	168	71	71
(951) 225-812	(951) 222-132	Ordinary shares	0.1	1,520	70	70
66-3522-1271	66-3522-1270	Ordinary shares	400	400	68	68
66-3865-0515	66-3895-6468	Ordinary shares	59	590	68	68
66-2586-1402	66-2586-2203	Ordinary shares	15	146	67	67
(84) 211-3711-263	(84) 211-3721-786	Ordinary shares	12	168	65	65
(84) 211-3888-987	(84) 211-3888-986	Ordinary shares	0.1	1	65	65
(84) 211-3866-637	(84) 211-3887-347	Ordinary shares	25	350	65	65
66-2586-1590	-	Ordinary shares	-	34	55	55
66-3447-2033-4	66-3447-1404	Ordinary shares	2	245	55	55
66-3637-6300	66-3637-6309	Ordinary shares	0.008	800	54	54
66-2586-1323	66-2586-1481	Ordinary shares	8	825	51	51
(951) 514-940	-	Ordinary shares	0.006	141	50	50
(6221) 8832-0028	(6221) 8832-0036	Ordinary shares	0.03	306	50	50
(6226) 743-2140	(6225) 743-2149	Ordinary shares	0.03	446	50	50
(9714) 321-7663	(9714) 321-7669	Ordinary shares	0.0003	3	49	49
(85523) 996-839	(85523) 996-849	Ordinary shares	0.001	0.2	48	48
(84) 510-2471-993	(84) 510-3761-444	Ordinary shares	2	28	48	48
(84) 27-3821-118	(84) 27-3821-118	Ordinary shares	3	35	43	43

		Location (Head Office / Factory)
Name	Principal Business / Products	
Associates, Jointly-controlled entity and Other Companies		
131 CMPI Land, Inc.	Land rental	Philippines
132 SCG Nichirei Logistics Co., Ltd.	Cold Chain	Bangkok
133 Thai Prosperity Terminal Co., Ltd.	Shipping port	Samut Prakarn
134 Lao Premium Roof Tiles Co., Ltd. (Formerly : CPAC Monier (Laos) Co., Ltd.)	Concrete roof tiles	Laos
135 Sekisui-SCG Industry Co., Ltd.	Manufacture and distribute of home components	Saraburi
136 Survey Marine Services Co., Ltd.	Land rental	Bangkok
137 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
138 Noritake SCG Plaster Co., Ltd.	Manufacture and distribute plaster	Saraburi
139 Mariwasa Holdings, Inc.	Holding company	Philippines
140 Green Siam Resources Corporation	Bailing business	Philippines
141 CMPI Holdings, Inc.	Holding company	Philippines
142 Maker - Manifatture Ceramiche S.r.l.	Ceramic tiles	Italy
143 Siam Global House Public Company Limited	Building materials and home improvement products distribution	Roi Et
144 Anhui Conch-SCG Refractory Co., Ltd.	Refractory	China
145 The Siam Gypsum Industry Co., Ltd.	Gypsum boards	Bangkok
146 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum boards	Saraburi
147 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum boards	Songkhla
148 PT M Class Industry	Clay roof tiles	Indonesia
149 Pacific Asian Logistic Joint Stock Company	Logistic	Vietnam
150 Asia Cement Public Company Limited	Cement	Bangkok
151 Holcim Cement (Bangladesh) Limited	Cement	Bangladesh
SCG Chemicals Subsidiaries		
152 SCG Chemicals Co., Ltd.	Holding company	Bangkok
153 Thai Polyethylene Co., Ltd.	Polyethylene and polypropylene	Rayong
154 SCG Plastics Co., Ltd.	Trading	Bangkok
155 SCG Performance Chemicals Co., Ltd.	Trading	Bangkok
156 Rayong Engineering & Plant Service Co., Ltd.	Engineering and plant service	Rayong
157 Protech Outsourcing Co., Ltd.	Engineering and plant service	Rayong
158 RIL 1996 Co., Ltd.	Industrial estate	Rayong
159 Texlore Co., Ltd.	Chemical technology licensing	Rayong
160 Vina SCG Chemicals Co., Ltd.	Holding company	Bangkok
161 SCG Chemicals (Singapore) Pte. Ltd.	Holding company	Singapore
162 Tuban Petrochemicals Pte. Ltd.	Holding company	Singapore
163 Hexagon International, Inc.	Holding company	USA

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** No issuance of share for the Limited Liability Company incorporated in Italy and 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				
(632) 908-3720	(632) 750 6650	Ordinary shares	100	97	64	64
		Preferred shares	100			
66-2586-6610	66-2586-3136	Ordinary shares	6	570	51	51
66-2754-4501-9	66-2754-4513	Ordinary shares	1	63	50	50
(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	5	457	45	45
66-3637-3578-82	66-3637-3577	Ordinary shares	4	405	40	40
(632) 717-6901	(6343) 778-2934	Ordinary shares	248	235	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
(39) 0536-840218	(39) 0536-840879	**	-	803	33	33
66-4351-9597	66-4351-1492	Ordinary shares	3,049	3,049	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	4	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	33	1,369	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

			Location
Name	Principal Business / Products		(Head Office / Factory)
164	C4 Holding Pte. Ltd.	Holding company	Singapore
165	PT TPC Indo Plastic & Chemicals	PVC	Indonesia
166	Rayong Pipeline Co., Ltd.	Rights of pipe rack use	Rayong
167	Thai Plastic and Chemicals Public Company Limited	PVC	Bangkok
168	TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok
169	The Nawaplastic Industries (Saraburi) Co., Ltd.	PVC pipe and fittings	Bangkok
170	Nawa Plastic Industries Co., Ltd.	PVC pipe and PVC products	Bangkok
171	Nawa Intertech Co., Ltd.	Molding products	Rayong
172	Chemtech Co., Ltd.	Plastic compound	Vietnam
173	Total Plant Service Co., Ltd.	Holding company	Rayong
174	SCG ICO POLYMERS COMPANY LIMITED	Rotomolding compound	Bangkok
175	Map Ta Phut Tank Terminal Co., Ltd.	Tank and terminal service	Rayong
176	Minh Thai House Component Co., Ltd.	PVC doors and windows	Vietnam
177	Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
178	Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
179	Rayong Olefins (Singapore) Pte. Ltd.	Raw materials procurement	Singapore
180	Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
181	Alliance Petrochemical Investment (Singapore) Pte. Ltd.	Holding company	Singapore
182	TPC Vina Plastic and Chemicals Corporation Ltd.	PVC	Vietnam
183	Siam Stabilizers and Chemicals Co., Ltd.	Stabilizer	Rayong
184	Flowlab & Service Co., Ltd.	Calibration service	Rayong
185	Nomer Holding AS	Holding company	Norway
186	Nomer AS	R&D service	Norway
187	Nomer Research AS	Research Institute	Norway
188	Nomer IP AS	Technology service and licensing	Norway
189	Nomer Verdandi AS	Technology service and licensing	Norway
190	CO2 Technologies AS	Holding company	Norway
Associates, Jointly-controlled entity and Other Companies			
191	SCG Plastics (China) Co., Limited	Trading	Hong Kong
192	Siam Mitsui PTA Co., Ltd.	Raw materials for polyester and PET	Rayong
193	SMH Co., Ltd.	Holding company	Rayong
194	Siam Styrene Monomer Co., Ltd.	Raw materials for polystyrene	Rayong
195	Siam Synthetic Latex Co., Ltd.	Synthetic latex	Rayong
196	Siam Polyethylene Co., Ltd.	Polyethylene	Rayong
197	Siam Polystyrene Co., Ltd.	Polystyrene	Rayong
198	Rayong Terminal Co., Ltd.	Tank and terminal service	Rayong
199	PT Siam Maspion Terminal	Tank and terminal service	Indonesia
200	SD Group Service Co., Ltd.	Holding company	Bangkok
201	Bangkok Synthetics Co., Ltd.	Raw materials for synthetic rubber	Bangkok
202	Thai MMA Co., Ltd.	Raw materials for acrylic	Rayong

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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.

			Number of	Issued and	Direct	Total
			paid-up	paid-up	/ Indirect	Direct
			shares	shares	Company and	Indirect
			(Million	(Million	Subsidiaries	/ Indirect
			shares)	Baht)	Holding	Holding *
Telephone	Facsimile	Type of shares			(Percent)	(Percent)
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
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	100	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	108	10,820	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
(47) 3557-8000	(47) 3557-8124	Ordinary shares	0.01	3	51	51
(47) 3557-8001	(47) 3557-8125	Ordinary shares	0.001	0.1	51	51
(47) 3557-8002	(47) 3557-8126	Ordinary shares	0.001	0.1	51	51
(47) 3557-8003	(47) 3557-8127	Ordinary shares	0.001	0.1	51	51
(47) 3557-8004	(47) 3557-8128	Ordinary shares	0.01	3	51	51
(47) 3557-8005	(47) 3557-8129	Ordinary shares	0.001	0.5	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

		Location
Name	Principal Business / Products	(Head Office / Factory)
203	Grand Siam Composites Co., Ltd.	Polypropylene compound
204	Thai MFC Co., Ltd.	Melamine compound
205	Siam Tohcello Co., Ltd.	Raw materials for packaging film
206	Long Son Petrochemicals Co., Ltd.	Raw materials for plastic resins
207	Mehr Petrochemical Company (P.J.S.C.)	Polyethylene
208	PT Trans-Pacific Polyethylene Indonesia	Polyethylene
209	PT Trans-Pacific Polyethylindo	Polyethylene
210	Nawacam Co., Ltd.	PVC pipe and fittings
211	Riken (Thailand) Co., Ltd.	PVC compound
212	PT Chandra Asri Petrochemical Tbk.	Raw materials for plastic resins
213	GTC Technology US, LLC	Chemical technology licensing
214	GTC Technology International, LP	Chemical technology licensing
215	Tien Phong Plastics Joint Stock Company	PVC pipe
216	PT Trans-Pacific Petrochemical Indotama	Raw materials for aromatics
217	Thai PET Resin Co., Ltd.	PET resins
218	Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound
219	Binh Minh Plastics Joint Stock Company	PVC pipe
220	PT Srithai Maspion Indonesia	Melamine compound
221	PT Trans-Pacific Polypropylene Indonesia	Polypropylene
222	PT Trans-Pacific Styrene Indonesia	Raw materials for polystyrene
SCG Paper Subsidiaries		
223	SCG Paper Public Company Limited	Holding company
224	Siam Kraft Industry Co., Ltd.	Kraft paper
225	United Pulp & Paper Co., Inc.	Kraft paper
226	Paperlink Inter-Trade Corporation	Kraft paper
227	InfoZafe Co., Ltd.	Shredding business
228	SCGP Excellence Traning Center Co., Ltd.	Training and Seminar
229	SCG Paper Energy Co., Ltd.	Energy
230	Thai Cane Paper Public Company Limited	Kraft paper
231	Thai Paper Co., Ltd.	Printing and writing paper
232	Thai Union Paper Public Company Limited	Printing and writing paper
233	Siam Cellulose Co., Ltd.	Bleached pulp
234	The Siam Forestry Co., Ltd.	Forestry
235	Panas Nimit Co., Ltd.	Forestry
236	Thai Panason Co., Ltd.	Forestry
237	Thai Panadorn Co., Ltd.	Forestry

* 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	Issued and	Direct	Total
			paid-up	paid-up	/ Indirect	Direct
			shares	shares	Company and	Indirect
			(Million	(Million	Subsidiaries	/ Indirect
			shares)	Baht)	Holding	Holding *
Telephone	Facsimile	Type of shares			(Percent)	(Percent)
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	**	-	4,408	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
66-2501-1054	66-2501-1198	Ordinary shares	1	120	32	32
(6221) 530-7950	(6221) 530-8930	Ordinary shares	3,287	14,679	31	31
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	56	845	22	22
(6221) 574-5880	-	Ordinary shares	15	15,944	5	5
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	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	1	70	98	98
66-2586-3876	66-2586-4507	Ordinary shares	1	49	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.01	1	98	98
66-2440-0707	66-2440-0717	Ordinary shares	358	3,583	92	92
66-2586-3333	66-2586-2164	Ordinary shares	17	1,700	75	75
66-2754-2100-10	66-2754-2118	Ordinary shares	43	430	75	75
66-2586-3333	66-2586-2164	Ordinary shares	41	4,070	75	75
66-2586-3333	66-2586-2164	Ordinary shares	2	184	75	75
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	75	75
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	75	75
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	75	75

		Location	
		(Head Office	
		/ Factory)	
Name	Principal Business / Products		
238 Thai Panaram Co., Ltd.	Forestry	Bangkok	
239 Suanpa Rungсарis Co., Ltd.	Forestry	Bangkok	
240 Siam Panawes Co., Ltd.	Forestry	Bangkok	
241 Thai Panaboon Co., Ltd.	Forestry	Bangkok	
242 Thai Wanabhum Co., Ltd.	Forestry	Bangkok	
243 Phoenix Pulp & Paper Public Company Limited	Bleached pulp	Khonkaen	
	Printing and writing paper		
244 Phoenix Utilities Co., Ltd.	Utilities	Khonkaen	
245 Thai Containers Group Co., Ltd.	Corrugated boxes	Bangkok / Pathumthani	
		/ Samut Prakarn / Ratchaburi	
246 Thai Containers Khonkaen Co., Ltd.	Corrugated boxes	Khonkaen	
247 Thai Containers Rayong Co., Ltd.	Corrugated boxes	Rayong	
248 Vina Kraft Paper Co., Ltd.	Kraft paper	Vietnam	
249 TCG Rengo (S) Limited	Corrugated boxes	Singapore	
250 New Asia Industries Co., Ltd.	Corrugated boxes	Vietnam	
251 Alcamax Packaging (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam	
252 AP Packaging (Hanoi) Co., Ltd.	Corrugated boxes	Vietnam	
253 Packamex (Vietnam) Co., Ltd.	Flexible Packaging	Vietnam	
254 TC Flexible Packaging Co., Ltd.	Holding company	Bangkok	
255 PT Primacorr Mandiri	Corrugated boxes	Indonesia	
256 PT Indoris Printingdo	Corrugated boxes	Indonesia	
257 Dyna Packs Co., Ltd.	Corrugated boxes	Samutsakorn	
258 Orient Containers Co., Ltd.	Corrugated boxes	Samutsakorn	
259 D-In-Pack Company Limited	Corrugated boxes	Nakhonpathom	
260 Tawana Container Co., Ltd.	Corrugated boxes	Samut Prakarn	
261 Thai British Security Printing Public Company Limited	Securities document	Samut Prakarn	
262 Thai British DPost Co., Ltd.	Digital printing	Samut Prakarn	
Associates and Other Companies			
263 Siam Toppan Packaging Co., Ltd.	Offset-printed cartons	Samut Prakarn	
264 P&S Holdings Corporation	Holding company	Philippines	
265 Siam Nippon Industry Paper Co., Ltd.	Specialty paper	Bangkok	
266 Rengo Packaging Malaysia Sdn. Bhd.	Corrugated boxes	Malaysia	
(Formerly : TCG Rengo Subang (M) Sdn. Bhd.)			
267 Prepack Thailand Co., Ltd.	Flexible Packaging	Samutsongkram	
		Rayong	

* 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.

						Direct		
				Number of	Issued and	/ Indirect		
				paid-up	paid-up	Company and		
				shares	shares	Subsidiaries		
				(Million	(Million	Holding		
				shares)	Baht)	(Percent)		
Telephone	Facsimile	Type of shares					Total	
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	75	75		
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	75	75		
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	75	75		
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	75	75		
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	75	75		
66-2586-3333	66-2586-2164	Ordinary shares	211	2,206	75	75		
		Preferred shares	10					
66-2586-3333	66-2586-2164	Ordinary shares	15	1,500	75	75		
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	**	-	607	69	69		
(84) 320-3753862	(84) 320-752868	**	-	248	69	69		
(848) 729-1030	(848) 729-1031	**	-	220	69	69		
66-2586-5991	66-2586-4723	Ordinary shares	3	340	69	69		
(6221) 596-2345	(6221) 596-2000	Ordinary shares	0.1	294	62	62		
(6221) 596-0772-3	(6221) 596-0774	Ordinary shares	0.02	55	62	62		
	(6221) 596-3076							
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		
66-3498-1401-4	66-3498-1406-7	Ordinary shares	0.005	50	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		
(632) 870-0100	(632) 870-0409	Ordinary shares	28	263	39	39		
66-2586-3333	66-2586-2164	Ordinary shares	11	1,100	34	34		
(603) 5636-3610	(603) 5636-3621	Ordinary shares	15	804	17	17		
66-3475-1186-7	66-3475-2634	Ordinary shares	3	367	15	15		
66-3891-7004		Preferred shares	1					

Name	Principal Business / Products	Location (Head Office / Factory)
Other Subsidiaries		
268 Cementhai Holding Co., Ltd.	Holding company	Bangkok
269 Cementhai Property (2001) Public Company Limited	Holding company	Bangkok
270 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
271 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
272 SCG Legal Counsel Limited	Legal consultant	Bangkok
273 CTO Management Co., Ltd.	Marketable securities investment	Bangkok
274 Cementhai Captive Insurance Pte. Ltd.	Insurance	Singapore
275 Siam Eco Energy Business Co., Ltd.	Holding company	Bangkok
276 SCG Learning Excellence Co., Ltd	Training service	Bangkok
277 SCG VIETNAM CO., LTD.	Management consulting service	Vietnam
278 PT SCG Indonesia	Management consulting service	Indonesia
279 Siam GNE Solar Energy Co., Ltd	Electricity	Bangkok
Associates and Other Companies		
280 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathumthani
281 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
282 Siam Kubota Leasing Co., Ltd.	Leasing	Pathumthani
283 Siam Lemmerz Co., Ltd.	Aluminium alloy wheels	Saraburi
284 Siam AT Industry Co., Ltd.	Automotive parts	Chonburi
285 Thai Engineering Products Co., Ltd.	Automotive parts	Pathumthani
286 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
287 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chonburi
288 Muang Thong United Co., Ltd.	Football team	Bangkok
289 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
290 Musashi Auto Parts Co., Ltd.	Motorcycle transmission parts	Pathumthani
291 Lysando AG	Research and development	Liechtenstein
292 IT One Co., Ltd.	Technical services	Bangkok
293 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakarn
294 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
295 Michelin Siam Group Co., Ltd.	Holding company in tyre business	Bangkok
296 Michelin Siam Co., Ltd.	Holding company in tyre business	Bangkok
297 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.
** 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 paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-2104	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	66-2587-2157	Ordinary shares	0.5	13	100	100
66-2586-3333	66-2586-2684	Ordinary shares	0.2	20	100	100
(848) 3526-9011-13	(848) 3526-9014	**	-	16	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
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	80	2,000	-	40
66-3637-3309-21	66-3637-3312-3	Ordinary shares	0.1	126	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
66-2586-2104	66-2586-2008	Ordinary shares	1	39	20	20
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
66-3821-3451-5	66-3874-3310	Ordinary shares	29	2,850	4	4

7. SECURITIES AND SHAREHOLDERS

7.1 The Company’s Securities

- Registered Capital: 1,600 Million Baht.
- Issued and fully paid share capital: 1,200 Million Baht, comprising 1,200 Million ordinary shares.
- Ordinary shares at 1 Baht par value (At the Annual General Meeting of Shareholders held on March 26, 2003, the shareholders unanimously approved to change the

par value of ordinary shares of the Company from 10 Baht per share to 1 Baht per share. The Company registered the change with Department of Commerce on April 17, 2003.)

- The Company **does not** issue other types of shares, except from ordinary shares.

7.2 Shareholders

1) First 10 major shareholders as at December 30, 2014

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	360,000,000	30.000
2. THAI NVDR CO., LTD. *	110,460,507	9.205
3. STATE STREET BANK EUROPE LIMITED	47,058,975	3.922
4. CHASE NOMINEES LIMITED 42	32,758,432	2.730
5. BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	25,355,736	2.113
6. STATE STREET BANK AND TRUST COMPANY	20,654,453	1.721
7. HSBC (SINGAPORE) NOMINEES PTE LTD.	20,646,801	1.721
8. SOCIAL SECURITY OFFICE	20,077,600	1.673
9. CPB EQUITY CO., LTD. **	19,220,000	1.602
10. OFFICE OF PRIVY PURSE	15,473,000	1.289

Remark:

* Thai NVDR Co., Ltd. (Thai NVDR) is a subsidiary owned by the Stock Exchange of Thailand (SET) and regarded as listed securities in the SET who is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors. The service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders. Further information regarding Thai NVDR Co., Ltd. can be found on www.set.or.th.

** CPB EQUITY Co., Ltd. is a company whose shares are 100% held by The Crown Property Bureau.

As at August 14, 2014, the first major 2 NVDR holders were as follows:

NVDR holders	No. of ordinary shares	Percent of total shares
1. STATE STREET BANK EUROPE LIMITED	11,906,375	0.99
2. NORBAX INC.,13	7,228,536	0.60

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 30, 2014)

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

• Among major shareholders, the company does not have any shareholding agreement, which might affect its management.

- 3) Minor Shareholders (As at February 21, 2014)
Total number of Minor Shareholders (Free float) is 20,345, equivalent to 67.70%
- 4) 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 30, 2014, the company declared that 25% of fully paid-up capital shares are held by the foreigners.

7.3 Issuance of Other Securities

The Siam Cement Public Company Limited issued 9 series* of debentures valuing Baht 151,500 Million Baht as follows:

Lots of Debentures	Total Issue Amount (Million Baht)	Outstanding Debenture (Million Baht)	Maturity Date	Coupon Rate (%)	Credit Rating
1/2554	15,000	15,000	April 1, 2015	4.00%	A
2/2554	10,000	10,000	November 1, 2015	4.50%	A
1/2555	25,000	25,000	October 1, 2016	4.15%	A
2/2555	25,000	25,000	November 1, 2016	4.15%	A
3/2555	6,500	6,500	October 12, 2019	4.40%	A
1/2556	25,000	25,000	April 1, 2017	4.00%	A
2/2556	20,000	20,000	October 1, 2017	4.25%	A
1/2557	15,000	15,000	April 1, 2018	4.00%	A
2/2557	10,000	10,000	October 1, 2018	3.90%	A
Total	151,500	151,500			

Remarks:

* Debenture were rated as from Fitch Ratings (Thailand) Limited.

7.4 Dividend Policy

The company has a dividend payout policy to shareholders at 40% - 50% of the consolidated net profit. However, when reviewing the dividend payout for any potential changes for the respective period, the company may take into account all irregular situations, and uncontrollable factors, accordingly. In 2014, the consolidated net profit amounted to 33,615 Million Baht, resulting in the retained earnings for appropriation at the ordinary general

meeting of shareholders on March 25, 2015. The Board resolved to declare the annual dividends for the year 2014 at 12.50 Baht per share or equal to 45% of net profit. For dividend policy of most subsidiaries which are 100% owned by the company, the company takes into consideration their operating results, financial structure, financial position and investment plan, with no policy of transferring the interests.

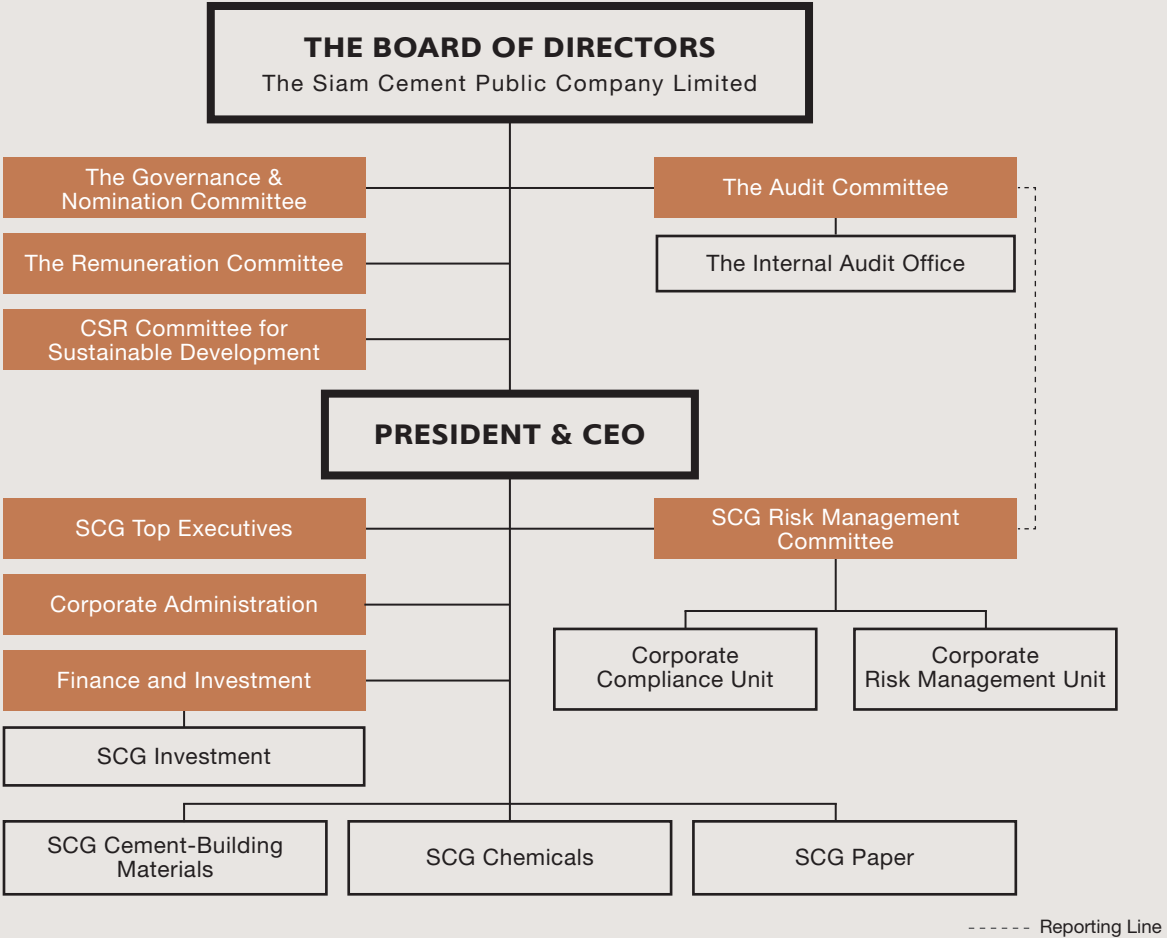
Detail of Dividend Distribution in the past 5 years

Year	Interim dividends (Baht/share)	Final dividends (Baht/share)	Annual dividend (Baht/share)	Dividends payout ratio on net profit (%)
2010	4.50	8.00	12.50	40
2011	5.50	7.00	12.50	55
2012	4.50	6.50	11.00	56
2013	8.50	7.00	15.50	51
2014	5.50	7.00*	12.50	45

Remark:
*The Board of Director resolved to propose the annual general meeting of shareholders on March 25, 2015. to approve the final dividend distribution at 7.00 Baht per share.

8. MANAGEMENT STRUCTURE

ORGANIZATION STRUCTURE



8.1 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 Independent Director	12	Kan Trakulhoon President & CEO

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.

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 both short-term and long-term operating plans, financial policy, risk management policy, and organizational overview. The Board plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis.

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.

The Sub-committees

Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	The CSR Committee for Sustainable Development
	(Total 4 members)	(Total 5 members)	(Total 3 members)	(Total 8 members)
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	Member
2. Mr. Snoh Unakul	-	Member	-	Chairman
3. Mr. Sumet Tantivejkul	-	Chairman	-	Member
4. Mr. Pricha Attavipach	Member	-	-	-
5. Mr. Panas Simasathien	-	Member	-	-
6. Mr. Yos Euarchukiati	-	-	Member	Member
7. Mr. Arsa Sarasin	-	Member		-
8. Mr. Chumpol NaLamlieng	-	-	Chairman	-
9. Mr. Tarrin Nimmanahaeminda	Chairman	Member	-	-
10. Mr. Pramon Sutivong	Member	-	Member	-
11. Mrs. Tarisa Watanagase	Member			
12. Mr. Kan Trakulhoon	-	-	-	Member

Notes:

- Independent directors that meet all the requirements specified in the Company's list of qualifications of an independent director are number 3, 4, 7, 8, 9, 10 and 11
- Mr. Kajohndet Sangsuban, Mr. Roongrote Rangsiyopash and Mr. Tanawong Areeratchakul are members of the CSR Committee for Sustainable Development

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
- Four members of the Board who are directors or consultants and receive a salary of a major shareholder are Mr. Chirayu Isarangkun Na Ayuthaya, Mr. Snoh Unakul, Mr. Panas Simasathien and Mr. Yos Euarchukiati.

The seven independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Mr. Chumpol NaLamlieng, Mr. Tarrin Nimmanahaeminda, Mr. Pramon Sutivong and Mrs. Tarisa Watanagase, constituting more than half of the Board of Directors. In addition, the seven independent directors meet all the requirements specified in the Company's list of qualifications of an independent director, which are more stringent than the qualifications stipulated by the Securities and Exchange Commission.

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, the schedules of which are arranged in advance every year and submitted to each director at the beginning of the year so all the directors can arrange their schedule for the meetings. In addition, special meetings might be held to consider 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 2014, the Board held 10 meetings, eight scheduled meetings and two special meetings with 95% of the board of directors attending. Individually, each director attended more than 75% of the total number of meeting. 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 manage 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 secretary to the Board of Directors 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 director 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 & CEO. The President & CEO, the only executive director, is excused during the assessment of his own performance and the consideration of relevant agenda items. In addition, if deemed necessary, a meeting might be held to discuss issues related to the management that have drawn public attention without the management present, so that non-executive directors can express their opinions independently.

The Attendance of the Directors in 2014

(January - December 31, 2014)

Directors	Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	The CSR Committee for Sustainable Development	The 2014 Meeting of Shareholders
	(Total 12 directors)	(Total 4 members)	(Total 5 members)	(Total 3 members)	(Total 5 members)	(Total 12 directors)
	Total 10 times / year	Total 6 times / year	Total 4 times / year	Total 6 times / year	Total 4 times / year	Total 1 time / year
1. Mr. Chirayu Isarangkun Na Ayuthaya	10/10				4/4	1/1
2. Mr. Snoh Unakul	10/10		4/4		4/4	1/1
3. Mr. Sumet Tantivejkul	8/10		3/4		3/4	1/1
4. Mr. Pricha Attavipach	10/10	6/6				1/1
5. Mr. Panas Simasathien	10/10		4/4			1/1
6. Mr. Yos Euarchukiati	9/10			6/6	4/4	1/1
7. Mr. Arsa Sarasin	9/10		4/4			1/1
8. Mr. Chumpol NaLamlieng	8/10			6/6		1/1
9. Mr. Tarrin Nimmanahaeminda	10/10	6/6	3/4			1/1
10. Mr. Pramont Sutivong	10/10	6/6		6/6		1/1
11. Mrs. Tarisa Watanagase	10/10	6/6				1/1
12. Mr. Kan Trakulhoon	10/10				3/4	1/1

Notes:

1. Seven independent directors are number 3, 4, 7, 8, 9, 10 and 11
2. Four members of the Audit Committee are number 4, 9, 10 and 11
3. Five members of the Governance and Nomination Committee are number 2, 3, 5, 7 and 9
4. Three members of the Remuneration Committee are number 6, 8 and 10
5. Five members of the CSR Committee for Sustainable Development are number 1, 2, 3, 6 and 12
6. The 2014 Annual General Meeting of Shareholders was held on March 26, 2014.

Board of Directors

Mr. Chirayu Isarangkun Na Ayuthaya

Age 72

Position	Chairman Director of CSR Committee for Sustainable Development	Since 1998	Chairman, National Institute of Development Administration
Date of Appointment	March 28, 2007	Since 2006	Director, CPB Equity Company Limited
Education/Training	• Ph.D., Economics, Australian National University, Australia • B.Sc., Economics (Hons), London School of Economics, University of London, England	Since 2013	Member, Advisory Board, Sasin Graduate Institute of Business Administration
Director Training	• Role of the Chairman Program (RCP) 1/2000, Thai Institute of Directors Association		
Board member/management in Listed Company (1)			
Since 2007	Director, The Siam Commercial Bank Public Company Limited		
Position in Other Company/Organization/Institution (6)			
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		
		5-year Past Experiences and/or Remarkable Position	
		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
		Shareholdings (Ordinary shares):	
		• Held personally	(None)
		• Held by spouse or minor children	(None)
		Family Relationship among Directors and Executives	(None)

Mr. Snoh Unakul

Age 83

Position	<p>Director</p> <p>Member of the Governance and Nomination Committee</p> <p>Chairman of CSR Committee for Sustainable Development</p>	<ul style="list-style-type: none"> Director Accreditation Program (DAP) 32/2005, Thai Institute of Directors Association
Date of Appointment	April 28, 1992	
Education/Training	<ul style="list-style-type: none"> Honorary Degree, Doctor of Economics, Khon Kaen University Honorary Degree, Doctor of Arts in Economics, Burapha University Honorary Degree, Doctor of Economics Development, The National Institute of Development Administration Honorary Degree, Doctor of Economics, Thammasat University Honorary Degree, Doctor of Arts in Economics, Srinakharinwirot University Honorary Degree, Doctor of Commerce, Thammasat University Honorary Degree, Doctor of Economics, Chulalongkorn University Ph.D.(Econ), Columbia University, U.S.A. M.A.(Econ), Columbia University, U.S.A. B.Commerce, University of Melbourne, Australia Certificate in Accountancy, Thammasat University The National Defence Course, National Defence College (Class 24) 	<p>Board member/management in Listed Company (None)</p> <p>Position in Other Company/Organization/Institution (8)</p> <p>Since 1984 Chairman, Thailand Development Research Institute Foundation</p> <p>Since 1992 Director, Dole (Thailand) Company Limited</p> <p>Since 1993 Director, Board of The Crown Property Bureau</p> <p>Since 2006 Director, CPB Equity Company Limited</p> <p>Since 2009 Chairman, Siam Bioscience Company Limited</p> <p>Since 2011 Chairman, Apexcela Company Limited</p> <p>Since 2011 Vice Chairman, Buddhadasa Indatanno Archives Foundation</p> <p>Since 2013 Chairman of Toyota Thailand Foundation</p>
Director Training	<ul style="list-style-type: none"> Advanced Director Program “Board’s Failure and How to Fix It”, Thai Institute of Directors Association 	<p>5-year Past Experiences and/or Remarkable Position</p> <p>1972-1975, Member, National Legislative Assembly</p> <p>1977-1979 Deputy Permanent Secretary, Ministry of Commerce</p> <p>1977-1979 Secretary-General, The National Economic and Social Development Board</p> <p>1974-1975, Governor of Bank of Thailand</p> <p>1980-1989 Chairman, National Institute of Development Administration</p> <p>1975-1979</p> <p>1976-1980</p>

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

Mr. Sumet Tantivejkul

Age 75
Director qualified as an Independent Director (From January 28, 1998)

Position	Director Chairman, The Governance and Nomination Committee Member of CSR Committee for Sustainable Development	Position in Other Company/Organization/Institution (4)
Date of Appointment	January 28, 1998	Since 1988
Education/Training		Since 2002
● Ph.D.(Political Science), Montpellier University, France		Chairman, Elephant Reintroduction Foundation
● M.A. (Political Science and International Law), Montpellier University, France		Since 2002
● B.A. (Political Science), Grenoble University, France		Chairman, The Sirindhorn International Environmental Park
● Diploma, The Economic Development Institute of the World Bank (EDI), Washington, D.C., U.S.A.		Since 2004
Director Training		Chairman, Foundation for a Clean and Transparent Thailand
● Bankruptcy and Rehabilitation Process: What Directors and Executive should know?, Thai Institute of Directors Association		5-year Past Experiences and/or Remarkable Position
● The Audit Committee...The Expectation Increase and, The Responsibility Expansion, The Stock Exchange of Thailand		1994-1996
● Director Certification Program (DCP) 30/2003, Thai Institute of Directors Association		Secretary-General, Office of The National Economic and Social Development Board
● Finance for Non-Finance Director (FND) 5/2003, Thai Institute of Directors Association		1994-1996
● Audit Committee Program (ACP) 1/2006, Thai Institute of Directors Association		1994-2001
Board member/management in Listed Company (None)		Director, The Bank of Thailand
		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
		Shareholdings (Ordinary shares):
		● Held personally (None)
		● Held by spouse (None) or minor children
		Family Relationship among Directors and Executives (None)

Mr. Pricha Attavipach

Age 76
Director qualified as an Independent Director (From March 31, 1999)

Position	Director Member of the Audit Committee	Director Training
Date of Appointment	March 31, 1999	● Director Certification Program (DCP) 39/2004, Thai Institute of Directors Association
Education/Training		● Finance for Non-Finance Director (FND) 8/2004, Thai Institute of Directors Association
● M.S. (Industrial Engineering and Management), Oklahoma State University, U.S.A.		● Audit Committee Program (ACP) 11/2006, Thai Institute of Directors Association
● B.Sc. (Industrial Engineering), Chulalongkorn University		● Director Accreditation Program (DAP) 107/2014, Thai Institute of Directors Association

Board member/management in Listed Company (4)	Since 2007	President of the University Council, Chaopraya University
Since 2004	Independent Director and Chairman of the Audit Committee, Thai Rung Union Car Public Company Limited	Since 2008
Since 2008	Chairman and Independent Director, Thai Sugar Terminal Public Company Limited	Since 2008
Since 2008	Chairman, Kaset Thai International Sugar Corporation Public Company Limited	Since 2010
Since 2008	Chairman, TS Flour Mills Public Company Limited	Since 2011
Position in Other Company/Organization/Institution (12)		Chairman, Kaset Thai Bio Power Company Limited
Since 1933	Director, H.C. Starck Co., Ltd.	5-year Past Experiences and/or Remarkable position
Since 2000	Chairman, Pan-Paper 1992 Company Limited	1993-2001
Since 2001	Specialist Senior Engineering (Industrial Engineer), Council of Engineers	Director, PTT Exploration and Production Public Company Limited
Since 2002	Law Councillor of Ministry of Labour	1996-1999
Since 2003	Chairman, SIAM P.P. International Company Limited	Permanent Secretary, Ministry of Industry
Since 2004	Chairman, Ekarat Pattana Company Limited	1997-1998
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)	Chairman, The Electricity Generating Authority of Thailand
		1997-1999
		Chairman, The Petroleum Authority of Thailand
		1999-2000
		Chairman, National Petrochemical Public Company Limited
		Shareholdings (Ordinary shares):
		● Held personally 4,100 shares (0.00034%)
		● Held by spouse 25,000 shares or minor children
		Family Relationship among Directors and Executives (None)

Mr. Panas Simasathien

Age 82

Position	Director Member of the Governance and Nomination Committee	Board member/management in Listed Company (None)
Date of Appointment	December 29, 1999	Position in Other Company/Organization/Institution (4)
Education/Training		Since 1992
● Honorary Doctorate in Commerce, Thammasat University		Deputy Chairman and Chairman of the Executive Committee, Siam Piwat Company Limited
● Ph.D. (Accounting), University of Illinois, U.S.A.		Since 2000
● M.S. (Accounting), University of Illinois, U.S.A.		Director, Board of The Crown Property Bureau
● B.A., Cum Laude, (Business Administration) Claremont Men's College, California, U.S.A.		Since 2003
● Certificate in Accountancy, Thammasat University		Chairman, The Council of State, Group 12
Director Training		Since 2006
● Director Certification Program (DCP) 2/2000, Thai Institute of Directors Association		Director, CPB Equity Company Limited
● The Corporate Governance of Family Business: A Path to Sustainable Success, Thai Institute of Directors Association		5-year Past Experiences and/or Remarkable Position
● Strengthening Corporate Governance Practices in Thailand, Thai Institute of Directors Association		1992
● Effective AGMs for Better Communication with Your Shareholders, Thai Institute of Directors Association		Minister of Finance
● Developing CG Policy Statement, Thai Institute of Directors Association		1993-1995
● Director Independence and Handling of Conflict of Interests, Thai Institute of Directors Association		Chairman, The Electricity Generating Authority of Thailand
● DCP Refresher Course 1/2005, Thai Institute of Directors Association		2005-2013
		Chairman, The National Economic and Social Development Board
		2011-2012
		Chairman, Saha Union Public Company Limited
		Shareholdings (Ordinary shares):
		● Held personally 100,000 shares (0.00833%)
		● Held by spouse (None) or minor children
		Family Relationship among Directors and Executives (None)

Mr. Yos Euarchukiati

Age 72

Position	Director	Since 2001	Chairman of the Executive Board of
	Member of the Remuneration Committee		Director, CPB Equity Company Limited
	Member of CSR Committee for	Since 2001	Chairman,
	Sustainable Development		CPB Property Company Limited
Date of Appointment	September 30, 1998	Since 2001	Chairman,
Education/Training			Siam Sindhorn Company Limited
<ul style="list-style-type: none">• B.Sc.(Eng.), University College London, University of London, England		5-years Past Experiences and/or Remarkable position	
		1992-1997	Vice Chairman, The Bank of Asia Public Company Limited
		1990-2012	Chairman, Thai Plastic and Chemicals Public Company Limited
Director Training			
<ul style="list-style-type: none">• Role of the Chairman Program (RCP) 1/2000, Thai Institute of Directors Association• The Board’s Role in Setting Effective Compensation Policy, Thai Institute of Directors Association		Shareholdings of Director (Ordinary shares):	
		<ul style="list-style-type: none">• Held personally 1,500,000 shares (0.125%)• Held by spouse (None) or minor children	
Board member/management in Listed Company	(None)	Family Relationship among Directors and Executives	(None)
Position in Other Company/Organization/Institution (4)			
Since 1997	Advisor – Investment and Financial, The Crown Property Bureau		

Mr. Arsa Sarasin

Age 78

Director qualified as an Independent Director (From July 25, 2001)

Position	Director	Since 2004	Chairman of Advisor,
	Member of the Governance and		Thai-Laos Friendship Association
	Nomination Committee	Since 2005	Deputy Chairman,
Date of Appointment	July 25, 2001		Thai Tapioca Development Institute
Education/Training		Since 2006	Chairman, Mae Sod Clean Energy
	• B.A. (Business Administration),		Company Limited
	Boston University, U.S.A.	Since 2013	Chairman, Mitsubishi Elevator Asia
Director Training			Company Limited
	• Director Accreditation Program (DAP) 5/2003,	Since 2013	Advisor, Mitsubishi Electric Asia
	Thai Institute of Directors Association		(Thailand) Company Limited
	• Audit Committee Program (ACP) 19/2007,	5-year Past Experiences and/or Remarkable Position	
	Thai Institute of Directors Association	1977-1980	Ambassador Extraordinary and
			Plenipotentiary, Royal Thai Embassy of
	• Finance for Non-Finance Director (FND) 39/2008,		Belgium & Chief of Mission to
	Thai Institute of Directors Association		the European Community
	• Role of the Chairman Program (RCP) 32/2013,	1982-1986	Permanent Secretary,
	Thai Institute of Directors Association		Ministry of Foreign Affairs
Board member/management in Listed Company (3)			
Since 1998	Chairman, Padaeng Industry	1986-1988	Ambassador Extraordinary and
	Public Company Limited		Plenipotentiary, Royal Thai Embassy of
Since 1999	Independent Director and Chairman,		United States of America
	Siam Makro Public Company Limited	1991-1992	Minister of Foreign Affairs
Since 1999	Independent Director, Vice Chairman	1994-2004	Co-Chairman of the Thai-Laos
	and Chairman of the Audit Committee,		Association
	Charoen Pokphand Foods	1995-1999	Vice Chairman of the Board of Directors,
	Public Company Limited		Bangkok Bank Public Company Limited
Position in Other Company/Organization/Institution (9)		2000-2012	His Majesty's Principal Private Secretary
Since 1993	Chairman, Thai Asia Pacific Brewery	Shareholdings of Director (Ordinary shares):	
	Company Limited	• Held personally	13,000 shares (0.00108%)
Since 1995	Chairman, Amata City Company Limited	• Held by spouse	(None)
Since 2003	Director, Thai Pure Drinks	or minor children	
	Company Limited	Family Relationship among Directors and Executives	(None)
Since 2004	Chairman of the Board of Governors		
	for Amata Spring Country Club		

Mr. Chumpol NaLamlieng

Age 67

Director qualified as an Independent Director (From July 30, 2014)

Position	Director	Since 2010	Director,
	Chairman, The Remuneration Committee		Siam Sindthorn Company Limited
			Director, CBP Equity Company Limited
Date of Appointment	August 1, 1992	Since 2011	Director, Kempin Siam Company Limited
Education/Training	• MBA, Harvard Business School, U.S.A. • B.S. Mechanical Engineering, University of Washington, U.S.A.	Since 2012	Director, Kempinski International SA
		Since 2012	5-year Past Experiences and/or Remarkable Position
Director Training	• Role of the Chairman Program (RCP) 2/2001, Thai Institute of Directors Association	1990-2009	President, Garden River Company Limited
		1993-2005	President, The Siam Cement Public Company Limited
Board member/management in Listed Company (1)	Since 2007	2005-2009	Director, British Airways Public Company Limited
		2004-2011	Chairman, Singapore Telecommunication Company Limited
Position in Other Company/Organization/Institution (8)	Since 1990	Shareholdings of Director (Ordinary shares):	
		• Held personally	201,000 shares (0.01675%)
Since 1990	Director, Navuti Company Limited	• Held by spouse or minor children	(None)
Since 1990	Director, Supaprunk Company Limited	Family Relationship among Directors and Executives (None)	
Since 1995	Director, Dole (Thailand) Company Limited		
Since 2008	Director, Lum Luk Ka Golf and Country Club Company Limited		

Mr. Tarrin Nimmanahaeminda

Age 69

Director qualified as an Independent Director (From October 24, 2007)

Position	Director	Since 2013	Chairman, Nantawan Company Limited
	Chairman, The Audit Committee	5-year Past Experiences and/or Remarkable Position	
	Member of the Governance and Nomination Committee	1984-1992	President and Chief Executive Officer, Siam Commercial Bank Public Company Limited
Date of Appointment	October 24, 2007	1991-1992	Chairman of the Thai Bankers’ Association
Education/Training	• MBA (Finance), The Stanford Graduate School of Business, U.S.A. • B.A. (Government, Cum Laude), Harvard College, U.S.A.	1992-1995	Minister of Finance (September 1992 - May 1995)
		1996-2005	Member of the House of Representatives
Director Training	• Role of the Chairman Program (RCP) 35/2014, Thai Institute of Directors Association	1997-2001	Minister of Finance (November 1997 - February 2001)
		1999-2000	Chairman of The Development Committee, The World Bank Group
Board member/management in Listed Company	(None)	Shareholdings (Ordinary shares):	
		• Held personally	(None)
Since 1988	Vice Chairman, Princess Maha Chakri Sirindhorn Foundation	• Held by spouse or minor children	25,000 shares
Since 1992	Member and Treasurer, The Prostheses Foundation of H.R.H. The Princess Mother	Family Relationship among Directors and Executives (None)	
Since 2003	Chairman, Siam Piwat Company Limited		

Mr. Pramon Sutivong

Age 75
Director qualified as an Independent Director (From June 1, 2011)

Position	Director Member of the Remuneration Committee Member of the Audit Committee	Since 2009	Senior Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
Date of Appointment	April 29, 2009	Since 2009	Honorary Director of the University Council, University of the Thai Chamber of Commerce
Education/Training	<ul style="list-style-type: none">Master of Engineering, Major in Mechanical, University of Kansas, U.S.A.Bachelor of Engineering, Major in Mechanical, University of Kansas, U.S.A.Advanced Management Program (AMP), Harvard Business School, U.S.A.	Since 2011	Chairman of Anti-Corruption Organization of Thailand
Director Training	<ul style="list-style-type: none">Role of the Chairman Program (RCP) 4/2001, Thai Institute of Directors AssociationDirector Accreditation Program (DAP) 6/2003, Thai Institute of Directors AssociationRole of the Compensation Committee (RCC) 9/2009, Thai Institute of Directors AssociationAudit Committee Program (ACP) 45/2013, Thai Institute of Directors Association	Since 2013	Member, Advisory Board, Sasin Graduate Institute of Business Administration
Board member/management in Listed Company (1)		5-year Past Experiences and/or Remarkable Position	
Since 1997	Independent Director, The Navakij Insurance Public Company Limited	1965-1980	Esso Standard Thailand Co., Ltd.
		1981-1996	Managing Director, SCT Co., Ltd.
		1984-1992	Vice President, The Siam Cement Public Company Limited
		1992-1999	Senior Vice President, The Siam Cement Public Company Limited
		1990-2005	Director, SCG Foundation
		1998-2002	Chairman, International Chamber of Commerce Thailand
		1999-2004	Chairman, Bankthai Public Company Limited
Position in Other Company/Organization/Institution (8)		2006-2008	Member, National Legislative Assembly
Since 1999	Chairman, Toyota Motor Thailand Company Limited	2004-2009	Chairman, The Thai Chamber of Commerce
Since 1999	Chairman, Siamcompressor Industry Company Limited	2005-2009	Chairman, Board of Trade of Thailand
Since 1999	Director, Toyota Thailand Foundation		Shareholdings (Ordinary shares):
Since 2007	Director, Office of The Civil Service Commission		<ul style="list-style-type: none">Held personally (None)Held by spouse 45,000 shares or minor children
			Family Relationship among Directors and Executives (None)

Mrs. Tarisa Watanagase

Age 65
Director qualified as an Independent Director (From March 27, 2013)

Position	Director Member of the Audit Committee	Board member/management in Listed Company (None)	
Date of Appointment	March 27, 2013	Position in Other Company/Organization/Institution (11)	
Education/Training	<ul style="list-style-type: none">Ph.D. (Honorary) in Economics, Keio University, Tokyo, JapanPh.D., Economics, Washington University, U.S.A.M.A., Economics, Keio University, Tokyo, JapanB.A., Economics, Keio University, Tokyo, JapanAdvanced Management Program (AMP), Harvard Business School, U.S.A.Diploma, The State, Private Sector and Political Sectors Course (Class 3), National Defense College	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
Director Training	<ul style="list-style-type: none">Director Certification Program (DCP) 4/2000, Thai Institute of Directors Association	Since 2011	Director, Member, Board of Directors, Private Sector Collective Action Coalition Against Corruption (CAC)

Since 2011	Member, APD Advisory Group, Asia Pacific Department, IMF, Washington, D.C.	2006-2010	Board Member, The National Economic and Social Development Board
Since 2012	Director, Thailand Philharmonic Orchestra	2006-2010	Commission Member, The SEC Commission Members
Since 2013	Associate, Alliance for Financial Inclusion, Thailand	2006-2010	Director, Board of Insurance Commission
Since 2013	Member, Advisory Board, Central Banking Publication, U.K.	2006-2010	Director, Thai Asset Management Corporation Board of Directors
Since 2013	Senior Advisor, Promontory Financial Group, Washington, D.C., U.S.A.	2011	Expert, The Financial Sector Assessment Program (FSAP), IMF
5-year Past Experiences and/or Remarkable Position		2012-2013	Member, International Advisory Panel, State Bank of Vietnam, Vietnam
2006-2010	Governor, The Bank of Thailand	2013	Member, World Bank-IMF Joint Committee on Remuneration of Executive Directors and Alternates
2006-2009	Chairperson, The Bank of Thailand Board		Shareholdings (Ordinary shares):
2006-2010	Chairperson, Monetary Policy Committee		<ul style="list-style-type: none">Held personally (None)Held by spouse 25,000 shares or minor children
2006-2010	Chairperson, Financial Institutions Policy Committee		Family Relationship among Directors and Executives (None)
2006-2010	Chairperson, Payment Systems Committee		

Mr. Kan Trakulhoon

Age 59

Position	President & CEO, SCG Member of CSR Committee for Sustainable Development	Since 2011	Global Advisor, Kubota Corporation (Japan)
Date of Appointment	January 1, 2006	Since 2013	Advisor, The Federation of Thai Industries
Education/Training	<ul style="list-style-type: none">Honorary Degree, Doctor of Engineering, Chulalongkorn UniversityHonorary Degree, Doctor of Engineering (Production Engineering), Mahasarakham UniversityM.S. (Management), The Georgia Institute of Technology, U.S.A.M.S. Engineering, The Georgia Institute of Technology, U.S.A.B.E. (Electrical), First Class Honours, Chulalongkorn UniversityAdvanced Management Program (AMP), Harvard Business School, U.S.A.	Since 2013	Honorable Advisor, Environmental Engineering Association of Thailand
Director Training	<ul style="list-style-type: none">Director Certification Program (DCP) 29/2003, Thai Institute of Directors Association	Since 2013	Director, National Science Technology and Innovation Policy Board
Board member/management in Listed Company (None)		Since 2013	Director, National Science and Technology Development Board Committee, Mahidol University Foundation
Position in Other Company/Organization/Institution (14)		Since 2013	Director, The Engineering-Section Committee, Anandamahidol Foundation
Since 2004	Board Member, East Asia Council, INSEAD	Since 2013	Member, Advisory Board, Sasin Graduate Institute of Business Administration
Since 2006	Board Member, World Business Council for Sustainable Development	Since 2014	Member, National Innovation Development Advisory Board
Since 2006	Member, School of Engineering and Technology, Asian Institute of Technology		Other Position in SCG (10)
Since 2007	Member, Asia Business Council		Being chairman and director of non-listed companies under SCG
Since 2010	Member, Board of Trustees, Asia Business Council		Totaling 10 companies
		5-year Past Experiences and/or Remarkable Position	
		1999-2002	President, CemenThai Ceramics Company Limited
		2003-2004	Vice President, The Siam Cement Public Company Limited

2004-2005	Executive Vice President, The Siam Cement Public Company Limited	Shareholdings (Ordinary shares): <ul style="list-style-type: none">• Held personally (None)• Held by spouse (None) or minor children Family Relationship among Directors and Executives (None)
2009-2011	Outside Director, Kubota Corporation (Japan)	

Mr. Worapol Jennapar

Position Secretary to the Board of Directors

Ms. Pornpen Namwong

Position Company Secretary

Report of Changes in Securities Holdings of Directors

Directors	Ordinary shares (shares)			Debentures (units)*			Ordinary shares of affiliated companies (shares)
	As at January 1, 2014	As at December 31, 2014	Increase/ (decrease) during financial year	As at January 1, 2014	As at December 31, 2014	Increase/ (decrease) during financial year	
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	-	-	-	-
2. Mr. Snoh Unakul Spouse	30,000 120,000	30,000 120,000	- -	-	-	-	-
3. Mr. Sumet Tantivejkul	-	-	-	10,000	10,000	-	-
4. Mr. Pricha Attavipach Spouse	4,100 25,000	4,100 25,000	- -	-	-	-	-
5. Mr. Panas Simasathien	100,000	100,000	-	37,000	37,000	-	-
6. Mr. Yos Euarchukiati	1,500,000	1,500,000	-	-	-	-	-
7. Mr. Arsa Sarasin	13,000	13,000	-	-	-	-	-
8. Mr. Chumpol NaLamlieng	1,001,000	201,000	(800,000)	110,000	101,000	(9,000)	-
9. Mr. Tarrin Nimmanahaeminda Spouse	- 25,000	- 25,000	- -	-	-	-	-
10. Mr. Pramon Sutivong Spouse	- 45,000	- 45,000	- -	10,000	10,000	-	-
11. Mrs. Tarisa Watanagase Spouse	- 11,000	- 25,000	- 14,000	-	-	-	-
12. Mr. Kan Trakulhoon	-	-	-	-	-	-	-

Notes:

1. The Siam Cement Public Company Limited has a registered capital of 1,600 Million Baht and paid-up of capital of 1,200 Million Baht. (1,200 Million ordinary shares).
2. 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.
3. According to SEC regulation, ordinary shares of a company held by the directors include those held by a spouse and minor children.
4. 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.
5. The Siam Cement Public Company Limited debentures are priced at 1,000 Baht per unit.
6. * Debentures of The Siam Cement Public Company Limited as at December 18, 2014.

8.2 SCG TOP EXECUTIVES

(As at January 1, 2015)



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01 Kan Trakulhoon
President & CEO,
SCG

02 Roongrote Rangsiyopash
Executive Vice President,
SCG
President,
SCG Paper

03 Cholanat Yanaranop
Senior Vice President,
SCG
President,
SCG Chemicals

04 Somchai Wangwattanapanich
Vice President - Operations,
SCG Chemicals

05 Pichit Maipoom
Senior Vice President,
SCG
President,
SCG Cement-Building Materials
Vice President - Operations,
SCG Cement-Building Materials

06 Aree Chavalitcheewingul
Vice President - Regional Business,
SCG Cement-Building Materials

07 Nithi Patarachoke
Vice President - Domestic Market,
SCG Cement-Building Materials

08 Chaovalit Ekabut
Vice President - Finance and Investment & CFO,
SCG
President,
SCG Investment

09 Tanawong Areeratchakul
Vice President - Corporate Administration,
SCG

The above-mentioned top executives of SCG are “Executives” according to the Notification of Capital Market Supervisory Board No. TorChor 23/2551.

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.

The Directors of Subsidiaries that are Core Businesses

(As at January 1, 2015)

Companies	Directors								
	Mr. Kan Trakulhoon	Mr. Roongrote Rangsiyopash	Mr. Cholanat Yanaranop	Mr. Somchai Wangwattananpanich	Mr. Pichit Maipoom	Mr. Aree Chavalitcheewingul	Mr. Nithi Patarachoke	Mr. Chaovalit Ekabut	Mr. Tanawong Areeratchakul
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									
Cementhai Holding Company Limited	✓	✓	✓			✓		✓	✓

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. Their duties also encompass controlling and keeping expenses and capital expenditures within the limits approved by the Board in the annual operating plan; managing human resources in line with the prescribed policy; resolving problems or conflicts that affect the Company; and maintaining effective communication with related parties.

SCG Top Executives

Mr. Kan Trakulhoon

Age 59

Position	President & CEO, SCG Member of CSR Committee for Sustainable Development	Since 2013	Honorable Advisor, Environmental Engineering Association of Thailand
Date of Appointment	January 1, 2006	Since 2013	Director, National Science Technology and Innovation Policy Board
Education/Training	● Honorary Degree, Doctor of Engineering, Chulalongkorn University ● Honorary Degree, Doctor of Engineering (Production Engineering), Mahasarakham University ● M.S. (Management), The Georgia Institute of Technology, U.S.A. ● M.S. Engineering, The Georgia Institute of Technology, U.S.A. ● B.E. (Electrical), First Class Honours, Chulalongkorn University ● Advanced Management Program (AMP), Harvard Business School, U.S.A.	Since 2013 Since 2013 Since 2013 Since 2013 Since 2014	Director, National Science and Technology Development Board Committee, Mahidol University Foundation Director, The Engineering-Section Committee, Anandamahidol Foundation Member, Advisory Board, Sasin Graduate Institute of Business Administration Member, National Innovation Development Advisory Board
Director Training	● Director Certification Program (DCP) 29/2003, Thai Institute of Directors Association		Other Position in SCG (10) ● Being chairman and director of non-listed companies under SCG Totaling 10 companies
Board member/management in Listed Company	(None)		5-year Past Experiences and/or Remarkable Position
Position in Other Company/Organization/Institution (14)		1999-2002	President, Cementhai Ceramics Company Limited
Since 2004	Board Member, East Asia Council, INSEAD	2003-2004	Vice President, The Siam Cement Public Company Limited
Since 2006	Board Member, World Business Council for Sustainable Development	2004-2005	Executive Vice President, The Siam Cement Public Company Limited
Since 2006	Member, School of Engineering and Technology, Asian Institute of Technology	2009-2011	Outside Director, Kubota Corporation (Japan)
Since 2007	Member, Asia Business Council		
Since 2010	Member, Board of Trustees, Asia Business Council		
Since 2011	Global Advisor, Kubota Corporation (Japan)		
Since 2013	Advisor, The Federation of Thai Industries		

Shareholdings (Ordinary shares):

- Held personally (None)
- Held by spouse (None) or minor children

Family Relationship among Directors and Executives (None)

Mr. Roongrote Rangsiyopash

Age 51

Position	Executive Vice President, SCG President, SCG Paper Member of CSR Committee for Sustainable Development	Other Position in SCG	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Education/Training	<ul style="list-style-type: none">• MBA, Harvard Business School, U.S.A• M.S. (Industrial Engineering), University of Texas at Arlington, U.S.A.• B.E. (Mining), Chulalongkorn University	5-year Past Experiences and/or Remarkable Position	
Director Training	<ul style="list-style-type: none">• Director Accreditation Program (DAP) SCC/2004, Thai Institute of Directors Association	2008-2011	Director, Thai-German Ceramic Industry Public Company Limited
Board member/management in Listed Company (2)		2010-2011	Director, Quality Construction Products Public Company Limited
Since 2011	Chairman of the Board of Directors and Executive Committee, Thai British Security Printing Public Company Limited	2013-2014	Expert Member, Government Pension Fund (GPF) Board of Directors
Since 2012	Director, Thai Plastic and Chemicals Public Company Limited	2013-2014	Chairman of Risk Management Subcommittee, Government Pension Fund (GPF)
Position in Other Company/Organization/Institution (1)		Shareholdings (Ordinary shares):	
Since 2013	Director, Giga Impact Initiative Board (GII Board), National Science and Technology Development Agency (NSTDA)	<ul style="list-style-type: none">• Held personally• Held by spouseor minor children	30,000 shares (0.00250%) (None)
		Family Relationship among Directors and Executives	(None)

Mr. Cholanat Yanaranop

Age 55

Position	Senior Vice President, SCG President, SCG Chemicals	Since 2008	Advisor, The Thai Institute of Chemical Engineering and Applied Chemistry
Education/Training	<ul style="list-style-type: none">• Master of Chemical Engineering, Imperial College London, U.K.• Bachelor of Environmental Chemical Engineering, (Second Class Honours), Salford University, Manchester, U.K.• Advanced Management Program (AMP), Harvard Business School, U.S.A.	Since 2013	President, Community Partnership Association
Director Training	<ul style="list-style-type: none">• Director Accreditation Program (DAP) 39/2005, Thai Institute of Directors Association	Other Position in SCG	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Board member/management in Listed Company (2)		5-year Past Experiences and/or Remarkable Position	
Since 2011	Commissioner, PT Chandra Asri Petrochemical Tbk., Indonesia	2005-2010	Director, PTT Chemical Public Company Limited
Since 2012	Chairman, Thai Plastic and Chemicals Public Company Limited	2007-2008	President, The Thai Institute of Chemical Engineering and Applied Chemistry
Position in Other Company/Organization/Institution (3)		Shareholdings (Ordinary shares):	
Since 2006	Director, Petroleum Institute of Thailand	<ul style="list-style-type: none">• Held personally• Held by spouseor minor children	25,500 shares (0.00212%) (None)
		Family Relationship among Directors and Executives	(None)

Mr. Somchai Wangwattanapanich

Age 56

Position	Vice President - Operations, SCG Chemicals	5-year Past Experiences and/or Remarkable Position	2010-2012 Vice Chairman of Petrochemical Industry Club, The Federation of Thai Industries Executive Committee of the Institute of Industrial and Water Resource and Supplies
Education/Training	<ul style="list-style-type: none">• MBA, Chulalongkorn University• Bachelor of Engineering, Mechanical Engineering, Chulalongkorn University• Advanced Management Program (AMP), Harvard Business School, U.S.A.	2010-2012	
Director Training	<ul style="list-style-type: none">• Director Accreditation Program (DAP) SCC/2004, Thai Institute of Directors Association	2010-2014	Vice Chairman, The Industrial Environment Institute
Board member/management in Listed Company (None)		2011-2013	Vice Chairman of Executive Committee, The Institute of Industrial Energy
Position in Other Company/Organization/Institution (2)		2011-2013	Chairman, Climate Change working group under The Joint Standing Committee on Commerce, Industry and Banking
Since 2012	Vice Chairman, The Federation of Thai Industries	Shareholdings (Ordinary shares):	
Since 2014	Chairman, The Industrial Environment Institute	<ul style="list-style-type: none">• Held personally• Held by spouseor minor children	8,300 shares (0.00069%) (None)
Other Positions in SCG	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company	Family Relationship among Directors and Executives	(None)

Mr. Pichit Maipoom

Age 58

Position	Senior Vice President, SCG President, SCG Cement-Building Materials Vice President - Operations, SCG Cement-Building Materials	Since 2011	President Commissioner, PT Keramika Indonesia Assosiasi Tbk, Indonesia
Education/Training	<ul style="list-style-type: none">• M.E. (Industrial and Management), Asian Institute of Technology• B.E. (Mechanical Engineering), Second Class Honours, King Mongkut's Institute of Technology North Bangkok• Advanced Management Program (AMP), Harvard Business School, U.S.A.	Since 2011	Commissioner, PT Kokoh Inti Arebama Tbk, Indonesia
Director Training	<ul style="list-style-type: none">• Director Accreditation Program (DAP) SCC/2004, Thai Institute of Directors Association	Position in Other Company/Organization/Institution (None)	
Board member/management in Listed Company (4)		Other Position in SCG	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	5-year Past Experiences and/or Remarkable Position	
Since 2010	Director and Member of Executive Committee, Quality Construction Products Public Company Limited	2005-2012	President, SCG Building Materials Company Limited
		2008-2012	Honorable Chairman, Ceramic Industry Club, The Federation of Thai Industries
		2012	Executive Vice President, SCG Cement Company Limited
		2013-2014	Director, Siam Global House Public Company Limited
		Shareholdings (Ordinary shares):	
		<ul style="list-style-type: none">• Held personally• Held by spouseor minor children	(None) (None)
		Family Relationship among Directors and Executives	(None)

Mr. Aree Chavalitcheewingul

Age 51

Position	Vice President - Regional Business, SCG Cement-Building Materials	Other Position in SCG	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Education/Training	<ul style="list-style-type: none">Master of Engineering (Industrial Engineering and Management), Asian Institute of TechnologyBachelor of Engineering (Electrical), Honours, Chiang Mai UniversityAdvanced Management Program (AMP), Harvard Business School, U.S.A.	5-year Past Experiences and/or Remarkable Position	2008-2011 Managing Director, Thai-German Ceramic Industry Public Company Limited
Director Training	(None)	2011-2012	Director, Thai Plastic and Chemicals Public Company Limited
Board member/management in Listed Company (4)	Since 2008 Director and Member of Executive Committee, Thai-German Ceramic Industry Public Company Limited	2011-2012	VicePresident - CorporateAdministration, The Siam Cement Public Company Limited
	Since 2011 Director and Member of Executive Committee, Quality Construction Products Public Company Limited	2012	Executive Vice President, SCG Building Materials Company Limited
	Since 2011 Commissioner, PT Keramika Indonesia Assosiasi Tbk, Indonesia	2012-2013	Director, Siam Global House Public Company Limited
	Since 2011 Commissioner, PT Kokoh Inti Arebama Tbk, Indonesia	Shareholdings (Ordinary shares):	<ul style="list-style-type: none">Held personally (None)Held by spouse (None) or minor children
Position in Other Company/Organization/Institution	(None)	Family Relationship among Directors and Executives	(None)

Mr. Nithi Patarachoke

Age 51

Position	Vice President - Domestic Market, SCG Cement-Building Materials	Other Position in SCG	Being director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Education/Training	<ul style="list-style-type: none">MBA (Finance and Operations Management), University of Chicago, U.S.A.B.E. (Industrial), Chulalongkorn UniversityAdvanced Management Program (AMP), Harvard Business School, U.S.A.	5-year Past Experiences and/or Remarkable Position	2005-2010 Corporate Planning Director, The Siam Cement Public Company Limited
Director Training	(None)	2010-2013	Managing Director, SCG Logistics Management Co., Ltd.
Board member/management in Listed Company (1)	Since 2012 Director, Siam Global House Public Company Limited	Shareholdings (Ordinary shares):	<ul style="list-style-type: none">Held personally 4,000 shares (0.00033%)Held by spouses (None) or minor children
Position in Other Company/Organization/Institution (1)	Since 2006 Councilor, Thailand Management Association	Family Relationship among Directors and Executives	(None)

Mr. Chaovalit Ekabut

Age 56

Position	Vice President - Finance and Investment & CFO, SCG President, SCG Investment	Position in Other Company/Organization/Institution	(None)
Education/Training	<ul style="list-style-type: none">M.E. (Industrial Engineering and Management), Asian Institute of TechnologyB.E. (Mechanical) (First Class Honours), Chulalongkorn UniversityAdvanced Management Program (AMP), Harvard Business School, U.S.A.	Other Position in SCG	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Director Training	<ul style="list-style-type: none">Director Accreditation Program (DAP) 27/2004, Thai Institute of Directors AssociationDirector Certification Program (DCP) 84/2007, Thai Institute of Directors AssociationRole of the Chairman Program (RCP) 24/2010 Thai Institute of Directors Association	5-year Past Experiences and/or Remarkable Position	2005-2010 President, SCG Paper
Board member/management in Listed Company (1)	Since 2011 Commissioner, PT Chandra Asri Petrochemical Tbk., Indonesia	2005-2010	Chairman, Thai Cane Paper Public Company Limited
		2005-2010	Chairman, Thai British Security Printing Public Company Limited
		Shareholdings (Ordinary shares):	<ul style="list-style-type: none">Held personally 20,000 shares (0.00166%)Held by spouse (None) or minor children (None)
		Family Relationship among Directors and Executives	(None)

Mr. Tanawong Areeratchakul

Age 51

Position	Vice President - Corporate Administration, SCG Member of CSR Committee for Sustainable Development	5-year Past Experiences and/or Remarkable Position	2007-2010 Managing Director, Rayong Olefins Co., Ltd.
Education/Training	<ul style="list-style-type: none">B.E. (Electrical), King Mongkut's Institute of Technology ThonburiAdvanced Management Program (AMP), Harvard Business School, U.S.A.	2008-2012	General Director, Long Son Petrochemicals Co., Ltd.
Director Training	(None)	Shareholdings (Ordinary shares):	<ul style="list-style-type: none">Held personally (None)Held by spouse (None) or minor children
Board member/management in Listed Company	(None)	Family Relationship among Directors and Executives	(None)
Position in Other Company/Organization/Institution	(None)		
Other Position in SCG	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company		

Chief Officers in Accounting and Finance

Mr. Pichit Leelaphantmetha

Age 50

Position	Corporate Accounting Director Managing Director, SCG Accounting Services Co., Ltd.	Other Position in SCG	Being director and executive of non-listed companies under SCG as assigned by the company
Education/Training	<ul style="list-style-type: none">Master of Business Administration, Thammasat UniversityBachelor of Accountancy, Chulalongkorn University	5-year Past Experiences and/or Remarkable Position	
Director Training (1)	<ul style="list-style-type: none">Director Certification Program (DCP) 118/2009, Thai Institute of Directors Association	2012	The Committee of Management Accounting, Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King
Board member/management in Listed Company	(None)	Shareholdings (Ordinary shares):	
Position in Other Company/Organization/Institution (1)		<ul style="list-style-type: none">Held personally (None)Held by spouse (None) or minor children	
Since 2014	The Subcommittee on Monitoring of Accounting Standard, Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King	Family Relationship among Directors and Executives	(None)

Mrs. Chantanida Sarigaphuti

Age 45

Position	Corporate Treasurer	5-year Past Experiences and/or Remarkable Position	
Education/Training	<ul style="list-style-type: none">M.S.(Finance), University of Illinois, USABBA (Finance), Chulalongkorn University	2008	Managing Director, SCT Services Co., Ltd.
Director Training	<ul style="list-style-type: none">Company Secretary Program (CSP) 43/2011, Thai Institute of Directors Association	2008	Manager, International Services Division, SCT Co., Ltd.
Board member/management in Listed Company	(None)	2010	General Manager, Corporate Services Group, Thai Plastic and Chemicals Public Company Limited
Position in Other Company/Organization/Institution	(None)	Shareholdings (Ordinary shares):	
Other Position in SCG	Being director and executive of non-listed companies under SCG as assigned by the company	<ul style="list-style-type: none">Held personally (None)Held by spouse (None) or minor children	
		Family Relationship among Directors and Executives	(None)

Report of Changes in Securities Holdings of Executives

Executives		Ordinary shares of The Siam Cement Public Company Limited (shares)		
		As at January 1, 2014	As at December 31, 2014	Increase / (decrease) during financial year
1.	Mr. Kan Trakulhoon	-	-	-
2.	Mr. Roongrote Rangsiyopash	30,000	30,000	-
3.	Mr. Cholanat Yanaranop	18,500	25,500	7,000
4.	Mr. Somchai Wangwattanapanich	16,600	8,300	(8,300)
5.	Mr. Pichit Maipoom	-	-	-
6.	Mr. Aree Chavalitcheewingul	-	-	-
7.	Mr. Nithi Patarachoke	4,000	4,000	-
8.	Mr. Chaovalit Ekabut	-	20,000	20,000
9.	Mr. Tanawong Areeratchakul	-	-	-
10.	Mr. Pichit Leelaphantmetha	-	-	-
11.	Mrs. Chantanida Sarigaphuti	-	-	-

There was no shareholdings of the company by spouses and minor children of executives.

Notes:

- The Siam Cement Public Company Limited has a registered capital of 1,600 Million Baht and paid-up of capital of 1,200 Million Baht. (1,200 Million ordinary shares).
- In reference to the Notification of Capital Market Supervisory Board No. TorChor 23/2551, "Executives" shall mean the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.
- SCG Top executives according to the Notification of Capital Market Supervisory Board comprises the above-mentioed 11 members.
- According to SEC regulation, ordinary shares of a company held by the directors and executives include those held by spouses and minor children.
- No. 10-11 are Chief Officers of Accounting and Finance.

Head of Internal Audit

Mr. Anuwat Jongyindee

Age 57

Position	Internal Audit Director	Since 2014	Chairman of Risk Management and Internal Control Club, Thai Listed Companies Association (TLCA)
Education/Training			
	<ul style="list-style-type: none">Master of Accountancy, Chulalongkorn UniversityBachelor of Science (Business Administration), Kasetsart University	5-year Past Experiences and/or Remarkable Position	
Director Training			
	<ul style="list-style-type: none">Director Accreditation Program (DAP) 82/2010, Thai Institute of Directors AssociationDirector Certification Program (DCP) 135/2010, Thai Institute of Directors AssociationAudit Committee Program (ACP) 31/2010, Thai Institute of Directors Association	2005-2010	Corporate Accounting Director The Siam Cement Public Company Limited
Board member/management in Listed Company	(None)	2005-2010	Director of Accounting Committee and President of Accounting Sub-Committee, Federal Accounting Profession of Thailand
Position in Other Company/Organization/Institution (3)		2007-2010	Director, Thai Accounting Standard Committee, Federal Accounting Profession of Thailand
Since 2008	Vice President and Auditing Supervision Committee, Association of Provident Fund	Shareholdings (Ordinary shares):	
		<ul style="list-style-type: none">Held personally (None)Held by spouse (None) or minor children	
Since 2011	Accounting System Setting Committee, Federation of Accounting Profession of Thailand	Family Relationship among Directors and Executives	(None)

The Company Secretary

Mrs. Pornpen Namwong

Age 53

Position	Corporate Secretary Director	Other Positions in SCG
Education/Training		
	<ul style="list-style-type: none">M.S., Japanese Business Studies, Chaminade University of Honolulu, Hawaii, U.S.A.Bachelor of Economics (Second Class Honours), Thammasat University	Being company secretary of listed companies under SCG as assigned by the company
Seminar on Role and Responsibility of Company Secretary		5-year Past Experiences and/or Remarkable Position
	<ul style="list-style-type: none">Company Secretary Program (CSP) 51/2013 Thai Institute of Directors AssociationAnti-Corruption: The Practical Guide (ACPG) Thai Institute of Directors Association	1999-2010
Board member/management in Listed Company	(None)	Manager, Legal and Business Affairs, SCG Chemicals Co., Ltd.
Position in Other Company/Organization/Institution (1)		Shareholdings (Ordinary shares):
Since 2010	Director, Thai Company Secretary Club	<ul style="list-style-type: none">Held personally 1,000 shares (0.00008%)Held by spouse (None) or minor children
		Family Relationship among Directors and Executives
		(None)

8.3 The Secretary to the Board of Directors and the Company Secretary The Secretary to the Board of Directors

The Board appointed Mr. Worapol Jannapar 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 and assistant secretary to the board of directors 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, page 62.

8.4 Remuneration for the Board and the Top Executives Remuneration for Directors and the Sub-committees

SCG sets appropriate remuneration for members of the Board of Directors 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.

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.

In addition to monetary remuneration, the Company does not grant other privileges to the directors.

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 Articles 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 2014, the Board of Directors proposed that the remuneration of all forms for the Board of Directors be disclosed at the Annual General Meetings of Shareholders and added it to the agenda for approval, starting at the Annual General Meetings of Shareholders in 2015 onwards, in line with the principles of good corporate governance of the Stock Exchange of Thailand, Thai Institute of Directors (IOD), and the criteria of ASEAN CG Scorecard.

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 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 Sub-committees

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

The Remuneration for the Sub-committees

	Position	Annual fixed fee (Baht)	Attendance fee (Baht)
The Audit Committee	Chairman	180,000	45,000
	Director	120,000	30,000
The Governance and Nomination Committee/ The Remuneration Committee	Chairman	150,000	37,500
	Director	100,000	25,000

The Remuneration for the Board of Directors and the Sub-committees in 2014

(January 1 - December 31, 2014)

Directors	Remuneration (Baht)				Directors’ Bonus paid in 2014* (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	-	-	-	7,200,000	9,792,000
2. Mr. Snoh Unakul ²	1,728,000	-	200,000	-	4,800,000	6,728,000
3. Mr. Sumet Tantivejkul ³	1,728,000	-	262,500	-	4,800,000	6,790,500
4. Mr. Pricha Attavipach	1,728,000	300,000	-	-	4,800,000	6,828,000
5. Mr. Panas Simasathien	1,728,000	-	200,000	-	4,800,000	6,728,000
6. Mr. Yos Euarchukiati	1,728,000	-	-	250,000	4,800,000	6,778,000
7. Mr. Arsa Sarasin	1,728,000	-	200,000	-	4,800,000	6,728,000
8. Mr. Chumpol NaLamlieng ⁴	1,728,000	-	-	375,000	4,800,000	6,903,000
9. Mr. Tarrin Nimmanahaeminda ⁵	1,728,000	450,000	175,000	-	4,800,000	7,153,000
10. Mr. Pramon Sutivong	1,728,000	300,000	-	275,000	4,800,000	7,103,000
11. Mrs. Tarisa Watanagase	1,728,000	300,000	-	-	4,800,000	6,828,000
12. Mr. Kan Trakulhoon	1,728,000	-	-	-	4,800,000	6,528,000
Total	21,600,000	1,350,000	1,037,500	900,000	60,000,000	84,887,500

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

* The directors' bonus paid in 2014 consisted of the bonus payment based on the final dividend of the year 2013 paid to shareholders on April 24, 2014 and the interim dividend of the year 2014 paid on August 28, 2014 as represented in the item of "Administrative expenses" on the consolidated statements of income.

** The CSR Committee for Sustainable Development has no remuneration.

SCG Top Executives Remuneration

Policy on Top Executives Remuneration

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 in short term and long term 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.

Top Executives Remuneration (As at December 31, 2014)

The total remuneration for nine executives in the form of salaries, bonuses, variable pay and others amounted to 220,592,989 Baht. For 2014, the Company made contributions of 14,964,280 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 businesses

(As at December 31, 2014)

- Total remuneration for directors of subsidiaries that are core business 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.
- 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 remuneration for top executives of subsidiaries that are core businesses of SCG 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	27,305,798	2,200,081
2. SCG Chemicals Company Limited	7	41,192,127	3,128,578
3. SCG Paper Public Company Limited	9	48,807,347	3,605,368

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 the 2014 Annual Report.

8.5 Human Resources

At SCG, “Belief in the value of the individual” is one of our philosophies. Therefore, employees are SCG’s most valuable assets. SCG has continuously improved the human resources management and has strengthened corporate culture to better correspond with our business strategies. The Group has drawn up human resources management strategies for the next 5 years as follows:

1. Human Resources Readiness to Support Future Business Expansion

1.1 Workforce Preparation for Business Expansion

- Strategic Workforce Planning: Workforce in a period of three to five years is estimated with the Strategic Workforce Planning in an attempt to elevate the competency level that a business requires in the future in tandem with current manpower planning.
- Diversity and Inclusion Framework: SCG has established a framework for diversity and inclusion to accommodate a potential increase in the diversity of the future workforce in regardless of generations, nationalities, genders, etc. This framework will be used for boosting engagement with a more diverse pool of employees.
- Talent Management: SCG has implemented a talent management system which takes holistic care of employees with high potential and high performance in various aspects including compensation, remuneration, career growth, development as well as the assignment of tasks that are commensurate with employees’ talent.

1.2 Employee Competency Development and Enrichment

To support the sharp increase in the number of employees, SCG has to develop the potential and competency of its employees to stay ahead and be able to cope with the challenges and exponential growths in the business. Therefore, SCG has elevated and standardized its employee development methods across region, clearly specifying the competencies that need to be developed according to the main duties of each job and establishing a 70:20:10 employee development approach (70% refers to learning from hands-



Learning from hands-on operations with senior staff as a coach



Enhance SCG staff’s competency through continuously learning

on operations and the employee’s direct experience, 20% refers to the process of learning from others, and the final 10% refers to formal learning or seminars). In this regard, SCG has created on-job learning opportunities such as giving challenging tasks with supervisors acting as coaches. SCG employees at each level will be given an opportunity to develop their business knowledge. SCG has created suitable courses for employees at each level such as Abridged Business Concept (ABC) for junior employees to give some fundamental business knowledge, Business Concept Development (BCD) for supervisors to give business knowledge, field trips, and exchange of experience on business issues with leading companies. Furthermore, SCG also offers courses jointly created with world’s leading universities such as Management Development Program (MDP), a collaboration with the Wharton School of the University of Pennsylvania and Duke Corporate Education to develop knowledge of business strategies, Executive Development Program (EDP), a cooperation with International



Activity during development program for SCG staff in Vietnam

Institute for Management Development (IMD) designed to foster leadership in high-level management employees, and Advanced Management Program (AMP), in which executives are sent abroad to take short courses at leading universities such as Harvard Business School, Harvard University and the Wharton School of the University of Pennsylvania. In addition to business courses, SCG also offers leadership and teamwork development courses to promote and facilitate collaboration and transfer of SCG’s best practices from senior staff to junior staff for the organization’s sustainable development. In this regard, supervisors will assume the role of coaches with respects to both the job itself and working methods involved. Moreover, SCG is also committed to developing its employees’ potential by offering courses aimed at developing specialized knowledge and skills in their professional areas so as to enable them to fulfill their duties with maximum efficiency.

Furthermore, in anticipation of investment expansion overseas, SCG has also boosted employees’ competencies for overseas operations with its Go Regional Program for employees entrusted with overseas operations to foster their language skills, cultural awareness, knowledge of business conduct overseas, and SCG’s business conduct such as Cross Cultural Development Program and Business Practice Program. In addition, SCG has also offered courses for local employees in each country where SCG makes an investment in order to encourage them to develop themselves, allowing both domestic and overseas employees to achieve an equal level of competency.



University students joined the activity in SCG Career Camp

1.3 Human Resources Management System Enhancement

- The e-HR Suites, SCG’s holistic human resources management system that covers from the selection and employee competency development systems to the personal information management system, has been enhanced with up-to-date software and technology to support usage on mobile devices and on the Internet. This improvement has increased the capability and efficiency of the HR Information System of every company under SCG, both domestic and overseas.
- For overseas investment, an effective human resources management system with quality on par with SCG and appropriateness for the locality is of paramount importance. SCG has applied its various excellent practices such as SCG Career Camp; people management through a HR committee; SCG HR Platform; “e-HR”, a human resources management software; employee development systems; TQM and TPM; and safety principles to the business management at each overseas company where SCG makes an investment as proof of SCG’s commitment to long-term and sustainable investments in each country.

2. Strengthen Corporate Culture to Support Innovative Organization

2.1 Cultivate the Organizational Culture to be an Innovative Organization

Through diverse activities, SCG aims to promote its “SCG People” working culture so that the Group is recognized as an innovative organization. Governed by SCG Code of Conduct, every employee is to live SCG 4 Core Values and demonstrate “Open & Challenge” way of working through

assertiveness in their thinking and speaking, open-mindedness, and willingness to challenge and improve themselves.

2.2 Develop Employees’ Competency to Support Innovative Culture

To develop employees’ competency in supporting innovative culture, SCG has arranged number of programs to develop them at each level. These programs are, for instance, Thinking Skills for Innovation, Coaching for Innovation, Leadership Development Program, and Inno-Executive Coaching. In the meantime, SCG has developed SCG Inno Facilitators in every business to act as promoters of innovative culture within the organization.

2.3 Improve Human Resources Management to Foster an Innovative Culture

SCG believes that its commitment to develop its human resources and equip them with knowledge, competency, and integrity will allow the Group to achieve the goal of becoming an innovative organization on an international level and attain sustainable growth, both domestically and among the ASEAN countries. SCG has improved human resources management as follows:

- Improvement of the recruitment process by developing the internal transferal via SCG Career Click to allow employees to choose their own career paths.
- Review of the Performance Management System to encourage employees and teams to drive for innovation in terms of both results and working processes.
- Improvement of the Compensation Management system and Career Development for researchers and specialists in each business.



SCG staff is committed to contributing for ASEAN better living.

- Cooperation with leading educational institutes and organization, both domestic and international, for R&D such as the Asian Institute of Technology (AIT), Chulalongkorn University, the Massachusetts Institute of Technology (MIT), University of Oxford, the New Jersey Institute of Technology (NJIT), the National Science and Technology Development Agency (NSTDA), and The Thailand Research Fund (TRF).
 - Skill development for technicians in mechanical technology in cooperation of King Mongkut’s University of Technology North Bangkok, and the technician for Industry Model School Project, in cooperation with the Vocational Education Committee to support and develop SCG’s future technology.
- At the end of 2014, the Siam Cement Public Company Limited had 1,739 employees. The total number of SCG employees was 51,100.

Numbers of Employees in Each SCG’s Business Unit

As of December 31, 2014

Companies / Business Units	Numbers of Employees
The Siam Cement Public Company Limited	1,739
SCG Cement-Building Materials	34,135
SCG Chemicals	5,082
SCG Paper	10,043
Other	101
Total	51,100

9. THE GOVERNANCE AND NOMINATION COMMITTEE’S REPORT

The Governance and Nomination Committee carried out its responsibilities as assigned by the Board of Directors. Its 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 annual review of compliance as well as the identification and nomination of qualified candidates to replace the retiring directors at the Annual General Meeting of Shareholders in 2015.

In 2014, the Governance and Nomination Committee held a total of four meetings, with an attendance record of 90%. Significant duties performed by the Committee in 2014 were as follows:

1. Corporate Governance Policy

The Governance and Nomination Committee reviewed and developed the Corporate Governance Policies as follows:

- The Committee carried out a revision and development of SCG Corporate Governance Handbook to better correspond with the corporate governance guidelines of the Stock Exchange of Thailand and the Thai Institute of Directors Association (IOD) as well as the criteria of ASEAN CG Scorecard. Additional policies and good corporate governance principles approved by the Board of Directors were also appended.
- The Committee carried out a revision and modification of the Charter of Board of Directors and the Charters of Sub-committees.

2. Corporate Governance Implementation Guidance

In 2014, the Governance and Nomination Committee endorsed the development and enhancement of SCG corporate governance practices in various matters such as:

- Disclosure of all types of remuneration of the Board of Directors at the Annual General Meeting of Shareholders and recommending the remuneration of the Board of Directors to the agenda to be approved at the Annual General Meeting of Shareholders.
- Fostering good relations with shareholders through a total of three CSR activities and adding activities planning into the shareholder relations master plan.
- Establishment of SCG Procurement and Vendor Selection Policies and Guidelines and its publication on SCG website;
- Improvement of SCG’s guidelines regarding the appointment of management employees as directors and the use of company work hours to carry out duties for any external institutes/companies.
- Reexamination of the qualifications and the determination of the term of directors and independent directors. After deliberate consideration, it was apparent that Mr. Chumpol NaLamlieng, Director and Chairman of the Remuneration

Committee, was qualified to fulfill the role of an independent director. As a result, more than half of the Board of Directors are independent directors, the Remuneration Board is composed predominantly of independent directors, and the Chairman of the Remuneration Committee is an independent director.

- Research for and creation of a Board Skill Matrix to be used in tandem with the assessment of each director’s expertise and skills as supportive information in the consideration of the candidates nominated to replace the directors to be retired in the year 2015.
- Hosting a dialog promoting knowledge and perspective exchanging among directors, executives, and Managing Director of Governance Matters Pty Limited (Australia) on “The Roles of the Board of Directors in Strategy Formulation and Business Planning” on October 13, 2014, with 67% of the members of the Board, executives, and management divisions related to business planning from every core business attending.
- Holding a briefing session of laws and regulations related to their duties for the members of the Board of Directors as well as introducing updated regulations and new cases related to duties of a member of a Board of Directors under the Securities and Exchange Act on November 19, 2014, attended by every member of the Board of Directors and SCG Management Team.

3. Nomination of Qualified Candidates to Replace the Retiring Directors

The Board of Directors, on the proposal of the Governance and Nomination Committee, prescribed that every shareholder is entitled to nominate candidates to be considered as replacements for retiring directors before the Annual General Meeting of Shareholders in 2015. Afterwards, the Governance and Nomination Committee (excluding directors with conflict of interests) diligently considered the qualifications of the candidates nominated as directors to replace the retiring directors in tandem with the Board Skill Matrix and the list of Chartered Directors of the Thai Institute of Directors Association (IOD), and resolved to propose to the Annual General Meeting of Shareholders in 2015 to elect four directors, three of whom are retiring directors, namely Mr. Panas Simasathien, Mr. Asa Sarasin, and Mr. Chumpol NaLamlieng, and an executive, namely Mr. Roongrote Rangsiyopash to be a director of the Company.

On behalf of the Governance and Nomination Committee

Sumet Tantivejkul
Chairman of the Governance and Nomination Committee

10. CORPORATE GOVERNANCE

10.1 Corporate Governance Policy

SCG conducts business with responsibility, transparency 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 the respectful treatment of all stakeholders with the Board of Directors behaving as role models in compliance with SCG's principles of corporate governance and Code of Conduct.

SCG's corporate governance is considered an integral part of its business policy. The Governance and Nomination Committee is entrusted with overseeing SCG's corporate governance matters, encompassing the establishment of policy and guidelines as well as monitoring the performances of the Board of Directors and the Management to ensure their compliance with SCG's corporate governance policy. The Committee also monitors and evaluates the corporate governance practices together with periodically reviewing the guidelines to ensure their alignment with business operations and corporate governance practices on national and international levels. Moreover, corporate governance is specified as one of the main items on the agenda at the Board of Directors' meeting.

SCG is resolved to become a role model in corporate governance, encapsulating it in SCG Vision with the conviction that SCG's corporate governance will ensure fairness, transparency, and long-term economic value for shareholders whilst creating confidence among all stakeholders and enhancing the Company's competitiveness to achieve sustainable growth.

Guidelines on SCG's Corporate Governance

SCG firmly upholds and complies with the principles of corporate governance both locally and internationally. Examples include the Principle of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand, and the Corporate Governance Report of Thai Listed Companies (CGR) of Thai Institute of Directors (IOD). Added to this are the internationally-recognized benchmarks such as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) and DJSI Sustainability Assessment. The Governance and Nomination Committee takes charge of considering and proposing to the Board of Directors the establishment and implementation

of the policy and guidelines for their approval. For issues that have yet been covered or implemented, the Management is to report to the Governance and Nomination Committee for review on an annual basis.

Realizing that corporate governance is an internationally accepted management practice and in line with SCG Core Values and SCG Code of Conduct, the Board of Directors compiled experiential knowledge and practices in management with commitment to virtues, ethics, and social responsibility, the business practices that have been passed down from generation to generation and proven to align with the corporate governance principles. They were codified into a booklet on SCG's corporate governance policy which was first published in 2003.

In 2014, the Board of Directors demanded that the booklet be updated to reflect changing socio-economic circumstances as well as the global social context that has pushed forward the international standards of practices and criteria in management in accordance with the principles of corporate governance to create confidence among stakeholders and promote sustainable growth. SCG thereby updated its corporate governance guidelines in compliance with the criteria of the Stock Exchange of Thailand and Thai Institute of Directors (IOD) which have been updated and amended to conform with the ASEAN CG Scorecard aiming to enhance corporate governance standards and practices of ASEAN listed companies up to international standards.

Furthermore, the Board of Directors approved, as proposed by the Governance and Nomination Committee, the revision of the charters of the Board of Directors and Sub-committees to correspond to their current scope of duties as well as laws and good practices. The revised charters are disclosed on SCG's website.

In 2014, SCG was rated on corporate governance practice by various agencies and achieved numerous awards as follows:

- Rated "Excellent" with 100 points according to the evaluation of the quality of annual general meetings of shareholders (AGM checklist) of listed companies carried out by the Thai Investors Association.
- Rated "Very Good" according to Corporate Governance Report of Thai Listed Companies 2014 carried out by the Thai Institute of Directors (IOD).

- Scored in a range of 80-89 points according to the ASEAN CG Scorecard.
- Received the "Excellence" Sustainability Report Award 2014 from Thai Listed Companies Association in cooperation with The Securities and Exchange Commission (SEC) and Thaipat Institute.
- Achieved the SET Awards 2014 for Best Corporate Responsibility Awards. This was the SET Award of Honor awarded to SCG for having pursued outstanding corporate responsibility for 7 consecutive years.

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 shareholder 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. The Company will notify shareholders of the information through SCG's website and the Stock Exchange of Thailand.

2. To ensure all shareholders receive clear and sufficient detailed information concerning the Shareholders' Meeting, allowing them to have adequate time to study the information before attending the Meeting, SCG will notify shareholders of the venue, date, time, and proposed agenda items. The information in Thai and English will be posted on the Stock Exchange of Thailand (SET) portal and SCG's website approximately two months prior to the Meeting.

For the meeting notice, the Company provides a detailed description of each agenda item together with the opinion of the Board of Directors. A notice of the meeting and attachments including the registration form, documents and evidence required prior to attending the Meeting, proxy procedure, registration, and proxy forms, in Thai and English, will be posted on SCG's website at least 30 days before the Meeting. Such documents are submitted to shareholders no

less than 21 days prior to the Meeting.

3. To facilitate shareholders unable to attend a Meeting, the Company provides an opportunity for them to appoint a representative, e.g., an independent director or any other person to act as proxy, using one of the proxy forms attached to the notice of the Meeting. The proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce allow the shareholders to exercise their voting rights as they wish. The Company also attaches documents and evidences required prior to attending the



The SET Award of Honor for Best Corporate Responsibility Awards



The "Excellence" Sustainability Report Award 2014

1. The Rights of Shareholders

SCG has the 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

Meeting, proxy procedure, and registration to the notice of the Meeting. Also attached is a profile of independent directors with no conflict of interests on the agenda to elect the directors proposed by the Company to serve as proxies for shareholders. The proxy forms in Thai and English can be downloaded from SCG's website.

For foreign investors who authorize custodians in Thailand to keep and safeguard their shares, the Company will arrange for the documents and evidence required prior to attending the Meeting well in advance to facilitate registration on the date of the Meeting.

4. The Company provides opportunities for the shareholders to submit related questions to items on the agenda or other information prior to the Meeting to the email address: corporate@scg.co.th or to the Company's address. For more information, please contact Corporate Secretary Office via the following channels:

- > Address: 19th Floor,
SCG 100th Year Building
1 Siam Cement Road,
Bangsue,
Bangkok 10800
- > Tel: 66-2586-3016,
66-2586-1392
- > Fax: 66-2586-3007
- > E-mail: corporate@scg.co.th

5. For 2014, the Company held the Annual General Meeting of Shareholders on March 26, 2014. Twelve directors attended the Meeting as follows:

- 1) Mr. Chirayu Isarangkun Na Ayuthaya
Chairman of the Board and
Member of CSR Committee for
Sustainable Development
- 2) Mr. Snoh Unakul
Chairman of CSR Committee for
Sustainable Development and
Member of the Governance and
Nomination Committee
- 3) Mr. Sumet Tantivejkul
Independent Director,
Chairman of the Governance and
Nomination Committee, and
Member of CSR Committee for
Sustainable Development
- 4) Mr. Pricha Attavipach
Independent Director and
Member of the Audit Committee
- 5) Mr. Panas Simasathien
Member of the Governance and
Nomination Committee

- 6) Mr. Yos Euarchukiati
Member of the Remuneration Committee and
Member of CSR Committee for
Sustainable Development
- 7) Mr. Arsa Sarasin
Independent Director and
Member of the Governance and
Nomination Committee
- 8) Mr. Chumpol NaLamlieng
Chairman of the Remuneration Committee
- 9) Mr. Tarrin Nimmanahaeminda
Independent Director,
Chairman of the Audit Committee and
Member of the Governance and
Nomination Committee
- 10) Mr. Pramon Sutiwong
Independent Director,
Member of the Audit Committee and
Member of the Remuneration Committee
- 11) Mrs. Tarisa Watanagase
Independent Director and
Member of the Audit Committee
- 12) Mr. Kan Trakulhoon
President & CEO and
Member of CSR Committee for
Sustainable Development



The Annual General Meeting of Shareholders 2014

6. The 2014 Annual General Meeting of Shareholders was held at Athenee Crystal Hall, 3rd Floor, Plaza Athenee Bangkok A Royal Meridien Hotel as in 2013 to facilitate the increased number of shareholders, allowing them to raise questions and express opinions in the same meeting room, thereby ensuring a smooth, efficient meeting. Moreover, the venue was easily accessible by shareholders as it is located on Wireless Road within close reach of Ploenchit BTS Skytrain station.

7. On the date of the Meeting, the Company used 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. In addition, in the case of the appointment of another person as a proxy, the Company facilitated the affixing of the stamp duty on all proxy forms registering at the document check counter. The Company's officers were available at all times to provide assistance during the registration. Registration for the Meeting started no less than 2 hours prior to the Meeting.

8. 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:

8.1 In voting for each agenda item, 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.

8.2 To ensure transparency and verification, the Company provided voting cards for each agenda item. In casting votes, the Chairman requested shareholders or proxies who voted to disapprove or abstain for such agenda item to mark the voting cards accordingly with his/her signature affixed and raise their hands to notify the Company's officers so as to have their barcodes scanned and their voting cards collected. All shareholders who voted to approve needed to mark the voting cards accordingly with his/her signature affixed but were not required to raise their hands. All the voting cards were collected when the meeting adjourned.

As for a large number of shareholders who authorized their proxies to the Independent Directors, the Company needed to cast votes of approval, disapproval, or abstention for each agenda item according to their requisition.

8.3 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 is informed of the result as soon as the vote counting has finished.

9. The Company assigned independent representatives from the auditor to check vote counting throughout the Meeting with the shareholders' right protection volunteer

from Thai Investors Association serving as an observer.

10. Shareholders arriving after the Meeting commenced were allowed to vote on the agenda item considered provided that a resolution was not yet made. They constituted part of the quorum starting from the agenda item for which they were in attendance and can exercise their rights. As a consequence, the number of shareholders in each agenda item might vary.

11. At the Meeting, shareholders were allowed to freely express their opinions, give suggestions and raise questions on any agenda item before casting votes, so that shareholders could obtain sufficiently detailed information on the matter in question. When shareholders had questions or inquiries, specialists in specific fields were available to answer queries under the authority of the Board with representatives from the Auditor of the company as witnesses.

12. 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 have made such request. The Shareholders' Meeting shall resolve to approve the casting of votes by secret ballot upon a majority of votes.

13. The agenda of the 2014 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 the Meeting consider any agenda item other than those specified in the invitation letter.

14. The Company disclosed the voting results and resolutions for each agenda item at the 2014 Annual General Meeting of Shareholders to the public via SET Portal and SCG website after the Meeting ended.

15. The Company prepared the minutes of the Shareholders' Meeting completely encompassing all material information: names of Directors and the Management attending the Meeting, voting procedure, resolutions of the Meeting, voting results for each agenda item, key questions, clarification, and shareholders' comments. The Company prepared the Minutes of the 2014 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.

16. Following the Annual General Meeting of Shareholders, the Governance and Nomination Committee will consider the questions and suggestions made by shareholders at the Meeting and propose them to the Board of Directors to determine appropriate response measures and improve the next shareholders' meeting. For the 2014 Annual General Meeting of Shareholders, the suggestions made by the shareholders were compiled by the Management and proposed to the Governance and Nomination Committee as well as the Board of Directors for consideration. The response measures were determined as follows:

Shareholders' Suggestion	The Company's Response Measures
Suggestion to make the Board of Directors' remuneration an agenda item for consideration rather than for acknowledgement	To report every type of Board of Directors' remuneration at the Shareholders' Meeting and make the Board's remuneration an agenda item for consideration every year, starting from the 2015 Annual General Meeting of Shareholders
Suggestion to separate the Company's quarterly review fee from the annual audit fee in the Notice to Shareholders for clarity	To improve the report of the Company's audit fee by clearly separating it as follows: - the audit fee for the Company's financial statements - the annual audit fee and quarterly review fee for SCG's consolidated financial statements - the annual audit fee for subsidiaries
Suggestion to record the names of shareholders making the inquiries in the Minutes of the Shareholders' Meeting	To comply with the current practice by recording the summary of the issues being inquired or discussed
Suggestion to report on the progress of the implementation of suggestions made by the Shareholders in the previous meeting	To comply with the current practice by reporting on the progress of material issues such as legal disputes. The progress report of issues suggested by shareholders will be included in the Company's Annual Report/Sustainability Report
Suggestion to organize activities for children of the shareholders to familiarize them with SCG's business operations since most minority shareholders tend to be long-term shareholders who will pass their shares on to their children	To comply with the current practice in which children of the shareholders can join the activities for youths organized by SCG

2. The Equitable Treatment of Shareholders

SCG is fully aware of its duty to protect the interests of every shareholder, major or minor, individual or institutional as well as Thai or foreign investors to ensure equality and fair treatment for all to further ensure the maximum benefits of shareholders. The efforts are as follows:

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 prior to the date of the Shareholders' Meeting.

The Company has prescribed criteria and procedures whereby minority shareholders may propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company 3 months prior to the end of the Company's accounting period. Such rules and procedures are posted on SET Portal and the Company's website.

For the 2015 Annual General Meeting of Shareholders, the Company provided an opportunity to shareholders to propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company during September 1 – November 30, 2014. The Agenda Item Proposal Form and/or Nomination for Directors Form along with the required documents must be sent to the Company Secretary or to the independent directors' email at ind_dir@scg.co.th. The criteria are as follows:

Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company (no less than 60 Million shares) have the right to propose in advance agenda items. The Governance and Nomination Committee takes responsibility for screening the issues before presenting them to the Board of Directors for consideration. Should the proposed agenda item be included on the Meeting agenda, the Company shall specify it in the notice of the Meeting that the agenda item was proposed by a shareholder. However, in the event the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders.

For the nomination for directors, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members. 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.

However, during that period, no shareholder proposed any agenda item or candidate prior to the Meeting.

Empowering shareholders unable to attend the Meeting to assign proxies to vote in their place

Shareholders unable to attend the Meeting are entitled to appoint the Independent Director of the Company with no conflict of interests on the agenda to act as a proxy to vote in their place, using one of the two proxy forms prepared

in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce. The Company delivered the two proxy forms, the documents and evidence required prior to attending the Meeting, proxy procedure, and registration together with the Notice to Shareholders' Meeting, in Thai and English, to shareholders 21 days prior to the Meeting date. The documents, in Thai and English, were also publicized on the Company's website more than 30 days prior to the Meeting date.

Assigning Independent Directors to Take Care of the Interests of the Company and Shareholders

Independent directors play a key role in overseeing the Company's business operations. Realizing the important role of independent directors in supporting the policies useful for shareholders or objecting to the policies that affect Shareholders' interests, the Company provides channels for shareholders to give suggestions, express opinions, or file complaints to independent directors via email: ind_dir@scg.co.th. The independent directors are responsible for handling each matter appropriately, for example, investigating and seeking an appropriate 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 on the agenda of the Shareholders' Meeting. In 2014, there were no comments or complaints from shareholders.

Preventing Misuse of Internal Information

The Company attaches significance to preventing the misuse of information that has not yet been disclosed to the public or confidential information that could have any impact on the Company's share price for one's own benefit or others. To that effect, the Company has established measures to prevent misuse of internal information (Insider Trading) and incorporated them into SCG Code of Conduct and Regulations for Employees in writing to provide guidelines for the concerned persons, namely, the Board of Directors, SCG top executives, and employees responsible for related functions as well as their spouses and children who are minors. They are as follows:

- The Board of Directors, top executives, and employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading Company shares for a two-week period prior to the release of the Company's quarterly and annual financial statements and for 24 hours after the release (Blackout Period). Corporate Secretary Office will inform all concerned persons of the blackout period one month prior to such period via regular post.

The Company has made it imperative to review share trading of the concerned persons on a regular basis and to

prevent employees involved with the preparation of the financial statements from disclosing the information to outsiders from the closing date of the financial statements to the public disclosure of the information.

Moreover, the concerned persons who have knowledge of confidential information that could impact the Company's share price are prohibited from trading the Company's shares until 24 hours after the public disclosure.

- Directors and executives (Top Executives) as defined by SEC are required to make an initial reporting of their securities holding in the Company to the SEC within 30 days of the date on which they are appointed (Form 59-1). They are also required to report on any changes in securities holding as a result of the purchase, sale, transfer or acceptance of transfer of securities (Form 59-2) within 3 business days of the date of any changes.

In addition, the Board of Directors will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding be reported in the Board of Directors' meeting. The number of shares held by the directors and top executives both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report.

- In 2014, there were no insider trading cases concerning the director, top executives, and employees involved with internal information.

Preventing Conflicts of Interests

The Company realizes the importance of managing the conflicts of interests of related persons, namely, the Board of Directors, SCG top executives, and employees in a prudent, fair, and transparent manner. As a consequence, the Board of Directors has established policies and measures regarding conflicts of interests as follows:

- Directors, top executives, and their related persons must file a report with the Company stating their interests in the management of the Company or a subsidiary when they first take the office. They must also file a report should there be any changes in their interests and at every year end.

The Company Secretary shall deliver a copy of such report to the Chairman and Chairman of the Audit Committee within 7 days upon the receipt of the report in compliance with the Securities and Exchange Act BE 2535 (1992) and to use such information for monitoring and preventing any conflict of interests.

- The Company discloses its shareholder structure in subsidiaries, associates, jointly-controlled entities, and other companies as well as authorized directors to ensure that the Company has a clear and transparent shareholder structure. There is no cross-holding among major shareholders, thereby preventing any conflict of interests with any party.

- At a Board of Directors’ meeting, 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.

3. Roles of Stakeholders

SCG has consistently adhered to its philosophy of ethical business conduct and corporate social responsibility as well as carried out its business to jointly create values with all stakeholders for mutual and sustainable benefits. This practice is overseen by the Board of Directors to ensure compliance with laws and regulations and adherence to SCG Corporate Governance Guidelines, SCG Sustainable Development Guidelines, SCG Code of Conduct, and other relevant policies, as well as protection of such rights and stringent equitable treatment.

With increasing stakeholder influence on the business conduct, the Board of Directors formally wrote the Stakeholder Engagement Policy in 2010 to serve as clear guidelines for employees on business conduct, create long-term added values for shareholders, and ensure careful consideration of possible impact on SCG stakeholders. Subsequently, in 2011, to increase confidence that stakeholder engagement was conducted thoroughly, appropriately, and justly, the Board of Directors approved the formulation of engagement policy and guidelines for each stakeholder groups in a formal written form, which serve as a clear guidance for employees on engaging each stakeholder groups. The policy and guidelines are published on the SCG website.

Stakeholder engagement guidelines are summarized below.

1) Shareholders

SCG attaches enormous significance to the shareholders, who are the business owners. As a result, the Board of Directors, which represents shareholders, as well as the executives and employees are committed to carrying out business in line with the principles of good corporate governance and SCG business philosophy to ensure maximum benefits and long-term value for shareholders.

SCG respects the rights of its shareholders and recognizes its duty in ensuring equitable treatment of all shareholders as well as the fundamental rights stipulated by laws and Articles of Association of the Company such as the rights to attend the Annual General Meeting of Shareholders, propose agenda items in advance, elect directors, receive fair

remunerations, and voice opinions on the Company’s business conduct through independent directors, all of which will be compiled and presented to the Board of Directors for review.

In addition to these aforementioned fundamental rights, SCG also carried out other measures to promote and facilitate the exercise of the rights of shareholders. The rights that shareholders are entitled to are disclosed under Section 1 ‘The Rights of Shareholders’ and Section 2 ‘The Equitable Treatment of Shareholders’.

Fostering Good Relations with Shareholders

SCC Shareholder Activities

SCG recognizes the importance of fostering good relations with shareholders. As a result, since 2010, the Company has continuously hosted a range of activities that are beneficial to society and the environment as well as opened up opportunities for shareholders to visit the sites of the Company’s three business units, namely cement-building materials, chemicals, and paper. To this effect, the Company sends out invitation letters, with reply forms included, to shareholders via post to provide an opportunity for shareholders to declare their intention to participate in activities. Throughout the past five years, shareholders have consistently expressed their interest and signed up for these activities. For each activity, the Company randomly chooses eligible candidates and announces the list of chosen participants on the SCG website as well as notify them via phone to confirm their participation. In 2014, the Company held a total of three CSR activities for shareholders, as follows:

1. “SCG Chemicals: Conserving Mae Rumpung” was held on June 26, 2014. Shareholders were given a tour of Map Ta Phut Olefins plants in Rayong and a lecture summarizing the green manufacturing management of the plants. An additional lecture on the royally initiated new farming theory was also given at Suan Yai Da. In addition, with SCG Chemicals employees, shareholders also partook



Shareholders were handing-on painting the areas at Wat Satue School in Phra Nakorn Si Ayutthaya Province.

in the improvement of the landscape of Mae Rumpung beach, one of the areas in which SCG Chemicals has consistently supported in terms of ecological improvement, in line with SCG’s business conduct, which centers on the harmonious and sustainable co-existence between industries, society, and the environment.

2. “SCC Shareholders Grand Palace Visit” was held on July 22, 2014 at the Grand Palace. Shareholders were given a tour of the Grand Palace as well as inside the Chakri Maha Prasat Throne Hall to promote and support the conservation of Thai art, culture, traditions, and customs. On this occasion, scholarships and educational instruments were also given to the Royal Craftsman School (male division).

3. “SCG HEIM Plant Visit and CSR for Children” was held on October 7, 2014. Shareholders visited Sekisui-SCG Industry Co., Ltd., Saraburi, to view pre-fabricated house construction innovations and learn about SCG HEIM houses. In addition, shareholders paid a visit to the Siam Cement (Ta Luang) Co., Ltd. and Wat Satue School, Phra Nakorn Si Ayutthaya, to paint the buildings and give sport equipment to the school. Wat Satue School is one of the schools in the communities in the vicinity of the plant to which SCG has provided consistent support both in terms of the improvement of the quality of life and the potential enhancement of the youths.

Debenture Holder Activities

SCG has consistently attached significance to the care of debenture holders. For over ten years, SCG has held an array of activities to cater to the preferences and lifestyles of each group of debenture holders such as informative seminars that provide updates on news relevant to the debenture holders such as economy and health and DIY workshops that are aimed at something participants can adopt as hobbies. In addition, SCG has also held excursions to popular and renowned destinations, both domestic and abroad, and because of the carefully-handpicked routes,

the quality food and accommodations, the excellent service of the tour companies, and the small participant size for each trip, these excursions have garnered a staunch fan base. Another quality activity that SCG has hosted is “SCG Debentures for Rural Schools.” In recognition of the importance of the basic education, SCG has joined force with its debenture holders to raise funds to purchase and donate educational equipment to schools in remote rural areas on a regular basis. Furthermore, other special activities and privileges are also provided to the members of our SCG Debenture Club all year round to live up to the slogan “Good Value, Great Experience.”

2) Employees

SCG believes in and recognizes the value of humans as invaluable resources in driving SCG toward success. As a result, SCG is committed to caring and improving the quality of life of its employees to the best of its ability. To this end, the Company has consistently adhered to a number of operational guidelines such as SCG Corporate Governance Guidelines and SCG Code of Conduct, taken into account cultural diversity and regional values, as well as complied with the principles stipulated by the United Nations Global Compact (UNGC), which are universally-accepted guidelines in the areas of human rights, labor, the environment and anti-corruption.

Cultivation of Organization Culture – SCG has cultivated its organizational culture, encompassing SCG Core Values, SCG Code of Conduct, and the “Open and Challenge” organizational culture, which encourages the audacity to think and preparedness for excellence, in employees at every level through various means commensurate with their roles and responsibilities and the expectations of the organizational culture according to the employees’ levels. These means are such as “1 Say 3 Acts Leader Roles” for management employees and the addition of the content of the organizational culture to the employee development courses, namely the “SCG Ready Together and We are SCG” course for new employees, the Business Concept Development (BCD) and Leadership Development Program (LDP) for primary executives, as well as development courses such as Orientation International Program, BCD Inter Program, LDP Inter Program for employees who operate in countries where SCG makes an investment to foster an understanding of the Company’s business conduct and pride in SCG.

Knowledge and Competency Enhancement – To foster mutual sustainable growth of both the organization and employees, SCG has promoted the enhancement of its employees’ knowledge and competency on business, leadership & co-working, and



“SCG Debentures for Rural Schools” project raised funds to donate computers to Pak Paew School in Uthai Thani Province.

professional area, a strong generation-to-generation transferal of the organizational culture, and the development of leaders with competency, integrity, and ethics at every level, all of which will help lead SCG to achieve its business goals.

SCG training is based on real practices under the coaching of supervisors such as on-the-job training, domestic and overseas operation assignment, regular job rotation, to ensure that employees gain new experience and learn through experience from an exchange with colleagues or through assignments. In addition, classroom training is offered. On average, each employee annually receives approximately ten days of classroom training on business, relevant professional skills, leadership and co-working.

Furthermore, to accommodate overseas business expansion and develop SCG employees to achieve an equal level of potential and competence, SCG has enhanced its current training into a more systematic and integrated system, focusing on assigning jobs for employees for practical experience with supervisors assuming the role of coaches who give more advice. In addition, classroom training is enhanced to include blended learning and digital learning, with an evaluation system that tracks employees' development in respects that are associated with business results. Also, a knowledge transferal system is put in place to enable the passing of knowledge from previous to later generations of employees and improve the continuation of learning.

In 2014, SCG's expenses on employee development through internal and external classroom training and related matters as well as scholarship expenses totaled at 1,472.8 Million Baht.

Employee Activities – SCG attaches great significance on ensuring employees physical and mental health. To this effect, the Company has initiated the Holistic Health Program, SCG Employee Club, and employee activities clubs such as the running club, the mental development for health club, as well as the provision of a sport center for employees to exercise.



SCG attaches great significance on ensuring employees physical and mental health.

Employee Remunerations and Benefits – SCG has put in place appropriate remunerations policies for employees on all level. In the short term, remunerations are made in line with the Company's annual financial performance and the remuneration of other companies in the same industry, the data of which is garnered through surveys of wages and remunerations of employees on all levels in external institutes. In addition, the Consumer Price Index from a governmental agency is also regularly taken into account in adjusting the wages and remunerations. In the long term, an employee performance and potential assessment is clearly prescribed. The Company gives commensurate remunerations to employees with high competence and provides career growth in correspondence with the Company's succession plan. In addition to remuneration, the Company also provides appropriate employee benefits in a number of areas, which are regularly reviewed to stay in alignment with shifting economic and social circumstances, such as medical and dental benefits, annual checkups, allowances, and travel expenses.

Furthermore, the Company has also established provident funds, registered as a juristic person with the Ministry of Finance under the Provident Fund Act B.E. 2530, for SCG employees. Employees who are members are to deposit monthly contributions to the fund at 2% to 13% of the members' basic salaries, and the Group makes monthly contributions to the fund at 5% to 13% of the members' basic salaries, depending on the length of employment.

Environment, Health, and Safety – SCG is committed to promoting employees' environment, health, and safety as well as cultivating a consciousness in its employees and relevant personnel to adhere to SCG Code of Conduct in these areas through regular training and informative sessions. In addition, SCG also attaches great significance to compliance with standard guidelines and measures for international-level efficiency in terms of environment conservation.

As for employee health and safety, SCG has always recognized its importance and considered it another risk of the Company. As a result, SCG has consistently carried out measures in this regard, ranging from including it in SCG Code of Conduct, formulating an occupational health and safety policy, promoting an appropriate occupational health and safety management system in each operational unit, in the hope of fostering a safety culture.

Furthermore, SCG has clear safety policies and guidelines that employees have to strictly adhere to. In addition, employees are trained to foster an awareness of occupational safety. Employees in the production process are also trained on

principles of risk assessment, prevention, and control as well as given regular practices.

Additional information on the care of employees can be found in the annual report, under the section of Human Resources on pages 66-68, and in the Sustainability Report.

3) Customers

SCG is committed to continuously creating innovations to offer products and services that meet real needs of its customers in terms of both quality and fair prices. SCG's products and services must be safe as per international safety standards and environmentally-friendly, as well as promotes sustainable growth through excellence strategies in operating and human value marketing to ensure customer confidence and highest satisfaction. To this end, SCG has established a unit responsible for customer relations management in every business in order to offer suggestions on the Company's products and services, provide counsel regarding troubleshooting and after-sales services, and handle complaints when problems arise. Suggestions are then used to inform future operation plans to enhance operation efficiency.

Furthermore, SCG has put in place a management system to foster good customer relations, the main factor of which is the "voice of customers". As such, customer satisfaction in each business group is surveyed on a yearly basis to gauge the expectation and satisfaction level of customers, and customer insights discovered in the process are then further developed into new innovations. An example is the development of an innovation encompassing the knowledge management system, e-Service, e-Selling, and the business Warehouse for the customer feedback process, resulting in a central database of customer information to facilitate sales and service providing. SCG invented in a customer consumption behavior analysis system in order to learn customers' needs and create long-term satisfaction for customers.



SCG is committed to developing its services to enhance customers' satisfactions.

4) Suppliers/Business Partners

SCG adheres to a framework of fair and transparent trade competition and strictly complies with the trading terms and conditions agreed upon, SCG Code of Conduct, and pledges given to its suppliers. To this effect, the Company determines appropriate and fair sale prices, taking into account the reasonableness, the quality, and the entailed services. In addition, regulations regarding procurement and operations are clearly established. These include refraining from demanding or accepting benefits from suppliers, supporting environmentally-friendly procurement, avoiding purchasing products from suppliers that violate human rights or intellectual property law as well as dealing business with suppliers that carry out illegal acts.

As for its business partners, SCG has a policy of taking good care of its business partners regarding the environment, work safety, and remunerations through provision of knowledge, counsel, and motivation in order to bring about development in the environmental management system through a supplier safety certification system and consideration of appropriate and fair remunerations. In addition, the Company is resolved to develop the capabilities and knowledge of its business partners both within and outside their lines of work to enable them to work more efficiently. At the same time, SCG also encourages its business partners to enhance their knowledge to achieve highest efficiency in their work.

In 2013, SCG drew up SCG Supplier Code of Conduct, in which suppliers are defined as any suppliers, contractors, and/or service providers for SCG, to ensure an accurate understanding among SCG suppliers and serves as guidelines for SCG suppliers in cooperating with the Company in becoming good corporate citizens and in adhering to good corporate governance, guided by the interest of society and the environment. The Code of Conduct also serves as mutual standards for business conduct and comprises five principles, namely 1) Business Ethics, 2) Labor & Human Rights, 3) Occupational Health & Safety, 4) Environment, and 5) Laws and Regulations. SCG suppliers are required to sign the acknowledgment of SCG Supplier Code of Conduct before conducting business with the Company.

In 2014, the Board of Directors approved the implementation of SCG Procurement and Vender Selection Policies and Guidelines, in which the policy regarding the selection and screening, the required qualification, and the application of SCG suppliers/business partners, as well as the procedures involved in carrying out business with SCG are clearly prescribed. This is in order to ensure ethical business conduct and responsibility toward

society and the environment. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption. The policy is published on the SCG website.

5) Joint Venture Partners

SCG respects the rights of joint venture partners, treats every partner equitably and fairly, and does not exploit partners. The Company also collaborates with joint venture partners to promote, support, and strengthen the operation of joint ventures; encourage exchange of opinions and suggestions; formulate business plans; determine an appropriate and transparent allocation of interest and monitor and drive the operation of the joint ventures to be in accordance with the laws and sustainable development guidelines, in order for the joint ventures to achieve the shared goals.

6) Creditors

The Board of Directors takes into account equality for every relevant party and honesty in carrying out its business, and is committed to conducting business in such a way that creates confidence and justness for its creditors. Policies and guidelines regarding the treatment of creditors are as follows:

- 1. The Company strictly complies with the terms and conditions agreed upon with respect to amortizing, collateral care, and commitment and contingent liabilities.
- 2. In the event that one of the terms is not fulfilled or there arises a cause for a default, the Company must notify the creditor without concealing facts so as to jointly find solutions on a reasonable basis.
- 3. The Company manages its finance to create an appropriate financial structure to support the business and maintain the creditors' confidence.
- 4. The Company strives to maintain sustainable relations with creditors and mutual trust.

7) Communities

SCG carries out its business with concern for fairness for every stakeholder and is committed to socially-responsible business conduct. As a result, SCG has supported activities that improve the quality of life and benefit the communities where SCG operates, both domestic and in ASEAN countries. In addition, the Group also cultivates and promotes in its employees and related operators a consciousness of a good and responsible citizen who strives for the betterment of the communities and society. Furthermore, communities and every stakeholder are also encouraged to participate



SCG has supported communities' development, leading to strong and self-reliant communities

in activities or projects held by SCG as well as provide suggestions or lodge complaints about any impact from SCG operations, so that the industry and communities can co-exist sustainably.

Because it is SCG's conviction that strong communities and society form the foundation for the prosperity of the country, the Company strives to improve the quality of lives of those in communities. To this end, the CSR Committee for Sustainable Development is tasked with directing policies, projects, and activities as well as promoting employee participation. SCG divides its community development management into two parts as described below.

- Society and communities around the plants: The Company's policies are to take care of the quality of life of people in the local communities. Two initiatives under such policies are "Cement Partnership Project" and "Community Partnership Association", both of which aim to bring about sustainable and harmonious co-existence between the industry and the communities, provide healthcare for the communities, grant scholarships to local residents, reach eco-industry standards, spread knowledge on community care, and host training courses to foster knowledge and competency in various areas for people in the communities.
- Society at large: The Company's policies in this regard focus on developing human potentials, the quality of life, as well as the well-being of people in society through projects that directly respond to social issues. These projects combine the Company's body of knowledge and expertise with the society's potential. Two such projects include the "SCG Conserving Water for Tomorrow Project", which involves the management of water resources for the communities' independence and harmonious co-existence with nature, and the "Innovative Technology for Remediation of Saline Land Project", a collaboration of SCG and external organizations aimed at helping communities alleviate saline soil issues, introducing simple treatment technology. As well as establishing a network for exchange and expansion of knowledge for long-term independence.

Additional information on the Company's responsibility toward communities, the environment, and society can be found in the Sustainability Report 2014.

8) Government Agencies

SCG attaches significance to government agencies as one of the Company's stakeholders and has clearly defined guidelines for engaging in transactions with government agencies in SCG Code of Conduct and SCG Anti-corruption Policy. Furthermore, SCG ensures strict compliance with relevant laws and regulations despite varying conditions, procedures, or practices in each locality. In addition to refusing to engage in an act that could provide an incentive for officers in government agencies to commit an inappropriate or unlawful deed, the Company also cooperates with government agencies in providing academic assistance or support for various activities and is open to comments, suggestions, and complaints from government agencies.

9) The Media

SCG stresses the importance of disclosing information to the media, so they can communicate the information to the public with accuracy and in a timely fashion. To create continuous participation and good relations with the media, a number of activities have thus been held such as site and plants visits, CSR activities, opinion exchange sessions, activities catering to the interest of the media, and regular media visits. The Group has also supported academic and CSR activities of the media as well.

10) Competitors

SCG has a policy to treat competitors fairly under an honest competition framework. The Company is committed to carrying out business fairly in compliance with the law and SCG Code of Conduct and with concern for trade ethics and transparency. The Company also refuses to gain an unfair advantage over its competitors through unlawful activities, seek confidential information through unethical or inappropriate means, engage in any action that violates competitors' intellectual properties rights, and destroying competitors' reputations with defamatory and untruthful statements. In addition, the Company supports and promotes free trade.

11) The Civil Society Sector, Academia, and Opinion Leaders

SCG conducts business with concern for social responsibility and all stakeholders. In addition to full, accurate, transparent, verifiable disclosure of information, the Company recognizes the importance of comments and suggestions from the civil society sector, which reflect issues that the Company can improve to create values and benefit for society. Since 2010 up until now, the Sustainable

Development Committee has held opinion panels comprising esteemed figures from government and private sectors, as well as independent entities. These panels focus on the care and the creation of value for society and communities as well as strive to include the industry and the entire SCG supply chain in order to create a shared business practice for sustainability.

Contacts for Stakeholders

SCG has opened up opportunities for stakeholders to offer suggestions, which will then be compiled, screened, and reported to the Company's top executives and the Board of Directors, through the following channels:

Company Secretary	Tel: 66-2586-6098
	E-mail: corporate@scg.co.th
Investor Relations	Tel: 66-2586-3309
	E-mail: invest@scg.co.th

In addition, the Company has also provided channels through which employees and external stakeholders can contact, offer opinions, lodge complaints, and report violation cases, namely the Whistleblower System via SCG intranet (for employees) and www.scg.co.th (for other stakeholders) for further actions to be taken. The procedures are as follows:

- Employees or stakeholders file reports via the designated channels. The information provided is considered confidential and revealed only as necessary. The Company has also put in place informant/complaint lodger protection measures, and the investigation does not require the revelation of the informant's identity or the information source. In addition, informants can demand appropriate protection measures or the Company might implement extra protection measures without having received any demand informants if the issue can potentially cause damage or dangers.
- The Internal Audit Office receives complaints, verifies the validity, and conducts a preliminary investigation with meticulousness to reach a conclusion within 30-60 days. Progress reports are also made to the informants if their identities are identified.
- In the event that a violation is proven, an investigation committee will be formed to pass judgment and determine the punishment. Then, the corruption or complaint will be reported to the Audit Committee and the Board of Directors.

Should stakeholders desire to contact the Board of Directors directly without going through the management in order to report cases of rights violation, corruption, non-compliance with laws or ethical practices which might be related to an executive, they can file reports to the independent directors via ind_dir@scg.co.th.

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, transparent, reliable and up-to-date, written in both Thai and English.

Furthermore, the Board of Director is committed to adhering to SCG's guidelines for disclosure of relevant information to systematize SCG's practice of disclosure, prevent potential damage that results from inappropriate disclosure, and ensure shareholders, investors, the public, and stakeholders that the Company's disclosure is accurate, clear, compliant with the law, and equitable in accordance with the disclosure policy established in 2008. To this effect, SCG has defined parties entitled to disclosing key information not yet publically disclosed, established guidelines for the disclosure of various types of information to the public, and designated a period before public disclosure in which extra caution must be exercised. The details of the aforementioned guidelines are published on the SCG website, accessible to stakeholders and the general public.

SCG is committed to obeying the law, and the 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. For example, we:

1. Compile reports as required by laws related to directors and executives and submit such reports to the Securities and Exchange Commission, which include:
 - 1.1 Report of the holding of the company's securities upon the first appointment as the company's director or executive (Form 59-1) within 30 days of the date of appointment.
 - 1.2 Report of change in holding upon every purchase, sale, transfer or acceptance of transfer of the company's securities (Form 59-2), within three days from the date of such change.
 - 1.3 Disclosure of names of the directors and executives of the company that issue the securities (Form 35E-1), within seven business days from the date of appointment.
2. 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.
 - In the event that a director retires by rotation and is re-elected, he is not required to submit another report if there is no change to his stakes.
 - Directors and executives must submit their Reports on Interests via the company secretary, who submits copies to the chairman of the Board of Directors and the chairman of the Audit Committee within seven working days upon receiving the reports.
3. In 2010, the Board of Directors established a policy requiring all the directors to disclose/report their securities trading to the Board of Director's meeting and prescribing the directors and executives to report their holdings of the company's debentures and ordinary shares in the company's subsidiaries, as well as the ordinary shareholdings of their spouse and minor children, to the Board of Directors every quarter.
 - In addition, in 2013, the Board of Directors announced a policy requiring all management to disclose their securities holdings, both direct and indirect (spouse or minor children), 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 the number of those traded during the year in the Company's annual report.
 4. 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.
 5. Disclose accurate, complete and timely financial information and non-financial information.
 6. Publish Notice of Annual General Meeting of Shareholders and Annual Report within 120 days after each financial year-end.
 7. Publish minutes of the latest Annual General Meeting of Shareholders on the Company's website.
 8. Disclose the roles and responsibilities of the Board of Directors and Sub-committees, the number of meetings held, and the number of meetings each individual director and Sub-committee member attended.
 9. Disclose the date of the director's appointment in the Company's annual report.
 10. Disclose the Board member selection process and the Board's performance assessment.
 11. Disclose the policy on the remuneration of directors and top executives, including forms, types and amount of remuneration for each committee member.

12. Disclose details of each individual director's attendance of courses offered by the Thai Institute of Directors Association (IOD).

13. Disclose detailed information on the operations and investment structure of subsidiaries and associate companies.

14. Disclose the audit fee and other fees in the Company's annual report.

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

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

17. Disclose corporate governance policies and related performance.

18. 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 press, and related parties are kept informed of information accurately, extensively, and transparently.

In 2014, the Company disclosed details of many investment projects. With regard to SCG Cement-Building Materials, such projects included the construction of a cement plant in Laos, the expansion of investment in a mortar business, a joint venture with Florim in producing ceramic tiles in Italy, share acquisition of Panel World Co., Ltd., and a joint venture in construction-related retail business in ASEAN. As for SCG Paper, disclosed projects included investment in a flexible packaging business, the acquisition of converter box plant, and investment in research and development (R&D).

The Company's Information Distribution 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:

1. The Investor Relations Department, which is responsible for direct communication with both local and international investors.
2. Press conferences on a quarterly basis to announce operating results, and regular press briefings to announce significant investment projects and activities.
3. Analyst conference to announce quarterly operating results to investors and analysts.
4. Activities to disseminate policy and operational guidelines to employees.

5. Activities to meet both local and international investors and other stakeholders.

6. Speaking opportunities to share knowledge in national and international forums.

7. Company visits and plant tours for shareholders, investors, analysts, NGOs, communities, the media, and other stakeholders.



Press conferences on a quarterly basis to announce operating results

8. Systematic distribution to the media of press releases, photo captions, news stories, advertisements, and social media.

9. Periodical publications and media, such as annual reports, sustainability reports, debenture holder journals, customer journals, dealer journals, and employee journals.

10. Electronic media for communications with employees, such as intranet, e-mail and social media.

11. Website: "www.scg.co.th" and social media.

The Investor Relations Department

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 2014, 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 total four times.
- A total of 11 overseas roadshows.
- Site visits in the Group’s major business units to foster a fundamental understanding of the production process, with emphasis on the production from the beginning to the finished product.
- Company visits, including One-on-One Meetings, Group Meetings, and Conference Call, to allow investors to inquire about the business conduct and strategies of the Company.

Investors’ inquiries are also directly responded to via e-mail and telephone on a regular basis.

Should there be any need for additional information, shareholders can directly contact the Investor Relations Department via these channels:

- > Address: 1 Siam Cement Road, Bangsue, Bangkok, 10800
- > Tel: 0-2586-3309
- > Fax: 0-2586-3307
- > E-mail: invest@scg.co.th

5. Responsibilities of the Board of Directors

5.1 The Structure 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.

The Articles of Association of the Company prescribe that there must be no fewer than nine but no more than 12 directors, all of whom are appointed and removed at the Meeting of Shareholders. The names of the directors are as follows:

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|---------------------------|----------------------|
| 1. Mr. Chirayu Isarangkun | Chairman |
| Na Ayuthaya | |
| 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 | Independent Director |
| 9. Mr. Tarrin Nimmanahaeminda | Independent Director |
| 10. Mr. Pramon Sutivong | Independent Director |
| 11. Mrs. Tarisa Watanagase | Independent Director |
| 12. Mr. Kan Trakulhoon | President & CEO |

The Board of Directors is composed of an executive director, which is the President & CEO, and 11 non-executive directors, most of whom have prior experience related to the Company’s main business, the industrial sector, or the management of a large organization beneficial to the directing of the Company. The profiles of each member of the Board are on pages 45-52.

In addition, the Board of Directors is composed of seven independent directors, constituting more than half of the total number of directors, and one of these independent directors is female. The duties of these independent directors include auditing the management, providing opinions and comments, supporting policies beneficial to shareholders or opposing any inequitable or non-transparent decisions that may affect the benefits of shareholders or stakeholders, overseeing the establishment and disclosure of policies regarding connected transaction supervision to ensure the maximum benefit of the Company and its shareholders.

5.2 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, 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 SCG’s visions, missions, and business strategies, with an annual revision and approval.
3. Reviewing the major operating plan, budgets, business goals, and business policies and enhancing the capabilities of SCG to reach a globally competitive level.
4. Overseeing and monitoring the implementation of the Company’s strategies; overseeing and monitoring of each business unit’s 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.

5. 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.

6. Directing the Company’s operation in compliance with the laws, objectives, 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.

7. Specifying risk management policies and 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.

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. Encouraging staff at all levels to be conscious of ethics and morality and comply with SCG’s principles of corporate governance, Code of Conduct and 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.

10. 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.

11. Recognizing the roles, duties, and responsibilities of the Board of Directors, respecting the rights of shareholders, ensuring the equitable and transparent treatment of shareholders and other stakeholders, conducting the business transparently, disclosing information accurately and adequately, establishing a clear process and channels for receiving and handling complaints from informants or stakeholders, and ensuring an opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.

12. Reviewing top executive development plans and the succession plan for the President & CEO 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.

13. Assessing the performance of the Board of Directors annually by performing three types of assessments, namely that of the Board and its Sub-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 Sub-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.

16. Developing their knowledge and competency related to their duties consistently through courses or curricula related to directorial duties or seminars that enhance their knowledge.

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

5.3 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.

5.4 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-range 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.

5.5 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.

The management is 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.

5.6 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.

Consecutive Terms of an Independent Director

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, with the first term starting from the Board's approval date on May 25, 2011 and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be deemed independent.

5.7 Policy on Directors and Top Executives Holding Directorship in Organizations outside SCG

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 time sufficient 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.

Policy and Guidelines on SCG Top Executive’s Directorship in Organizations outside SCG

The Board of Directors has established a policy allowing the President & CEO and the Company’s management to hold a directorship in companies that are not SCG

subsidiaries or associates or to spend the Company work hours carrying out directorships for external institutes for the three following organizations:

(1) Governmental organizations that are not established for the benefit of a political party, in which their 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, the Thai Chamber of Commerce, the Thailand Management Association, etc.

(3) Private organizations that are established for trading purposes but present no conflicts of interest with SCG and do not consume time to the extent that it is disadvantageous for the Company.

The President & CEO is to propose a directorship in other companies or external institutes for approval from the Board of Directors. As for management employees, the proposal must be submitted for approval in accordance with the Company's Approval Authority, in which case the proposal will be reviewed with consideration to the Company's intent to ensure that its employees demonstrate determination and effort and dedicate their working hours to their duties at the company to the best of their ability, as well as adhere to the ethical guidelines regarding conflicts of interest, whereby employees do not engage in a conduct that constitutes a competitive with the Company's business. The approval of directorships or the use of the Company's working time on duties in external institutes/companies depends on the Company's judgment and is reviewed on a case-by-case basis. In this regard, the Company has informed relevant management employees of the aforementioned policy and process.

5.8 Performance Appraisal and Knowledge Enhancement Performance Appraisal of the Board

SCG has stipulated a performance assessment and a review of the performance results of the Board of Directors and Sub-committees at least once a year on a yearly basis. The assessment is divided into two types, namely the performance assessment of the Board of Directors as a whole and the self-assessment. The Board of Directors then analyzes and summarizes the results of the assessment to formulate measures to further enhance the efficiency of the Board of Directors.

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 the President & CEO.
- 7. Setting remuneration for the directors and top executives.
- 8. Performance appraisal of the President & CEO.

In 2009, SCG created the performance assessment form of the Chairman of the Board of Directors. The directors are required to assess the Chairman's performance since his role in defining policy and ensuring good corporate governance is essential to the Company. The assessment is divided into three main categories, reflecting the roles and responsibilities of the Chairman, namely the Board of Director’s Meetings, the Shareholders’ Meetings, and Performance on other duties.

As for the performance assessment of the Board of Director as a whole and self-assessment, the Governance and Nomination Committee is tasked with reviewing the performance assessment forms for the Board of Directors and the Sub-committees, the performance assessment form of the Chairman, and information needs questionnaires used to enhance the knowledge and performance of the directors; and proposing these forms to the Board of Directors for review. In 2014, the Board of Directors approved the modification of the performance assessment forms for the Board of Directors and the Sub-committees and the performance assessment form of the Chairman as proposed by the Governance and Nomination Committee to better correspond with the 2013 revised Charter of the Board of Directors and Charter of the Sub-committees. As for the performance assessment form of the Remuneration Committee, the Board resolved that the 2013 form should be used.

The Corporate Secretary Office distributed the assessment forms to each director for assessing the performance of the Board of Directors and the Sub-committees in which he serves. Afterwards, the Corporate Secretary Office summarized and presented the results of the performance assessment to the Governance and Nomination Committee and the Board of Directors for acknowledgment and later submitted the assessment results to the Chairman of the Board and the Chairman of each Sub-committee.

In 2014, the performance assessment results of the Board of Directors and the Sub-committees were summarized as follows:

Board of Directors/Sub-committees	Performance assessment results for the committee as a whole (%)	Performance assessment results for the committee Self-assessment (%)
1. The Board of Directors	95	92
2. The Audit Committee	98	97
3. The Governance and Nomination Committee	99	99
4. The Remuneration Committee	93	89

The Assessment of SCG President & CEO and SCG 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 in short term and long term 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.

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

- On Wednesday 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 Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

- On Monday 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).

- On Thursday July 25, 2013, a dialog on “The Roles of the Board of Directors in Mergers and Acquisitions” was held in collaboration with Mr. Kitipong Urapeepatanapong, the Chairman of Baker & McKenzie Co., Ltd.

In 2014, the Governance and Nomination Committee hosted a dialog between the Company’s directors and the Managing Director of Governance Matters Pty Limited (Australia) on “The Role of the Board of Directors in Strategy Formulation and Business Planning” as per the results of the Information Needs Questionnaire results. Held on Monday October 13, 2014, the dialog focused on the following issues:

- What is SCG strategy and how does that translate to issues of strategic direction for the future?
- Answering the big questions about the future; the meaning of the Big “S” and zone of uncertainty
- The board’s responsibility for strategy; executing and monitoring
- Structure Follows Strategy: What structure will best deliver our preferred future?
- What big goals do we need to achieve the vision?
- Summary of strategic outcomes

In addition, on Wednesday November 19, 2014, the Management assigned SCG Legal Counsel Co.,Ltd. to hold for the members of the Board of Directors a session on directors’ duties-related laws and regulations on the topic “Updating regulations and new cases related to directors’ duties under the Securities and Exchange Act.”

Development Activities and Training Attended by Each Director in 2014

Directors	Development Activities and Training Attended
1. Mr. Sanoh Unakul	- A dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning”
2. Mr. Sumet Tantivejkul	- A dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning”
3. Mr. Pricha Attavipach	- Director Accreditation Program (DAP) 107/2014 held by the Thai Institute of Directors - A dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning”
4. Mr. Panas Simasathien	- A dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning”
5. Mr. Arsa Sarasin	- A dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning”
6. Mr. Tarrin Nimmanahaeminda	- Role of the Chairman Program (RCP) 35/2014 held by the Thai Institute of Directors - A dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning”
7. Mrs. Tarisa Watanagase	- A dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning”
8. Mr. Kan Trakulhoon	- A dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning”

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.

Directors’ Attendance at Training Sessions Conducted by the Thai Institute of Directors Association (IOD)

Training Courses Directors of the Company	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 1/2006
4. Mr. Pricha Attavipach	FND 8/2004	DAP 107/2014	DCP 39/2004			ACP 11/2006
5. Mr. Panas Simasathien			DCP 2/2000 DCP Re1/2005			
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				RCP 35/2014		
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			

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 3rd National Director Conference 2014 organized by the IOD. Moreover, during the Board of Directors’ meetings, the Audit Committee reported on cases of corruption or accounting cover-ups at other companies, 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 subsidiaries.

To support the Board’s responsibilities, SCG has assigned the secretary to the Board and the 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.

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 Board of Directors’ 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.

Readiness Preparation for SCG Directorship

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 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.

10.2 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. 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, the Board of Directors is entitled to form other sub-committees to handle any specific situations as seen appropriate.

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.

The 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.

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

- | | |
|-------------------------------|----------|
| 1. Mr. Tarrin Nimmanahaeminda | Chairman |
| 2. Mr. Pricha Attavipach | Member |
| 3. Mr. Pramom 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. Review the appropriateness of financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards, with transparency, correctness, and adequacy.
2. Promote the development of financial reporting systems in compliance with International Financial Reporting Standards.
3. Review the compliance of the Company’s Internal Control System with Internal Control Framework (COSO 2013) and the appropriateness and the effectiveness of the Company’s Internal Audit System in accordance with internationally accepted approaches and standards.
4. Review “The Assessment Form of the Adequacy of the Internal Control System” as audited and assessed by the Internal Audit Office to ensure that the Company has sufficient internal control system and propose to the Board of Directors for consideration.
5. Review the presence of proactive preventive system to enhance operating effectiveness and efficiency.
6. Review the corporate risk management system.
7. Review the Company’s Compliance Procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the Company’s business.
8. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblower system.
9. Review 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.
10. 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.

11. Review the execution of the audit committee members for the performance assessment, both as a whole and self-assessment, of the audit committee annually.

12. Review and give the opinion toward the audit practices of the Internal Audit Office and coordinate with external auditors.

13. 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 SET.

14. Consider, select and propose the appointment or discharge an independent person to perform the duties of the Company’s auditor and also propose the remuneration of the Company’s external auditor and evaluate the effectiveness of external auditor’s performance.

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

16. Review the execution of the Internal Audit Office for the performance assessment according to international standards.

17. Approve the internal audit plan, budget and manpower of the Internal Audit Office.

18. Provide recommendations in respect of appointment, removal, transfer, or dismissal of the Director of Internal Audit Office.

19. Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command.

20. Review the self–assessment form on anti–corruption measures which have been verified and assessed by the Internal Audit Office to ascertain that there are anti–corruption systems according to the report made in accordance with the Thai Institute of Directors’ Private Sector (IOD) self–assessment form.

21. 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:

- 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. Specify qualifications of any person to be nominated for directorship to align with SCG's business strategies 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.
- 10. Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case may be, with the diversity of the structure of the Board taken into account, and submit a list of nominees to the Board of Directors and/or Shareholders' Meeting for resolution.

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

12. 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 recommendations in keeping it up-to-date. Governance and Nomination Committee shall review and make appropriate.

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

14. 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.

3. The Remuneration Committee

The Remuneration Committee comprises three of the Company's directors, none of whom are executives. In addition, two members of the Committee are independent members, one of whom is the Chairman of the Remuneration Committee. 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 incentives 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. Chirayulsarangkun 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

10.3 Nomination and Appointment of Directors and Top Executives Independent Directors

The seven independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Mr. Chumpol NaLamlieng, Mr. Tarrin Nimmanahaeminda, Mr. Pramon Suthiwong and Mrs. Tarisa Watanagase

Qualifications of Independent Directors of SCC (Which is more stringent than the requirement of the office of Securities and Exchange Commission)

SCC’s qualifications for independent directors are as follows:

- 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.

In 2014, all the seven Independent Directors neither involved in any business nor provided any professional service of which its value exceeded the specification in the Notification of Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issue Shares.

Nomination and Appointment of Directors and Top Executives

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 criteria for the selection of the nominated candidates are as follows:

Qualifications of a qualified nominated candidate such as:

- Readiness to dedicate time and perform duties in the interest of SCG;
- A work history that reflects honesty and transparency, and all the qualifications of a Board Director specified in the criteria of the Securities

and Exchange Commission;

- Prior successful management experience in a large corporate;
- Initiative and the ability to constantly keep abreast of new global changes;
- Experience, expertise, and specialized skills which corroborate and supplement the capacity, knowledge, and experience that the existing members of the Board of Directors are still lacking in;
- No engagement in a business or position as a member of a Board of Directors or an executive in an organization that is a competitor of SCG;
- Assertiveness in expressing reasonable opinions and ideas;
- Display of ideals, the ability to work as a team, culture, and congeniality towards the existing members of the Board of Directors.

The selection of members of the Board of Directors according to SCG’s Corporate Governance Guidance

The Governance and Nomination Committee is tasked with the duty of selecting candidates to replace the retiring directors at the end of their terms, or whatever the case may be, to propose to the Board of Directors and/or at the Annual General Meeting of Shareholders to be appointed. The Governance and Nomination Committee selects qualified candidates from various backgrounds, with credentials in a wide range of professions, excellent leadership, a breadth of vision, a proven record of ethics and integrity, and the ability to share their opinions independently.

Nominated candidate screening guidelines

In screening nominated candidates for the Board of Directors, the Governance and Nomination Committee has drawn up screening guidelines encompassing the following factors:

1) Qualifications of each nominated candidate

The Governance and Nomination Committee should take into consideration each nominated candidate’s personal qualifications in various facets such as:

- Integrity and accountability
- Informed judgment
- Maturity, stability, characteristics of a good listener, and the ability to express individual independent opinion.
- Commitment to upholding principles, standards, and professionalism
- Other qualities the Committee deems essential

2) Required expertise in nominated candidates

The Governance and Nomination Committee should take into consideration areas of expertise and specialization

that a nominated candidate should possess so that the Committee can formulate strategies and policies and effectively supervise the implementation.

3) Diversity of directors

In addition to the two aforementioned factors, the Governance and Nomination Committee might consider drawing up guidelines regarding the diversity of other qualifications of a nominated candidate such as an equal representation of different groups of stakeholders, educational backgrounds, age, gender, etc.

In 2014, the Board of Directors approved the use of the Board Skill Matrix as supporting information in the selection of candidates to replace the retiring directors. The Matrix is divided into three categories as follows:

- Macro-management knowledge, experience, or expertise
This category is further divided into several subcategories, ranging from SCG-related business or industry, administration, organization management, human resources management in the government or private sectors, economy, and investment to policy and strategy formulation, marketing or public relations, foreign affairs, and risk management.
- Specific knowledge, experience, or expertise
This category is divided into three subcategories, namely laws, rules, and governmental regulations related to business operations, accountancy and finance, with specific knowledge on financial statement; accounting standards, or current/prior position as a member of an audit committee of a listed company; and telecommunication, communication, and information technology.
- Corporate Governance knowledge, experience, or expertise
This category is divided into two subcategories, namely corporate compliance, including the formulation of relevant policies and guidelines; and treatment of stakeholders
In addition, the list of chartered directors compiled by the IOD is also incorporated as additional information in the selection of candidates to replace the directors due to retire by rotation in 2015.

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 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.
- In 2014, four directors were due to retire by rotation, namely Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Yos Euarchukiati, and Mr. Kan Trakulhoon. The Board of Directors’ meeting on 30 October, 2013, had formulated guidelines for the nomination of qualified candidates to replace the retiring directors as proposed by the Governance and Nomination Committee, which advised that each director nominated no more than four qualified candidates to replace the retiring directors and the retiring directors should not nominate themselves as candidates.
- On December 11, 2013, the Governance and Nomination Committee reviewed the list of five candidates that each Director had nominated, four of whom were the directors who were retiring at the end of their terms, and the other one of whom was an external qualified candidate. (No shareholder had nominated a candidate for the election of Directors within the designated period.)
- The Governance and Nomination Committee’s meeting, presided over by Mr. Snoh Unakul, with no members having conflict of interests present, held an extensive discussion, taking into consideration the selection guidelines drawn up on December 22, 2004 and the guidelines published in the SCG Corporate Governance Handbook, as well as the guidelines for defining the qualifications and expertise of a director as per suggestions of the Thai Institute of Directors (IOD). After a careful and thorough consideration of each candidate’s qualifications, the Committee passed a unanimous resolution to propose to the Board of Directors the four retiring Directors, namely Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Yos Euarchukiati, and Mr. Kan Trakulhoon, to be re-elected as they all possessed credentials in a wide range of professions, excellent leadership, a breadth of vision, a proven record of ethics and integrity, as well as the ability to share their opinions independently, and had consistently fulfilled their duties as Directors with excellence.
- After an extensive discussion and a careful consideration of the qualifications of each individual candidate, the Board of Directors, excluding the members with conflict of interests, resolved to endorse the list proposed by the Governance

and Nomination Committee and proposed the re-election of the four Directors who were retiring by rotation at the Annual General Meeting of Shareholders in 2014. At the Annual General Meeting of Shareholders on March 26, 2014, in the election of the members of the Board of Directors to replace retiring directors by rotation, in which each candidate was elected individually, the four directors received the highest numbers of votes and were thus re-elected as directors for another term.

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 our top executives are professionals who perform their duties independently from the major shareholder and other shareholders. The succession plan for the President & CEO 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.

10.4 Oversight of Company’s Subsidiaries and Associates

For SCG to be recognized as an innovative organization and a role model in corporate governance and sustainable development in ASEAN in line with SCG vision, it is imperative that SCG put in place effective and efficient corporate governance, risk management, and internal controls that conform to international standards both in operation and information technology system. As a consequence, to ascertain that the oversight of Company’s subsidiaries and associates aligns with the operating policies prescribed by the Board of Directors, the Board has set forth mechanisms for overseeing and monitoring the management and operations of Company’s subsidiaries and associates. To that effect, the Board has empowered President & CEO and/or President of each business unit to perform such duties as selecting representatives to be board members, executives, or controlling persons in those entities and reporting it to the Board.

The number of SCG’s representatives in each subsidiary and associate is determined by the percentage of holding in that entity. However, to ensure proper oversight of SCG’s investment, President & CEO and/or President of each business unit shall report on the operating results of the subsidiaries and associates to the Board of Directors at the board meeting on a quarterly basis. A report on the operating results shall be submitted to the Board in the month when there is no board meeting.

Moreover, to enable SCG’s representatives to oversee the operations of subsidiaries and associates properly and in compliance with the Company’s operation policies, SCG has prepared an authority manual prescribing the scope of authority, duties, and responsibilities of persons representing SCG as board members or executives in the subsidiaries and associates in establishing key business policies. The manual allows the representatives to operate with more effectiveness and efficiency. Constant revisions on such manual are made, consistent with changes in the subsidiaries and associates both in Thailand and overseas.

Mechanisms for overseeing disclosure of financial information and operating results; connected transactions between subsidiaries and/or associates and related parties; disposal or acquisition of assets; or complete and accurate material transactions are stated in the Articles of Association of the subsidiaries and associates. Such transactions shall be in compliance with the rules and procedures stipulated by the announcement of the Stock Exchange of Thailand.

In addition the authority manual, which serves to allow operations to be completed with efficiency, the Audit Committee, in fulfilling the role as a supervisor, is responsible for assessing the effectiveness of the oversight, risk management, and the internal audit systems of the subsidiaries and associates with SCG’s representatives in the management. The auditing is planned based on the risk of each company and includes the auditing and assessment of the company’s internal control systems, efficiency, and effectiveness of operations, and financial statements. Furthermore, the Audit Committee has resolved for the subsidiaries and associates to implement as a preventative measure against errors a business self-audit system, which can be adjusted to suit the environment of each company, with emphasis on a holistic assessment, in order to create added values to the organizations. To this effect, the companies and the Audit Office jointly perform risk assessment, formulate the internal control system and risk warning signals, and produce risk-monitoring reports. In the presence of risk shifting, the internal control system must be modified to accommodate such a change. The assessment reports are then presented to the management, with a copy submitted to the Audit Office as supporting information for future audit plans according to the level of

risk. In addition, external audits are to submit assessment reports on the internal control system to the Audit Committee every quarter.

The key to effective and efficient operational management between the Company and other business partners is the agreement on mutual understanding concerning issues such as separation of duty in management, the scope of authority, fair division of profit for all concerned parties. To that effect, SCG generated a Shareholders’ Agreement which stipulates the Company to respect the rights of its business partners with all due fairness and cooperates fully with the partners to ensure successful operations of the joint ventures.

10.5 Internal Information Control

The Company attaches significance to preventing the misuse of information that has not yet been disclosed to the public or confidential information that could have any impact on the Company’s share price for one’s own benefit or others. To that effect, the Company has established measures to prevent misuse of internal information (insider trading) and incorporated them into SCG Code of Conduct and Regulations for Employees in writing to provide guidelines for the concerned persons, namely, the Board of Directors, SCG top executives, and employees responsible for related functions as well as their spouses and children who are minors. They are as follows:

- The Board of Directors, top executives, and employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading Company shares for a two-week period prior to the release of the Company’s quarterly and annual financial statements and for 24 hours after the release (blackout period). Corporate Secretary Office will inform all concerned persons of the blackout period one month prior to such period via regular post.

The Company has made it imperative to review share trading of the concerned persons on a regular basis and to prevent employees involved with the preparation of the financial statements from disclosing the information to outsiders from the closing date of the financial statements to the public disclosure of the information.

Moreover, the concerned persons who have knowledge of confidential information that could impact the Company’s share price are prohibited from trading the Company’s shares until 24 hours after the public disclosure.

- Directors and executives (Top Executives) as defined by SEC are required to make an initial reporting of their securities holding in the Company to the SEC within 30 days of the date on which they are appointed (Form 59-1). They are also required to report on any changes in securities holding as a result of the purchase, sale, transfer or

acceptance of transfer of securities (Form 59-2) within 3 business days of the date of any changes.

In addition, the Board of Directors will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding be reported in the Board of Directors’ meeting. The number of shares held by the directors and top executives both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report.

- In 2014, there were no insider trading cases concerning the director, top executives, and employees involved with internal information.

10.6 Audit fee

For the fiscal year 2014, the Siam Cement Public Company Limited and its subsidiaries paid an audit fee of 40.18 Million Baht to KPMG in Thailand and KPMG member firms in overseas, 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 in Thailand and KPMG member firms in overseas 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 2014

1. Annual audit fee for SCC’s financial statements	250,000 Baht
2. Annual audit fee and quarterly review fee for consolidated financial statements	7.27 Million Baht
3. Annual audit fee of subsidiary	
- 120 Thai subsidiaries	21.24 Million Baht
- 40 overseas subsidiaries	11.42 Million Baht

Total audit fees of The Siam Cement Public Company Limited and its subsidiaries	40.18 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 1.88 Million Baht and for tax consulting services amounting to 1.76 Million Baht, to the audit firm and persons or businesses related to the auditors and the audit firm.

10.7 Good corporate governance guidelines in other aspects

The company has adopted and consistently complied with the principles of good corporate governance for listed companies recommended by the Stock Exchange of Thailand in 2012. In 2014, the areas that the company had yet to adopt were as follows:

1. Chairman of the Board should be an Independent Director

- The current Chairman of the Board is an executive of the major shareholders. However, the Board of Directors has specified the duties of the Chairman so that emphasis is placed on the interests of the company, shareholders, and stakeholders.

2. The Board of Directors should limit the terms of an independent director to no more than nine consecutive years, starting from the day of the first appointment. For that independent director to continue serving, the Board of Directors should consider the rationale of such a necessity.

- In 2014, two directors were due to retire by rotation, namely Mr. Sumet Tantivejkul and Mr. Pricha Attavipach, both of whom had served as independent directors for more than nine consecutive years. However, because both possessed all the qualifications of an independent director specified in the company’s regulations, knowledge and experience in the areas that the company was in need of, and because both had consistently fulfilled their duties as independent directors with efficiency, the Board of Directors proposed at the Annual General Meeting of Shareholders for the two independent directors to be re-elected.

3. The numbers of the consecutive terms a director and the numbers of the consecutive terms a subcommittee can serve should be specified, such as no more than three consecutive terms.

- Currently, the Board of Directors reviews the terms of a member of the Board of Directors and Sub-committees based on each individual’s qualifications, the resulting diversity, and needed areas of knowledge and expertise, in tandem with the use of the Board Skill Matrix as additional information.

4. All members of the Nomination Committee are independent members.

- Currently, the Governance and Nomination Committee comprises five members, three of whom are independent members, constituting more than half of the Committee, and the Chairman of the Governance and Nomination Committee is also an independent member. However, the company always reviews the membership of each member of the Sub-committees on a yearly basis, taking into account the qualifications and appropriateness as specified in the charters of the Sub-committees.

The Governance and Nomination Committee will review issues that have yet to be conducted in accordance with

the Corporate Governance guidelines and report its opinion to the Board of Directors for an annual review.

In addition to the practices implemented in compliance with the 5 categories of The Principles of Good Corporate Governance for Listed Companies 2012 recommended by The Stock Exchange of Thailand, the company has in place other practices relating to good corporate governance as follows:

SCG Code of Conduct

The present prosperity, success, and stability of SCG are the result of doing business according to its ethical core values – the ideals that have been held in high regard and put into practice by the Board of Directors, by management, and by staff at all levels. They are:

- **ADHERENCE TO FAIRNESS**
- **DEDICATION TO EXCELLENCE**
- **BELIEF IN THE VALUE OF THE INDIVIDUAL**
- **CONCERN FOR SOCIAL RESPONSIBILITY**

In 1987, the Board of Directors compiled a list of principles in a formal written document called the “Siam Cement Group Code of Ethics” to serve as guidelines that were aligned with SCG’s philosophies with the Company’s directors serving as role models. After four revision, with the latest revision in 2007, the Code was renamed the “SCG Code of Conduct” and modified to better correspond with the evolution of SCG and suit the shifting economic and social climate. In the Code of Conduct, guidelines from each business are compiled, categorized, and furnished with examples, with a list of codes clearly specified for greater clarity and readiness of use. The Board of Directors also established the whistleblower policy, to protect any employee who files a complaint or reports on improprieties or suspected violations of laws, rules and regulations, the Company’s Articles of Association, SCG Code of Conduct, and Anti-corruption Policy. In this regard, the Company has formed a working team responsible for devising policies and providing consultancy regarding compliance with SCG Code of Conduct. This team comprises the top management in business units responsible for relevant matters, each of whom is tasked with monitoring the performance results and providing counsel on relevant matters. In addition, the Company has established channels through which employees can voice their opinions and make inquiries about SCG Code of Conduct, which can be found on the SCG website under “SCG Code of Conduct” and “SCG Code of Conduct Consultation System.”

To further raise awareness of the SCG Code of Conduct among employees, the Company informs its employees at every level of and promotes adherence to the SCG Code of Conduct to cultivate the awareness from the first day of employment onward. In addition to the publication of SCG



Promote SCG Code of Conduct among employees through e-Newsletter

Code of Conduct on the website, the Company has published SCG Code of Conduct Manual 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 a clear understanding and strict adherence in performing their duties. This has also been included as a key factor in the yearly employee performance assessment. Furthermore, since 2012, SCG has consistently raised awareness about compliance with the Code of Conduct through video clips simulating cases described in the Code of Conduct Manual and allowed employees to ask questions and share their experience to make the Code of Conduct more accessible and promote greater application in everyday life. These video clips are distributed in the form of e-Newsletter via email to every employee and published on the SCG Intranet as well.

Moreover, SCG has also exchanged its knowledge and experience regarding the SCG Code of Conduct as well as the development of SCG's guidelines for corporate governance with interested companies and organizations both in the governmental and private section to support and promote awareness about ethical business conduct, fair treatment of stakeholders, and corporate social responsibility.

Anti-corruption Efforts

Since 2012, SCG has been a member of UN Global Compact to demonstrate its commitment to compliance with a list of ten universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption, which neatly correspond SCG's business conduct, which adheres to good corporate governance guidelines, ethical practices, and the SCG Code of Conduct.

In addition, SCG has consistently attached significance to anti-corruption and cultivated it as part of the organization culture in accordance with the Company Philosophy regarding "adherence to fairness, which encompasses

honest, transparent, verifiable work conduct and respectful, sincere, friendly, and fair treatment of all relevant parties." Such commitment has rendered The Siam Cement Public Co., Ltd. the first conglomerate company in Thailand to be certified by the Thailand's Private Sector Collective Action Coalition against Corruption Council on July 5, 2013. (The Anti-corruption policy is available for download on www.scg.co.th) and has consistently been communicated to employees in SCG business units at every level.

Throughout 2014, SCG consistently raised awareness and promote the culture of good governance. To that effect, the Audit Office held workshops for employees of every business unit so that they could assess various risks in current and future operations, their possibility, and potential impact in order to formulate risk-reducing or risk-averting measures to alleviate threats from risks on their own, in accordance to "the Three Lines of Defense" Guideline. In addition, the Audit Office assessed and monitored adherence to good corporate governance, ethical practices, and anti-corruption policies upon every regular inspection.

To promote real application, SCG has communicated and raised awareness about ethical practices and anti-corruption policies through various courses/channels to reinforce the SCG culture. These courses and channels are as follows:

- New Employee Orientation Course
- SCG Ready Together Course
- Business Concept Development Course
- Leading Yourself Course
- Facilitative Leadership Course
- Good Corporate Governance Course for supervisors and management employees (in each business unit)
- The bi-monthly IA Letter (available both in Thai and English) through email of every employee.
- Informative video clips and interactive quiz shows on SCG Code of Conduct
- SCG Code of Conduct Consultation System and anti-corruption policy banners on the SCG Intranet.

Furthermore, to demonstrate its intent in promoting and extending the concept to its suppliers, so that, with the synergy of SCG and its suppliers, the ethical practices and the corporate governance for communities, society, and the environment can reach the wider society. To that effect, SCG has compiled "SCG Supplier Code of Conduct" as guidelines for SCG suppliers. In addition, SCG also held the Supply Chain Sustainability Forum under the theme of "Walking Together to Contribute to a Sustainable Society and the Environment" in 2013 (with approximately 400 suppliers attending). In the beginning, SCG required suppliers with a volume worth more than one Million Baht to sign the acknowledgment of the SCG Supplier Code of Conduct. To further promote the SCG Supplier Code of Conduct among its suppliers, in 2014, SCG started to require every new

supplier to sign the acknowledgment of the Code of Conduct in the SCG supplier application and offer counsel for suppliers in order to foster a management that is in line with the sustainable development guidelines. SCG has also reinforced its commitment to SCG's social corporate responsibility through five principles listed below:

1) Ethical Business Practices: Conduct business on the basis of honesty, integrity, transparency and, strict compliance with laws and regulations related to business conduct. Suppliers shall not engage in any corruption-related action, bribery through offers or promises of money, properties, objects, or other benefits as incentive for oneself or another party, obtain inappropriate benefits, as well as creating unfair business advantages.

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.

As a result of the Company's continuous commitment to anti-corruption efforts, SCG was given four (which means "certified") out of the full score of five on the sustainable development assessment for listed companies in the Anti-Corruption Progress Indicator of the Thaipat Institute. The categories that were assessed included 1) pledges and policy, 2) implementation, and 3) result monitoring.

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, and SCG Code of Conduct (Whistleblower Policy)

SCG has given priority to good corporate governance and opened up opportunities for its employees and stakeholders to report or inform any irregularity in the business operations of SCG such as corporate governance, ethical practices, corruption, financial transactions, the Code of Conduct, and compliance with legal requirements, regulations, or anti-corruption policy through specific channels provided. This is to ensure investigation on complaints are conducted according to the process specified

in the "SCG Whistleblower Policy Guidelines" and reported to the Audit Committee and the Board of Directors. In addition, information on the procedures and the channels through which complaints can be lodged is clearly published on the Company's website.

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 to those who report or inform from unjust treatment such as abuse and threats. The Audit Office, responsible for the security of the Whistleblower System, has designated a separate server to ensure independence from other usage.

SCG has provided channels for complains as follows:

- As for internal channels for employees, complaints can be made both with the names identified and anonymously.

1. The banner on the first page of Intranet SCG website, which is accessible to every employee. Informants can direct their complaints to any of the following:

- Trusted supervisors
- The Director of the Corporate Human Resources Division
- The Director of the Internal Audit Office
- The Secretary to the Board of Directors
- A Company Director

2. Submission of a formal document to the aforementioned persons.

3. Email submission to an independent director at ind_dir@scg.co.th

- As for external parties, complaints can be lodged on www.scg.co.th under the "SCG Whistleblower System." Informants are required to identify their names and can direct their complaints to any of the following:

- The Corporate Secretary Office
- The Internal Audit Office
- An Independent Director
- A member of the Audit Committee

Complaints can also be lodged in the form of a formal document submitted to the aforementioned parties.

Recently, a total of 26 complaints have been filed, eight of which are still being investigated and 18 of which have already been investigated. Among the 18 complaints, one falls into the category of fraud, and another falls into the category of non-compliance, in which the financial impact was insignificant and the employee was expelled in accordance with the Human Resources regulations.

In addition, the Company stresses the importance of compliance and punishment and has communicated and raised awareness among its employees regarding the Code of Conduct as well as used complaints to inform future preventive measures. Currently, the Internal Audit Office is responsible to monitoring, presenting, and reporting the results to the Audit Committee at every meeting.

11. THE CSR COMMITTEE FOR SUSTAINABLE DEVELOPMENT’S REPORT

“Social responsibility” is an essential duty for every corporate and has been a philosophy that SCG always adhere to as a guidance on business conduct and value creation to the society. It is SCG’s conviction that the better quality of people’s lives is the vital beginnings of the community and society development in various dimensions, which contributes significantly to the progressive development of the country.

In 2014, SCG continued a number of its existing key projects in cooperation with its collaborative network, to expand the projects’ results both in large-scale and in-depth approaches, as follows:

- **“Satanee Plook Khid Pun Sukh” (Instilling Thinking and Sharing Happiness Station)** is an extension of SCG’s Conserving Water for Tomorrow Project and the Innovative Technology for the Remediation of Saline Land Project to the establishment of two community learning centers in Sa Sob Hok, Jae Hom District, Lampang Province and Ban Toey, Pimai District, Nakhon Ratchasima Province. Both learning centers encourage those interested to learn about community development model through a cultivation of thought to be more creative, well-informed on ever-changing environmental and social factors with an application of wisdom and knowledge in solving the community’s problems and creating incomes; and through happiness sharing, the process of exchanging experiences on obstacles and achievements, which other members can learn from and adapt to suit their communities and localities.
- **“Power of Wisdom Project”** has been initiated to expand the success of the Innovative Technology for the Remediation of Saline Land Project in transforming the ways of thinking of the participating farmers. The project equipped community leaders, local experts, military, and farmer leaders totaling 800 participants with an intensive course in wisdom leadership for sustainable community so that they adjusted their thinking processes. This can lead to changes and improvements to their livelihood in terms of productivity and income and consequently help reduce debts and income inequalities. Upon completing the course, the participating leaders would be ready to share their knowledge with other interested communities and, in the process, foster the community network of wisdom.

This project was a collaboration of SCG, Thailand Sustainable Development Foundation, the National Science and Technology Development Agency, the Royal Thai Army, and the Thai Chamber of Commerce.

- **“Specialists...the Maker of the Nation”** is a project aimed at encouraging students graduated from secondary school level to apply vocational-certificate education with full-coverage scholarships, especially those interested in the branches of industrial mechanics that are in short supply i.e. machanic, electric and electronic, welding, mechatronic, and molding. This project not only helps alleviate the labor shortage of over 190,000 positions in industrial sectors, but also contributes to the economic potential development of the nation.
- **“Sharing Opportunities, Drawing the Future Program”** is a project aimed at encouraging SCG employees to carry out voluntary projects that benefit society in various areas across the country, through involvement of the community’s members. Having run for eight consecutive years, the program has garnered over 20,287 employees with 1,314 projects in total.

In addition to the aforementioned flagship projects, SCG has also supported organizations with specializations in other areas such as healthcare, research, education, as well as other charitable organizations to support and encourage Thai society to keep progressing with capacity and stability in every facet.

On behalf of the CSR Committee for Sustainable Development

Snoh Unakul

Snoh Unakul

Chairman of the CSR Committee for Sustainable Development

12. CORPORATE SOCIAL RESPONSIBILITIES

SCG adopts the principles of sustainable development for its business conducts with the aim of minimizing the environmental impacts of its operations by raising the environmental conservation awareness among all levels of its employees. It also puts emphasis on promoting all of its work processes through the selection of environmentally friendly technology. Moreover, it also aims to create and expand a sustainable development network through its activities. SCG promotes sustainable development concept among its stakeholders in the entire value chain and encourages concrete implementations of this concept. SCG has been involved in the dissemination of sustainable development concept and endorses more extensive implementation of the concepts through various social activities.

Environment

SCG has formulated a guideline for sustainable development in terms of environmental conservation and environmental management in accordance with the 3Rs (Reduce, Reuse/Recycle, Replenish) concept. All SCG business operations are required to adopt this concept for the designing of manufacturing plants, production process improvement and development through the adoption of environmentally-friendly technologies and systematic management of product and service production. SCG has also implemented effective waste management system to reap maximum benefits. Good environmental practices have been modified for implementation by all SCG business operations in ASEAN region. It continues to educate, raise awareness and encourage all employees and related parties to participate in its environmental protection activities.

Regarding dissemination and promotion of environmental conservation principles, SCG encourages stakeholders in its entire supply chain to adopt the sustainable development practices. SCG has upgraded, strengthened and increased competitive opportunity for its business partners through transparent selection process, fair treatment and development of professionalism and competitiveness. Various activities were organized for SCG’s business partners, for example, the certification of SCG supplier’s safety system project, the improvement of supplier’s environmental management under the Greening the Supply Chain project. SCG Supplier Code of Conduct was formulated to guide suppliers in conducting ethical, open and transparent business as well as fair accountability to stakeholders. SCG organized ASEAN Sustainable Development Symposium 2014 for the 4th consecutive year with the goals of disseminating sustainable development concepts and networking. The symposium focused on having all sectors recognize the importance of sustainable development and how to apply it in a more concrete manner.

With strong determination to conducting business with emphasis on environmental and social concerns, SCG values research and development of high value added and environmentally friendly products and services. SCG eco value labels were introduced in 2009 to support of environmentally friendly innovations, made from a special production process that has minimum environmental impact, according to the ISO 14021 standard. In 2014, revenue from sales of SCG eco value products amounted to 150,639 Million Baht, accounting for 31% of total revenue from sales. SCG also sets a goal to increase the sale revenues of SCG eco value products to one-third of its total revenue from sales in 2015.

SCG continuously recognizes the importance of water conservation and has initiated the “SCG Conserving Water for Tomorrow” project since 2003 under His Majesty the King’s initiation on water management. Through this project, over 65,000 check dams were built by local communities in conjunction with the networks. The project’s underlying ideas are to restore the balance of nature, community empowerment, sustainable growth as well as environmental and water conservation awareness. SCG has collaborated with the National Science and Technology Promotion Agency and the Land Development Department in adopting His Majesty the King’s royal initiation on soil conservation and rehabilitation by setting up a saline soil rehabilitation project through the use of innovative technology to achieve its goal since 2008. SCG has provided assistance to farmers in the northeastern region who are



ASEAN Sustainable Development Symposium 2014 with the goals of disseminating sustainable development concepts and networking

faced with severe saline soil in order to make it possible to well cultivate rice or any other plants on their lands. Scientists and technology have been brought in to provide research and development assistance to develop saline tolerant rice varieties. SCG has also joined forces with local soil experts to introduce appropriate techniques for the cultivation of rice and other cash crops that grow well on saline soils. In addition, the self-reliance farmers set up community enterprises to promote more employment and supplementary jobs with the goal of increasing household revenues.

In 2014, SCG continued to promote community development for sustainable community and self-reliance by establishing two “Instilling Thinking and Sharing Happiness stations” in Nakhon Ratchasima and Lampang provinces to disseminate their knowledge and experiences to other communities. The project’s goal was to intensify and extend its operation in honor of His Majesty the King as the Humanitarian Soil Scientist to align with the UN’s declaration of the 5th of December, His Majesty the king’s birthday, as World Soil Day and 2015 as the International Year of Soils. For its part, Thailand plans to transfer knowledge on soil and land management in a more extensive and concrete manner.

Furthermore, SCG has realized that to achieve sustainable cooperation between business operation and the communities, all in business sector must have the same standards for environmental protection and promotion of better community quality of life. For this reason, SCG has collaborated with different manufacturers in setting up a sustainable development network and endorsing the concepts of good environment and community care. SCG aims to raise the environment standards of the Thailand industries and to promote better quality of life for the people and the community. SCG has collaborated with the businesses in Map Ta Phut Industrial Estate to set up the “Community Partnership Association”. It also joined forces with industrial cement manufacturer in Saraburi Province to set up the “Cement Partnership Project” and agreed to develop a prototype manufacturing plant with higher environmentally friendly standard than the one required by laws. SCG also joined the communities in solving existing problems and making genuine efforts to maintain a good quality of life for community residents, treating them like a family member. It has extended this form of collaboration to other businesses and joined forces with cement manufacturers and coal importers in Nakhon Luang District, Phra Nakorn Si Ayutthaya Province to improve the standards of environmentally friendly operations in order to work with the communities on a friendly and sustainable bases.

Youth Development

It is SCG’s commitment to improve children’s and youth’s promising capabilities through various activities. The “Young Blood for Social Prosperity Project” provided university students with the opportunities to apply their educational skills and knowledge for community benefits. “The Tales in the Garden Festival” was organized to foster a

reading culture of early child development through books. The “SCG Sci-camp” was set up to raise science, technology and environment awareness and education among secondary school students. The “SCG Excellent Internship” Project aimed to cultivate the concept of good corporate governance among university students and gave them hand-on experiences in different careers. The “Young Thai Artist Award” was created to promote and broaden youth’s ability in various arts. A completed range of badminton training was initiated to advance the skills and talent of Thai badminton players with the goal of achieving international excellence.

In addition, SCG has extended the concept of sustainable development to other countries in the ASEAN region through ASEAN youth development activities. SCG believes that youth are future leaders for regional growth and development. “SCG Sharing the Dream” Project annually granted over 5,000 scholarships to youth in Indonesia, Vietnam, Myanmar, the Philippines, Laos, Thailand, and most recently Cambodia in 2014. The “SCG International Internship” Project provides opportunities for university students from ASEAN countries to have first-hand working experience in Thailand. The “SCG Young Leader Program” helps improving leadership skills for ASEAN students and preparing them for participation in AEC. There is also another SCG’s project to raise environmental conservation awareness in Vietnam.

Public Benefit Activities

SCG provides continuous support for public benefit activities in the forms of disaster victim assistance to help them become self-reliance. SCG improves the quality of life for everybody in the societies through such measures as donations to natural disaster victims and charities. Moreover, SCG also encourages volunteer spirits among its employees so that they can use their knowledge and skills for the benefits of other. The “Sharing Opportunities...Drawing the Future” Project allows SCG staff to form groups to organize social benefit projects in different locations across the country.

SCG has been publishing the sustainability report every year. The report and its data is prepared in accordance with GRI version G4. The information in the report is provided following United Nations Global Compact (UNCG) at the Advance Level. You can find more information on SCG’s environmental and social activities from SCG Sustainability Report and www.scg.co.th.



SCG Sharing the Dream scholarship program grants more than 5,000 scholarships to the students across ASEAN

13. INTERNAL CONTROL AND INTERNAL AUDIT

13.1 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. The Management believes that to become the leading organization, SCG must have the efficient and effective corporate governance, risk management and internal control systems that comply with the international standards in terms of best practices and information technology. SCG has set up the Audit Committee who oversees the corporate governance policy; including risk management, internal control and internal audit which are consistent with the international standards as follows:

- Corporate Governance	reference organizations: Organization for Economic Co-operation and Development (OECD) / Stock Exchange of Thailand (SET) / Thai Institute of Directors Association (IOD)
- Risk Management	reference standards: COSO Enterprise Risk Management/ ISO 31000
- Internal Control	reference standards: COSO Internal Control Framework 2013 / COBIT

The Board of Directors, the Audit Committee, and the Management of SCG have committed that SCG’s internal control system to comply with COSO Internal Control Framework 2013 (COSO: The Committee of Sponsoring Organization of Treadway Commission), in all 5 components, 17 principles and 91 points of focus.

In this regard, the Internal Audit Office assessed the adequacy of SCG’s Internal Control system according to the Securities and Exchange Commission’s assessment form and submitted the results to the Management and the Audit Committee for consideration and approval prior to seeking approval from the Board of Directors in the 194th Board of Directors meeting on 19 November 2014. The meeting was attended by seven independent directors

whom four of them be the members of Audit Committee.

In consideration of the aforementioned assessment, The Board of Directors gave the opinion that the Internal Control system has been reasonably adequate to ensure the effectiveness of the operations for SCG businesses, safeguarding of SCG assets, and the efficiency of resources utilization. In addition, there was no material deficiency found in SCG’s Internal Control system.

SCG’s Management, supervisors and all employees have been well aware of their roles on corporate governance, risk management and internal control. The Board of Directors considered that SCG has sufficient number of personnel for the system’s implementation coupled with adequate internal control systems for monitoring of SCG subsidiaries’ operations, safeguarding of SCG’s and its subsidiaries’ assets against the misuse or unauthorized act by directors or executives, and against transactions that might result in a conflict of interest or connected transactions.

As been delegated from the Board of Directors, the Management has developed various tools in response to constantly changing risks to ensure proactive preventive measures for domestic and overseas businesses. In 2014, the Management approved the relevant governance/ internal control principles or tools as follows:

13.1.1 Compliance Practice Guideline

1) Control Self Assessment Guideline for Overseas Business

SCG has expanded its businesses in ASEAN in various forms e.g. greenfield projects, mergers and acquisitions, etc., facing risks of each country in terms of political, economic, social, legal and environment. To build awareness on internal control and mitigate risks, in 2014, the Management agreed to apply Control Self Assessment Guideline for overseas business as a preventive tools, particularly for supervisors and employees as 1st Line of Defense. Each company has been advised to apply the

Guideline as deemed proper to its operations, laws and cultures of each country as well as business readiness in addition to the implementation of SCG's Overseas Compliance Guideline in last year.

- 2) Review and Development of Approval Authority Manuals
- Decentralization, segregation of duties and delegation and job assignment for each level of employees are essential for doing SCG businesses systematically and with flexibility in which the Approval Authority Manual be used to specify the authority of supervisors at respective levels. In 2014, SCG further expanded its overseas businesses which simultaneously required new Approval Authority Manuals. Therefore, the Internal Audit Office provided Approval Authority Manual Guideline for SCG businesses so they understand the process and jointly work with the Internal Audit Office to complete and implement Approval Authority Manuals amid limited timeframe. In this regard, the Internal Audit Office organized workshops for management and employees for mutual understanding and standardized practices.

13.1.2 Information Technology System Control

At present, information technology (IT) is considered vital for business operation as facilitating and data-gathering tools to support business plans, strategies and decision making in timely manner. For these reasons, SCG requires more advanced and complex information technologies and set up SCG IT Governance Committee, responsible for oversight the use of IT system to achieve maximum benefits and security. In 2014, the Committee reviewed the policy and guidelines for the use of Information Technology (SCG e-Policy 2014) with the addition of 5 more items from previous 8 items to cope with emerging risks. At the same time, the communications were done to create IT internal control awareness among employees and related external stakeholders and ensure policy compliance. Recognizing the high risks of rapidly changing technology, network security, and management information system, SCG approved the establishment of the Information Security & Compliance Unit who is responsible for oversight SCG's infrastructure and network security. The external professional was engaged to assess the security of SCG's infrastructure

and network system, having IT Audit and IT-BU join and share their experiences to develop skills for IT system's security assessment in the future.

13.1.3 Development of Continuous Monitoring and Continuous Auditing System for Business Units

SCG operating units (Auditees), in conjunction with audit teams, continued to develop Continuous Monitoring & Continuous Auditing system to be used as a tool for analyzing, tracking irregularities in timely manner. This would enable the prompt preventive measures which would enhance more efficient internal control system and business operations. In 2014, SCG had developed additional system for the analysis of irregularities in the production and sales processes.

13.1.4 Three Lines of Defense Model for Business Self Audit

The Audit Committee, responsible for oversight the effectiveness of internal control, approved that Business Self Audit must be conducted as a proactive preventive measure to continuously changing risks. SCG had, for a period of time, implemented this measure corresponding to the new COSO (COSO 2013), which defines roles and responsibilities through the "Three Lines of Defense" for risk management and internal control effectiveness. To enhance the awareness on governance, risk management as well as internal control among SCG personnel, the Internal Audit Office organized several workshops for business units, supporting functions and Business Self Audit teams by focusing on role of the 1st Line as well as the collaboration among 1st Line and 2nd Line. Moreover, the Internal Audit Office, 3rd Line, assessed and monitored the adequacy and efficacy of SCG's internal control system and provided consulting which respond to risks to meet corporate objectives. The Internal Audit Office also monitored performance of Business Self Audit teams to support audit plan and evaluation of the internal control system.

13.1.5 Development of SCG Whistleblower System

SCG continuously develops SCG Whistleblower System for employees and other stakeholders as a channel to report non-compliance with corporate governance, code

of conduct, rules, regulations, laws and Anti-corruption policy, included fraudulent acts. SCG employees can report via SCG Intranet while other stakeholders report via <https://whistleblower.scg.co.th>. Complainants may follow up on their reports via the system. Whistleblower system helps promote ethical business conduct on a sustainable basis. The system's security is closely monitored and maintained by the Internal Audit Office through the use of two steps password verification and a separate server from other operations. These measures help to ensure data security and prevent data leakage.

13.2 Internal audit

The Audit Committee oversees the Internal Audit Office performance to ensure that it works with independence, integrity, ethics and professional in line with the International Standard for Professional Internal Audit Practice (The Institute of Internal Auditors: IIA) and International Information Technology System Auditing Standard (Information Systems Audit and Control Association: ISACA and Global Technology Audit Guide: GTAG). The Audit Committee Charter and the Internal Audit Office Charter clearly stated the missions, scope of work, authority, duties, and responsibilities, as well as auditing guidelines which would be reviewed annually for any update.

The Audit Committee approved the Medium Term Plan (2014 – 2016) of the Internal Audit Office towards "Sustainable Global Internal Audit Excellence as a Trusted Advisor in Governance Risk and Control (GRC)" which focuses on maintaining and enhancing internal audit professional quality based on international standards in a sustainable manner. This is an extension of 2013 internal assessment on Quality Assurance Review (QAR), which was conducted to ensure independent and impartial quality in assurance service and consulting service for value creation and the improvement of SCG's operations. Key action plans are as follows:

13.2.1 Creating High Value Services

To promote comprehensive corporate governance, risk management and internal control.

- 1) Follow up and development of SCG corporate governance process; including review, assessment and advisory on current practices to be in accordance with SET and IOD standards.

- 2) Create awareness and monitoring system on risk management and internal control through Three Lines of Defense model. This is implemented through Control Self Assessment (CSA) tool and Business Self Audit teams for SCG businesses in both domestic and overseas which should be adjusted to the relevant laws, regulations and readiness of each business.
- 3) Strengthen and develop Proactive Preventive Audit for both domestic and overseas businesses, especially for large investment projects. Internal Audit Teams together with business units identified high risk areas in key business processes, set critical control points or mitigation plans and monitoring systems/warning signals and then develop the Guideline for oversight and managing the investment project, particularly in high-risk processes e.g. procurement process etc.
- 4) To emphasize on advisory role for business units, during audit period or internal control assessment, internal audit team educated and organized workshops to advise appropriate process flows with good controls under "Value Chain Concept" from the beginning to after-sales service with an aim to increase efficiency and reduce the redundant work. After the consultation, the follow-up process was done by the audit teams to prevent mistake from recurring.

13.2.2 Evaluation of the Internal Audit Office's Performance

The Internal Audit Office set criteria for auditees/ business units' satisfaction evaluation to ensure effective audit performance in accordance with the internal audit policy and plan. The Key Performance Indicators (KPIs) for assurance service was set no less than 85% whereby the 2014 performance result showed 94% satisfaction level. In addition, new KPIs on consulting service was introduced in 2014 no less than 85% criteria in which the evaluation result showed 99% satisfaction level. This would support the direction towards Medium Term Plan (2014 – 2016) as a trusted advisor for business in Governance Risk and Control (GRC). The outcomes were presented to the Audit Committee on a quarterly basis for future improvement.

13.2.3 Setting up Overseas Internal Audit Teams

With SCG’s vision of sustainable business leader in ASEAN region, SCG significantly expanded its investments in various countries. To ensure overseas operations effectiveness in accordance with SCG policies, the Internal Audit Office has redesigned its overseas audit performing to meet international business practices as follows:

- 1) Setting up Country Internal Auditor team, to evaluate the efficiency and effectiveness of corporate governance, risk management, and internal control. The team is under the supervision of the Director of SCG Internal Audit Office, including policy and standard practices.
- 2) For those Company Internal Auditors in Vietnam and Indonesia, they would be provided with the advices, on-the-job training and skills development by SCG overseas audit team to ensure the international standards of internal audit practices.

13.2.4 Improvement Effectiveness and Adequacy of Internal Control System in accordance with International Standards

The Internal Audit Office had revised SCG’s Internal Control Assessment form and method to comply with COSO 2013, including 17 principles and 91 points of focus under its 5 components. The “Present” and “Functioning” of internal control system were examined to ascertain that 3 objectives we were achievable, in term of operations, reporting and compliance. The revision was also in line with assessment form regarding the adequacy of internal control system from the Securities and Exchange Commission.

13.2.5 Audit Guideline

The Internal Audit Office regularly revised and developed the audit guidelines for better response to SCG’s business environment and daily operating processes so that the internal auditors could use as a guideline to perform audit tasks and assess risks covering all significant risks in each business operation; e.g. cash receipt & cash lapping audit guideline and sales & revenue recognition audit guideline. The guidelines can be used to improve operation efficiency and control weakness, mitigate risks as well as prevent fraudulent cases. Besides, Anti-corruption audit guideline is regularly reviewed for any update.

13.2.6 Information Technology Audit

As SCG’s rapidly expanded the businesses in both domestic and overseas with changing operating system specifically for each business unit, SCG has to develop new core IT systems. In this regard, representatives from Internal Audit Office were appointed as consultants to advise the appropriate control points and testing of control system. After the system is completed, IT audit will carry out the testing again. In 2014, there was a reorganizing of the IT audit team with the aim to enhance audit efficiency on high risk IT system’s security area for each business unit.

13.2.7 Developing Auditors’ Competencies

To promote professional and business competent for internal auditors and Business Self Audit teams, the Internal Audit Office focuses on organizing trainings and seminars for continuously developing audit expertise as follows:

- 1) Reviewing Internal Audit Competency

In 2014, the Internal Audit Office reviewed SCG’s internal audit competency to comply with the international standards on professional and SCG performance standards. The review was conducted by auditors in conjunction with their supervisors and prepared Individual Development Plan (IDP). As a result, the Internal Audit Office organized training courses and seminars on professional auditing and other related professional practices related to SCG’s business for auditors.

- 2) Developing Internal Audit Global Knowledge

- Keep track on best practices in good corporate governance, risk management and internal controls among leading audit professional institutes both locally and overseas, and applied appropriate practices in line with SCG’s business.
- Encourage the internal auditors’ development through continuous training both internally and externally to be well equipped with knowledge, competence and expertise in internal auditing, as well as other skills needed by SCG.
- Promote and support the internal auditors to become certified as professional internal auditors or to attain other related professional certification, based upon designated 40% Key Performance Indicators (KPIs). In 2014, the

Internal Audit Office had been certified by 55% of total auditors, well exceeded the KPI of 40%.

- 3) Development of Business Knowledge

- Enhance internal auditors’ business acumen by inviting experts from each business unit and external experts to share and discuss on current business trend and major business changes for auditors to better assess risks and to provide practical advisory.
- Set up a policy to recruit competent personnel from other business units to serve as internal auditors. On the other hand, the internal auditors are rotated to business units for broadening experiences.
- Organize knowledge – sharing sessions on interesting issues or significant findings in audit work on a regular basis.

- 4) Information Technology Knowledge

- Apply IT knowledge to support the audit process, for faster analysis and detection of warning signals/red flags as well as mitigate risks from operational errors and business frauds.

- Support internal auditors to develop IT audit skills for enabling them on effective auditing and recommendations according to IT Audit International Standard. For example, it encouraged personnel to obtain the Certified Information System Auditor (CISA).
- Promote IT auditing expertise in infrastructure and network security by external professional, who were engaged in assessment of SCG’s infrastructure and network system, to share their knowledge and experiences with IT Auditor.

- 5) Enhancing of Integrated Audit Project

The Internal Audit Office promoted integrated auditing by setting up a team, comprised of both IT and functional internal auditors; jointly assess risks, make suggestions on improvements and monitor any irregularities through the use of IT tools to enhance audit efficiency. In 2014, the IT audit function was divided to support each business audit team to strengthen their specialization for each business.

14. RISK MANAGEMENT

Risk management is a key process contributing to the attainment of the Group’s objectives and goals. The earlier the risks can be identified in advance, the earlier the actions can be taken to protect the downside impacts, and the more new business opportunities can be captured. An effective risk management also plays a vital role in making investment decisions. All of the above will lead to value added for the organization, shareholders, and other stakeholders, as well as contribute to SCG’s sustainable growth.

SCG Enterprise Risk Management Framework

After having revamped the SCG Enterprise Risk Management Framework to keep it current and more aligned with international standards, in 2014, SCG has kept its employees and related parties informed of the changes as well as trained them to implement the updated framework intensively. The new framework will create a risk culture that ultimately helps add values to the entire value

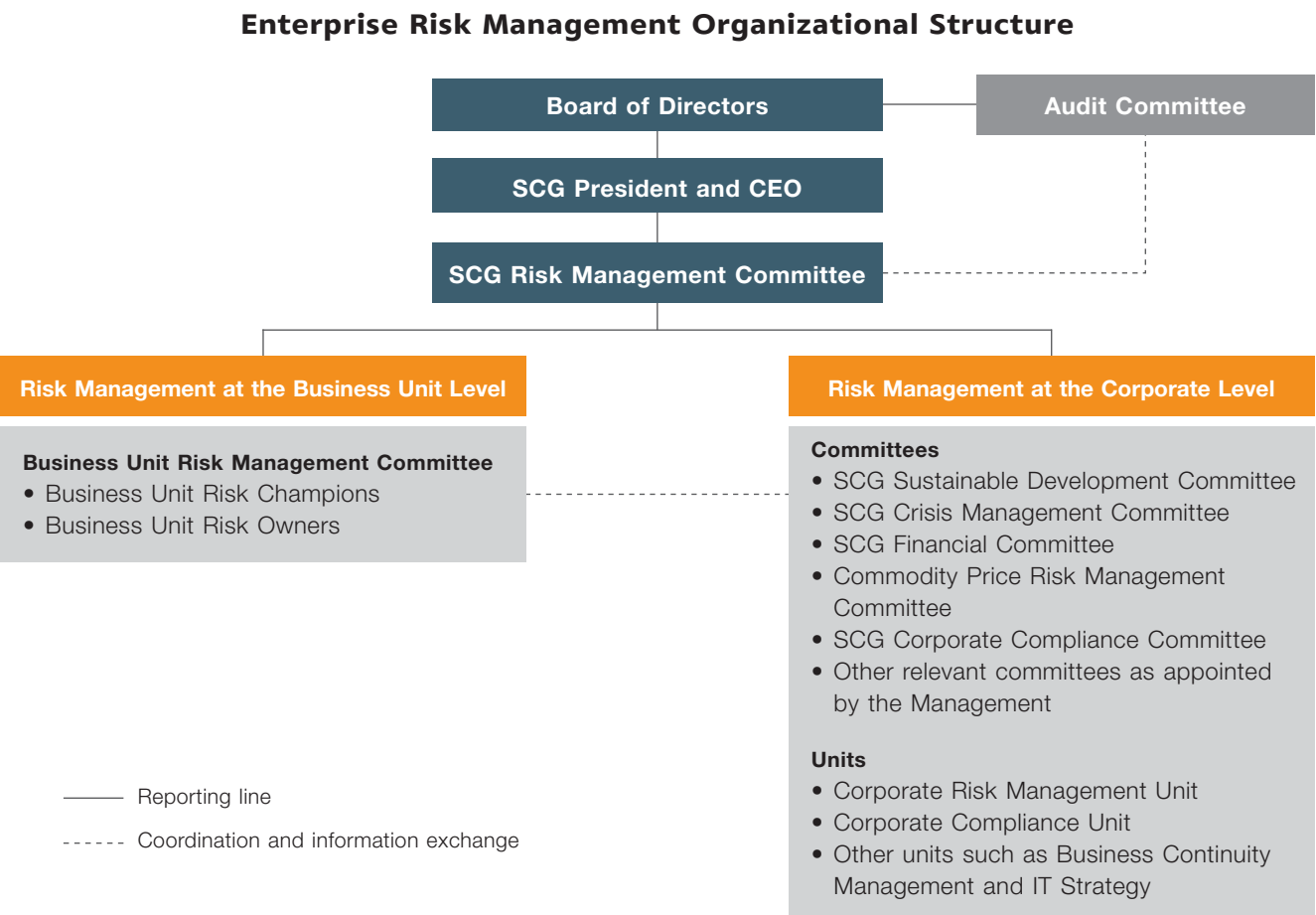
chain by ensuring timely response to ever-changing business landscape and potential issues, and exploiting risks to identify new business opportunities both domestically and overseas. The SCG Risk Management Framework consists of:

1. Strategy Establishment

SCG has established 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, 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 Audit Committee, on behalf of 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 also evaluates the risk management system to ensure that it is efficient, effective, and compliant with the established guidelines.

The SCG Risk Management Committee

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

1. Improves / determines risk management structure and designates responsible parties for risk management.
2. Considers and approves risk management policies, strategies, framework, and plans.
3. Reviews 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 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 top executives 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 SCG Risk Management Committee and 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 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 SCG Compliance Committee formulates strategies, coordinates and systematizes compliance efforts, as well as communicates SCG Compliance Policy to business units and corporate units through the Corporate Compliance Unit and reports to the SCG Risk Management Committee and the Board of Directors.
- 2.1.6 The Corporate Risk Management Unit communicates risk management policies and strategies established by the SCG Risk Management Committee to all relevant parties. The Unit coordinates with business unit risk champions to review risk management outcomes of key risks, which may impact SCG’s both short and long term goals, and reports to SCG Risk Management Committee. The Unit also monitors key situations in SCG’s strategic countries and compiles reports as part of cross-border risk management. Moreover, the Unit tracks and continuously improves SCG’s risk management capabilities, promotes sharing of risk management knowledge, and builds risk management culture throughout the Group.

- 2.1.7 The Corporate Compliance Unit leads the establishment of SCG’s Compliance Management System, which comprises of the compliance work system, the compliance framework, and the compliance audit and report to ensure clarity and system-wide linkage between SCG, business units, companies, units, and employees. The Unit reports the compliance management outcomes to SCG Compliance Committee and SCG Risk Management Committee.
- 2.1.8 Other Units are corporate risk owners 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 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). These Units report their risk management outcomes to their respective committees.

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, each business unit has established Business Unit Risk Management Committee to ensure the efficient risk management and its ability to cope with business specific risks in a timely and appropriate manner. Each of these committees comprises executive officers 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 both short and long term goals of their business units 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 business unit.

3. Risk Management Process

In order to put the above risk management framework into practice, SCG designated three primary areas to manage

risk. These are (1) medium and long-term strategic risk management (2) investment project risk management and (3) operational risk management. The following risk management processes for the above three areas are documented in the “SCG Risk Management Manual”.

3.1 Risk / Opportunity Identification

Facilitating the risk / opportunity identification and creating a common language, SCG developed the SCG risk universe which covers all risks that could potential impact the business performance. The risks are categorized into eight categories for easy understanding and practice as follows: (1) Safety, Health and Environment Risk (2) Compliance Risk (3) Reputation and Intellectual Property Risk (4) Hazard Risk (5) Input Risk (6) Process 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. 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.

3.3 Risk Response

SCG chooses an appropriate risk mitigation strategy, i.e. Retain, Exploit, Transfer, Reduce and Avoid, to manage a specific risk, in line with SCG limit. If the risk owners find that a residual risk remains higher than the designated risk limit, countermeasures must be clearly stated or emergency response and business continuity plans must be developed in case of a crisis. For emerging opportunities, business plans must be developed to capture such opportunities on a timely basis.

3.4 Reporting and Monitoring

The risk management results are reported to the Business Unit Risk Management Committee and SCG Risk Management Committee, respectively. Then, the reports are presented on to the Audit Committee on a quarterly basis.

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 Group do not share a similar understanding of the risk management framework or risk appetite, or possess mindsets which are not in accordance with SCG risk management guidelines, erroneous decision-making can arise. SCG has, therefore, established guidelines for building

a corporate risk culture as follows:

- Communicate messages from the “tone at the top” regarding the significance of risk management, with executives as role models in risk management.
- 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.
- Enable practical application at work by designating a business unit risk champion.
- Specify roles and accountabilities of each risk owner.
- Develop joint commitment among key concerned parties via regular meetings, interviews and surveys.
- Prescribe risk as an agenda item of major meetings at each company.
- Designate risk management as a component of employee training and development programs.

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

Safety, Health, and Environment Risk

1. Safety and Health Risks / Mitigation Plans

As SCG conducts its businesses in heavy industries which rely upon both machinery and chemical substances, the Group recognizes the importance of the health and safety of its employees and business partners. However, overseas operations in countries, whose environments and safety and health standards deviate from those specified by SCG, can be susceptible to safety and health risks. Therefore, SCG has stipulated risk appetite and risk limits indicating that health and safety risks are considered unacceptable at SCG and continuously enforced offensive measures to prevent losses from occurring. SCG has implemented its Safety Performance Assessment Program (SPAP) by establishing and adopting key risk control systems such as the Behavior Based Safety to reduce risky behavior, the Management of Change to diminish risks induced by shifts in working environments, and the Proactive Key Performance Indicator (KPI) to regulate risk-reduction activities to meet the target. In addition, SCG has continuously developed and strengthened its transport safety systems including defensive driving coaching, route hazard maps detailing dangerous areas and rest areas along the 19 main transport routes, GPS safety control systems, and in-cab cameras to monitor and assess drivers’ behavior, which will then be used to inform subsequent training. As a result of the implementation of the above safety and health risk measures, the number of total incidents decreased from the previous

year. However, safety and health risks still remain a challenge in the face of each country’s differing environments and safety and health standards.

Business Opportunities

It is SCG’s aim to continuously develop its position as the leader of change, and this extends to its suppliers. SCG coordinated with major suppliers to agree upon and sign on the SCG Supplier Code of Conduct the scope of which includes safety and health matters. In addition, SCG has successfully implemented the SPAP in overseas companies that SCG operates and disseminated to its alliances the application of these safety management principles. With the synergy of SCG and its alliances, the practice can reach the wider society and bring about sustainable business conduct not only domestically but also overseas.

2. Environment Risks / Mitigation Plans

As a result of climate change and natural disasters that are ever-increasing both in numbers and destructiveness, various environmental conservation movements have become active and may affect continuity of business operations, the Group’s reputation, or increasing costs due to compensation expenses which may arise. Thus, SCG has consistently demonstrated its commitments to corporate social responsibility through its projects such as SCG Conserving Water for Tomorrow and Community Partnership Association. In addition, SCG also cultivates in its employees and consumers environmental consciousness through the online social network to change consumer behavior and promote exchange of environment-related news, knowledge, and experience. Along the same vein, SCG also creates Thai Green Market, a network through which consumers can become more informed of natural products and more environmentally-conscious.

Furthermore, SCG recognizes that energy consumption directly leads to greenhouse gas emissions, one of the main causes of global warming. Therefore, SCG is continuously trying to improve the efficiency of its production in line with energy efficiency target. For overseas production, SCG makes a strategic choice to utilize a country’s natural resources according to their availability and price competitiveness. In addition, SCG strives to increase the use of renewable energy, to explore for sources of alternative energy and new types of fuels, and to develop products that reduce energy consumption and greenhouse gas emissions.

Business Opportunities

Several key global changes are currently driven by megatrends, and one such megatrend is the consumption of products and services with green concepts, which SCG believes presents an opportunity for increased sales. To this end, SCG has researched and developed environmentally-friendly production processes for its products and services such as the production process of hybrid cement that releases less Carbon Dioxide (CO₂), Idea Green Plus paper products, in which high-quality eco-fiber derived from used paper is incorporated to substitute wood pulp, plastic coating products for paper which use recycled material in their production, as well as the production process of melamine and ethylene that emits less greenhouse gases.

Compliance Risk

3. Risks from Changes in Laws & Regulations / Mitigation Plans

SCG’s compliance risks encompass risks of non-compliance of both external and internal requirements such as laws, governmental policies, anti-corruption program, SCG Code of Conducts, and strategic voluntary standards. Laws and governmental policies in particular are subject to constant change. Non-compliance or partial compliance could negatively affect the reputation of the Group and result in significant penalties and fines or loss of business opportunities. Therefore, in 2014, the Corporate Compliance Unit, in cooperation with business units, created the Law & Regulation Compliance Program to ensure visibility and system-wide linkage between SCG, business units, companies, units, and employees.

SCG has developed a Compliance Framework, which comprises policies, structures, systems, processes, and roles and responsibilities at all three levels, namely the process owner, the facilitator, and the auditor, under the responsibility of SCG Corporate Compliance Committee.

Business Opportunities

In addition to continuously communicating anti-corruption policies to all Managing Directors and employees throughout last year, SCG, as a certified company by the Private Sector Collective Action Coalition against Corruption Council and a leader of change, has demonstrated its commitment to promoting and disseminating such practice to other companies and alliances in Thailand. This is so that the principle and concept of good citizenship and compliance to communities, society, and environment can reach the wider society and bring about sustainable business.

Reputation and Intellectual Property Risk

4. Overseas Reputation Risks / Mitigation Plans

Nowadays, stakeholders can quickly receive news from various media. In the event that the Group becomes the subject of negative news coverage, such swiftness might cause serious impact on the reputation and image of the Group. Such a situation can be especially devastating in overseas due to the different operating environments, practices and cultures which vary from country to country. To manage such risks, SCG employs “Brand Protection” strategy. This includes creating relevant public relations campaigns, installing internal and external communication systems to be used both in normal situations and during crises for consistency, and conducting surveys on attitudes and satisfactions towards the image of the Group, the results from which are used for future risk assessment and planning. Furthermore, Brand Committees have also been established in strategic countries, and they are responsible for outlining a brand management guideline.

Business Opportunities

From SCG Brand Perception Index Survey, SCG has been found to be among the top brands of Thailand, while in overseas, SCG is still facing some challenges. Therefore, SCG has adopted the “Brand Building” strategy to strengthen the brand to increase its competitiveness. To this effect, SCG places emphasis on consolidating various product brands under a single brand “SCG”, to establish a clear direction of business conduct to accommodate future growth, to create strength, and to increase the memorability of the brand for consumers.

Hazard Risk

5. Natural Disasters / Mitigation Plans

As natural disasters increase both in frequency and severity, they can potentially affect the overall economy, damage lives and properties, and bring the supply chain and business operations to a halt. To prevent such scenarios or rectify possible damages, SCG has implemented business continuity management process to both domestic and overseas companies. This process begins with a value chain analysis to identify critical processes, followed by an assessment and a prioritization of risks in these processes to formulate appropriate risk management strategies and compile a Risk Treatment Plan, an Emergency Response Plan, and a Business Continuity Plan (BCP). The BCP includes an operation plan and designates responsible parties in the event of business disruption during a crisis. Regular drills outlined in the BCP are also mandated.

In addition, SCG attributes importance to natural disaster preparedness by monitoring possible natural disasters via reliable sources from both the government and other organizations. The Corporate Business Continuity Management (BCM) and the BCM of each business unit monitor, process and communicate relevant news and information pertaining to the situation. In the event of emergency, BCM teams alert employees and business units who may be affected to ensure readiness in handling the situation according to the Business Continuity Plan. Past examples include setting up a war room to monitor an electricity incident in the South of Thailand and managing and monitoring drought situation in Rayong province.

Input Risk

6. Labor Shortage and Rising Wages / Mitigation Plans

As the world, Thailand included, is entering a phase of aging society, and the size of working-age population is starting to shrink, labor shortage has become a potential threat that can affect labor-intensive businesses and lead to competition for labor and increases in wages. Inspired by the labor shortage problem in the vocational field in Thailand, SCG has initiated the prototype project “Specialists... the Maker of the Nation Project” to elevate the status of vocational students to “skilled professionals”. Under this program, they are both thinkers and practitioners who will serve as a driving force for a steady development of the country. The project also sets out to prepare vocational personnel for the advent of the ASEAN Economic Community to ensure their success. In addition, relationship-building with universities and other institutions in ASEAN has been continuously performed, with university professors invited to learn more about SCG Thailand and the recruitment of top university students as interns or employees.

Business Opportunities

Labor shortage is a serious issue for property developers. As a result, a number of developers have started looking for prefabricated construction technology to shorten the construction time and lessen labor required. SCG HEIM has established a constant cooperation with property developers in introducing modular houses to their projects, which opens up new business opportunities for SCG.

7. Fluctuation of Fuel and Major Raw Material Price Risks / Mitigation Plans

The continuous decrease in the global crude oil prices has led to a drop in energy and commodity prices such as naphtha and fuel oil, which benefits businesses as the

production cost is reduced. However, in the long run, risks of prices bouncing back and affecting the production cost are present as well. In terms of preventative measures and corrective actions for such a scenario, SCG has a team of analysts who monitor and assess trends in fuel and major raw material prices to formulate sales plans, specify marketing strategies, and manage and maintain inventory at an appropriate level. Under certain circumstances, SCG uses hedging tools to reduce risks induced by the fluctuation of the commodities prices and maintain its costs competitiveness in the global market. In the second half of 2014, crude oil prices fluctuated wildly and exhibited signs of decreasing due to a surplus in the global supply. As a result, SCG Chemicals made a decision to hedge raw materials in its inventory. On the other hand, because the prices of coal and fuel oil, main fuels of SCG Cement-Building Materials and SCG Paper, showed no sign of soaring, hedging was not conducted.

Business Opportunities

To avoid or alleviate impact from the fluctuation of fuel and major raw material prices, SCG turns to innovation and high-level technology in the development of high value added products and services to meet customers’ needs. Examples of these products include “The NEST”, the first Energy Plus house in ASEAN countries to have the capacity to generate more electricity than the needed amount, and emisspro®, a high emissivity coating material that reduces energy consumption. The substance was developed out of an attempt to achieve more efficient energy consumption, which led to research and development, and eventual technology licensing business for SCG.

Process Risk

8. Supply Chain Risks / Mitigation Plans

SCG considers all risk factors throughout the supply chain, from raw material procurement, materials and equipment employed in the production, transportation, to sales, and delivery of products and services. This is because any misalignment in the supply chain management can affect the confidence of consumers and other stakeholders as well as impact future operations. Therefore, to manage these risk factors, SCG has employed various instruments and risk assessment methodologies. This includes the assessment of supply chain disruption risks through Business Continuity Management process by prioritizing risks and management capabilities, the “Spend Analysis” that categorizes key production expenses and develops management strategies, Portfolio Management - the identification of key business

partners based on business, environmental, and social risks, and the development of suppliers driven by the concept of sustainable supply chains.

In 2014, SCG Chemicals enhanced its management and operations through the application of the Integrated Business Excellence (IBE) system, which emphasizes the holistic integration among units in the value chain in order to capture more value. As a result, a number of unnecessary expenses were eliminated.

Business Opportunities

SCG's greater overseas business expansion and product variety has increased the complexity of its operation. Effective information integration will not only give executives and related parties an easier access to data and indicators for an appropriate and timely decision, but also allow the Group to anticipate and eliminate imminent risks before the business is affected. Therefore, SCG has reviewed its Visibility Framework for clarity and modernness, starting at the operation process level. In addition, the Visibility Dashboard, an instrument that allows on-site operators to monitor the results, has also been implemented.

9. Human Resource Management and Capability Risks / Mitigation Plans

In preparing the human resource readiness to accommodate future business expansion, SCG has consistently improved its human resource management to better align with its business strategies. For examples, workforce preparation program for future business expansion has been developed using Strategic Workforce Planning, employee competency development, and a talent management system, which takes holistic care of employees in various aspects. Those aspects include wages, remuneration, personal growth, development as well as the assignment of tasks that are commensurate with employees' talent. As for employee competency development, employees at each level will also be given an opportunity to develop their business knowledge through courses suitable for employees at each level that SCG offers.

Business Opportunities

In recruiting SCG staff in overseas operations to accommodate overseas business expansion, SCG attracts prospective employees to join the Group through various means. These include establishing the SCG Brand as "Employer of Choice", engaging in campus recruitments in leading educational institutes, granting local students and staff scholarships from undergraduate to doctoral levels,

and fostering good relations with the government sector, the private sector, communities, and leading companies in the countries that SCG has extended its investment to.

Financial Risk

10. Foreign Exchange Rates Fluctuation Risks / Mitigation Plans

The fluctuation of foreign exchange rates can impact export revenues and expenses in importing major raw materials such as naphtha, coal, and waste paper. Such foreign exchange rate volatility poses as a risk for SCG as the Group is increasing its overseas investment expansion and international trade. However, effective management of such risks may contribute to reducing business costs, and avert losses from foreign exchange rates. Therefore, SCG has managed the fluctuation by matching revenue and expense in foreign currencies (Natural Hedge), and also established an agreement with its suppliers to receive or pay in local currencies at an appropriate level. For the remaining exposure, SCG's Financial Committee will consider hedging through forward contracts in an effective and timely manner.

Business Environment Risk

11. Risks from Significant Events in Countries of Investment / Mitigation Plans

SCG continuously assesses and monitors country-specific risks of the countries in which it maintains investments, considering several facets ranging from socio-economic factors, legal and tax systems, infrastructure readiness, to political climate, intra-country conflicts, and major global crises. Reports on risks from significant events in each strategic country are compiled quarterly to assist in the process of country risk management for SCG's companies, especially in overseas. In addition, a Country Business Support Office is established in each country to closely monitor situations. Under certain circumstances, SCG also conducts a Scenario Planning and Sensitivity Analysis to assess potential repercussions from such incidents, and formulates appropriate risk management strategies based on a risk-return trade off analysis.

Business opportunities

From years of engagement in trades in various countries such as Myanmar and continuous assessment and monitoring of risks and business opportunities, SCG has been able to identify opportunities and create competitive advantages such as the construction of first cement production plants in Myanmar and Laos, whose ASEAN construction product markets have shown ample growth potential.

15. 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

The Company follows strictly 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.

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 and joint ventures								
1.1 SCG Cement-Building Materials								
Service expenses and others	Thai Prosperity Terminal Co., Ltd.	50	-	102	-	-	6	Market price applied with third party transactions
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
Sales	Sekisui-SCG Industry Co., Ltd.	49	-	3,667	-	-	-	Market price applied with third party transactions
	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			-	1,215	88	526	-	Market price applied with third party transactions
	Sekisui-SCG Industry Co., Ltd.	49						
	Siam Global House Public Company Limited	30						
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29						
Loans from			-	217	-	-	-	Agreed interest rate
	Mariwasa Holdings, Inc.	40						
	PT M Class Industry	28						
Service income	Jumbo Barges and Tugs Co., Ltd.	45	-	773	-	-	-	Market price applied with third party transactions
1.2 SCG Chemicals								
Service expenses and others	Siam Mitsui PTA Co., Ltd.	50	-	55	1,825	-	33	Market price applied with third party transactions
	Siam Polyethylene Co., Ltd.	50						
	Rayong Terminal Co., Ltd.	50						
	Siam Synthetic Latex Co., Ltd.	50						
	MTP HPPO Manufacturing Co., Ltd.	50						
	Siam Styrene Monomer Co., Ltd.	50						
	Thai MMA Co., Ltd.	47						
	Grand Siam Composites Co., Ltd.	46						
	Thai MFC Co., Ltd.	45						
	Long Son Petrochemicals Co., Ltd.	44						
	Mehr Petrochemical Company (P.J.S.C.)	39						
	PT Chandra Asri Petrochemical Tbk	31						
Thai PET Resin Co., Ltd.	20							
Sales			-	2	22,471	-	-	Market price applied with third party transactions
	Siam Polyethylene Co., Ltd.	50						
	Siam Synthetic Latex Co., Ltd.	50						
	Bangkok Synthetics Co., Ltd.	49						
	Mehr Petrochemical Company (P.J.S.C.)	39						
	PT Chandra Asri Petrochemical Tbk	31						
Thai PET Resin Co., Ltd.	20							

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	
Purchases			-	34	61,303	10	-	Market price applied with third party transactions
	SCG Plastics (Shanghai) Co., Ltd.	58						
	Siam Polyethylene Co., Ltd.	50						
	Siam Styrene Monomer Co., Ltd.	50						
	Siam Synthetic Latex Co., Ltd.	50						
	MTP HPPO Manufacturing Co., Ltd.	50						
	Bangkok Synthetics Co., Ltd.	49						
	Thai MMA Co., Ltd.	47						
	Grand Siam Composites Co., Ltd.	46						
	Nawacam Co., Ltd.	36						
	PT Styrimdo Mono Indonesia	31						
	PT Chandra Asri Petrochemical Tbk	31						
	Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20						
	Binh Minh Plastics Joint Stock Company	19						
Loans from			-	-	47	-	-	Agreed interest rate
	GTC Technology International, LP	25						
Guarantees			897	-	93	-	-	Contract rate
	Siam Tohcello Co., Ltd.	45						
	Mehr Petrochemical Company (P.J.S.C.)	39						
1.3 SCG Paper								
Service expenses and others			-	1	1	-	-	Market price applied with third party transactions
	Siam Nippon Industry Paper Co., Ltd.	34						
Purchases			-	-	42	397	-	Market price applied with third party transactions
	Siam Toppa Packaging Co., Ltd.	48						
1.4 Other								
Service income			446	421	153	122	1	Market price applied with third party transactions
	IT One Co., Ltd.	20						
Service expenses and others			-	90	-	-	1,009	Market price applied with third party transactions
	Siam Kubota Corporation Co., Ltd.	40						
Sales			-	2,148	-	-	-	Market price applied with third party transactions
	Siam Kubota Corporation Co., Ltd.	40						

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	
Purchases	Siam Kubota Corporation Co., Ltd.	40	-	83	4	26	-	Market price applied with third party transactions
	Aisin Takaoka Foundry Bangpakong Co., Ltd.	30						
	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	-	115	11	-	325	Market price applied with third party transactions
Sales	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Tanawong Areeratchakul / Director	10	-	2,384	-	-	-	Market price applied with third party transactions
Purchases	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Tanawong Areeratchakul / Director	10	-	467	11	2	-	Market price applied with third party transactions

FINANCIAL AND OPERATING PERFORMANCE



Report on the Board of Directors’ Responsibilities for Financial Statements	122
The Audit Committee’s Report	123
Operating Results and Financial Status	126
Consolidated Financial Statements of The Siam Cement Public Company Limited and Its Subsidiaries	128
Financial Statement of The Siam Cement Public Company Limited	208

16. REPORT ON THE BOARD OF DIRECTORS’ RESPONSIBILITIES FOR FINANCIAL STATEMENTS

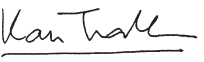
The Board of Directors of The Siam Cement Public Company Limited is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, and the financial reporting requirements of the 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 that gives a true and fair view in accordance with Thai Financial Reporting Standards.



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

17. THE AUDIT COMMITTEE’S REPORT

The Audit Committee independently performed its duties, as assigned by the Board of Directors, in accordance with the Charter of Leading & Monitoring Audit Committee to review and monitor strategic planning and business strategies towards SCG goals. In addition, the Committee supported the implementation of adequate corporate governance to be in line with the regulations and good practice guidelines from the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as the international standards. The Committee’s duties included reviewing the financial statements and corporate governance practices, assessing risk management, reviewing internal control and internal audit practices and fraud investigations; as well as proposing the appointment of external auditors.

In 2014, the Committee held six meetings with 100% attendance by the members. Additionally, the Committee considered the process to maintain and develop internal audit quality in providing independent and objective assurance service and consulting service on a sustainable manner and with value creation to SCG. The Committee also reviewed SCG’s Internal Control System to comply with COSO Internal Control Framework 2013, including all 5 components, 17 principles and 91 points of focus; together with the consideration of internal control assessment form as per stipulated by the Securities and Exchange Commission prior to the proposal to the Board of Directors on the disclosure in the Annual Report and Annual Registration Statement (56-1 Form). The Committee focused on promoting all employees’ roles and responsibilities through the “Three Lines of Defense” for risk management and internal control effectiveness, as well as assessed and monitored the compliance with SCG code of conduct and Anti-corruption policy. Additionally, the recruitment and continued development of company internal auditors in Vietnam and Indonesia, who are well-versed with the local language, culture, legal practices, and regulations, be done to enhance the effectiveness of internal audit. An assessment of SCG’s infrastructure and network system was performed to identify vulnerability for correction and improvement. In 2014, the Committee performed its duties as follows:

1. Review of Financial Statements The Audit Committee reviewed significant data and information in the

quarterly and annual financial statements of the Company for the year 2014, as well as consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries, which were prepared as per Thai Financial Reporting Standards (TFRS) in conformance with the International Financial Reporting Standards (IFRS). The Committee reviewed material issues and special items and obtained sufficient clarification from the external auditors, the Management, and the Director of the Internal Audit Office, confirming that the financial statements and the disclosure in the notes to the financial statements were 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 2014, the external auditors did not discover any material misstatements or indications of suspicious incidents. Furthermore, to confirm that no such incident was found, the Audit Committee resolved that the President & CEO reports the results received from all business units and relevant responsible parties to the Audit Committee. In 2014, the President & CEO confirmed that no indication of such suspicious incident was 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 the directors and employees strictly followed the prescribed principles. The Board of Directors consistently and continuously instilled a sense of ethics and morality within its employees. This year, SCG continues to conduct

its business in accordance with the sustainable development and corporate governance principles, as reference to international standards including Organization for Economic Co-operation and Development (OECD), Stock Exchange of Thailand (SET), Thai Institute of Directors Association (IOD). SCG has strictly implemented Anti-corruption policy and further applied with its subsidiaries as deemed appropriate through the communication and trainings in various means. The Anti-corruption policy was also shared to suppliers to adopt SCG Supplier Code of Conduct as a guideline for its business practices; partnering in doing business as good citizen with awareness in corporate governance and corporate social responsibility. In addition, SCG encouraged suppliers to show the commitment by the endorsement of SCG Supplier Code of Conduct. The Internal Audit Office is responsible for the assessment and monitoring of their compliance to SCG Supplier Code of Conduct and Anti-corruption policy. Moreover, the Audit Committee strictly complied with the laws relating to securities and stock exchange, the Stock Exchange of Thailand’s regulations as well as other laws related to business conduct, 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 timely manner.

The Audit Committee had conducted the committee’s overall performance assessment 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 control, the Audit Committee meetings, as well as the performance of the Internal Audit Office and the Audit Committee’s secretary.

3. Review of Risk Management Assessment SCG Risk Management Committee, in which SCG President & CEO serves as the Chairman and the SCG Management Committee as the members, takes the roles to consider structure and approve policy for risk management framework and action plan. The Committee also reviews risks profile and monitors SCG risk management on a quarterly basis while the Corporate Risk Management Unit is responsible for compiling risk reports and managing risks. In 2014, SCG risk management process was communicated to key relevant persons in SCG; including, the Board of Directors, the top to the middle executives, and the risk champions of each business unit for better understanding and effective implementation as well as quality improvement of risk management reports at all levels (SCG, Business Unit,

Business Supply Chain, Company, and Country Risk Level). This will also be extended to encourage promote accountability from risk owners and enhance quality of risk management reports. Risk culture was embedded into daily operations through seminars and training sessions on the importance, objectives and processes of risk management. To support SCG Risk Management, there were agenda for risk management included in Executive Committee for both business unit and SCG levels. Follow – ups and improvement was regularly performed for the efficiency and effectiveness of the risk management system. Furthermore, the Committee conducted quarterly reviews on risk management assessment in all business units, risks from major global and regional economic changes, overseas investment, and business interruption, by considering the internal and external factors, likelihood, impacts, and managing risk to be at acceptable level. Risk warning signals were also reviewed as per established criteria.

4. Review of Internal Control and Internal Audit Systems The Audit Committee reviewed the results of internal control assessment which were reported by the Internal Audit Office on monthly and quarterly basis and concluded that SCG had adequacy internal control appropriated to the Company’s business operations. This was correspondent with the external auditor’s opinion that there was no material deficiency impacting the Company’s financial statements. The Management gave priorities to the proactive preventive system through further development of “SCG Business Self Audit” principle from control self assessment concept to self-monitoring. These methods allowed businesses to anticipate risks and set forth the mitigation plans across the entire value chain. In 2014, the Internal Audit Office had revised SCG’s Internal Control Assessment form and method to comply with COSO 2013, including 17 principles and 91 points of focus under its 5 components. The “Present” and “Functioning” of internal control system were examined to ascertain that 3 objectives were achievable, in term of operations, reporting and compliance. The revision was also in line with assessment form of the adequacy of Internal Control system from the Securities and Exchange Commission. The Committee focused on creating employee awareness, on roles and responsibilities of risk management and internal control effectiveness through the “Three Lines of Defense” by adopting Control Self Assessment (CSA) tool or set-up of Business Self Audit teams to implement as per deemed proper for each business in both domestic and overseas, in accordance with the relevant laws, regulations and business readiness. To further mitigate risks for overseas companies, workshops were organized for executives/staffs

in each company to raise awareness on Governance, Risk and Control (GRC). The guidelines were provided for preventive audit on cash receipt, cash lapping and updated labor outsourcing laws in Indonesia and Vietnam etc. In addition, the Internal Audit Office in collaboration with SCG business units had continuously developed Continuous Monitoring & Continuous Auditing reports to support businesses in governance within operational responsibilities and support internal auditor in audit process. Workshops were organized for business units by using material findings to allow the person in charge at all levels to gain better understanding in risks, impacts, and internal controls involved in the operations.

Regarding the internal audit, the Audit Committee conducted an annual review of the Audit Committee Charter and the Internal Audit Office Charter to ensure their relevancy to SCG’s current risk and business environment for supporting SCG’s vision of sustainable business leader in ASEAN region. Currently, SCG had significantly expanded investments in various countries. This year, Country Internal Auditor team was set up, under the authority of the Director of the Internal Audit Office in Thailand; including Company Internal Auditor teams in Vietnam and Indonesia. The teams are under the advices, on the job training and skills development provided by SCG overseas audit team from Thailand to advance their audit skills for significant risk mitigation to businesses. Besides, SCG engaged external professional to assess SCG’s infrastructure and network system in security measures to ensure data security and prevent data leakage. The Audit Committee reviewed the Audit Office’s performance 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 Internal Audit Office emphasized leveraging auditors’ competency as well as developing audit tools in accordance with the international standards for the Professional Practice of Internal Auditing of the IIA and the world-class internal audit practices. Such development was also to support auditors to become certified as professional internal auditors.

5. Review of Fraud Investigations In addition to employees’ Whistleblower System, SCG further developed a Whistleblower System to enable external parties to report dishonesty via www.scg.co.th. In 2014, 26 cases, via external parties and employees Whistleblower Systems, were found in terms of fraud, non-compliance with the laws and company’s regulations, Corporate Governance policy, SCG Four Core Values, SCG Code of Conduct, Anti-corruption policy and SCG Stakeholder Engagement policy; 8 cases were during fact-finding and appointment of the investigation

committee while 18 cases were completely investigated, of which 1 case was found as fraud case and 1 case was found as non-compliance with company’s regulations, but the amount of financial impact was insignificant. However, the employee involved was penalized by dismissal from employment. SCG gives importance to strict enforcement of the company regulations and severe disciplinary actions. These principles are communicated and emphasized to increase employee’s awareness in business code of conduct. Complaints submitted through the system were taken into consideration for determination of future preventive measures. The Audit Committee also reviewed the investigation results and preventive measures in operational systems; together with reviewed fraud audit based on risk assessment and investigation policy to keep them updated and appropriate for continuous business operations.

6. Appointment of the External Auditor and Review of the Audit Fee for 2015 According to the selection process of 6 leading audit firms with expanding audit scope to cover overseas companies to ensure standard auditing practices for all subsidiaries’ financial statements. KPMG Phoomchai Audit Ltd. has been selected and appointed as the external auditor of SCG for the three-year period from 2015 to 2017. 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 2015; approval of the Company’s audit fee for the fiscal year 2015 amounting to 0.25 Million Baht and acknowledgement of annual and quarterly audit fees for SCC and subsidiaries and consolidated financial statements amounting to 28.45 Million Baht.

On behalf of the Audit Committee



Tarrin Nimmanahaeminda
Chairman of the Audit Committee

18. OPERATING RESULTS AND FINANCIAL STATUS

18.1 Business Overview

SCG’s revenue from sales increased with growths in all business units, while profit for the year decreased attributed to the inventory loss adjustment in the chemicals business, as a result of lower crude oil prices in the global market in the last quarter of the year.

In 2014, SCG’s revenue from sales increased 12% from the previous year to 487,545 Million Baht and EBITDA increased 9% from the previous year to 66,493 Million Bath, with gains in all business units. However, profit for the year decreased 8% to 33,615 Million Baht, attributed to the Q4/2014 inventory loss adjustment of 2,960 Million Baht in the chemicals business due to the lower crude oil prices in the global market, and lower earnings from the PVC chain. In addition, in the previous year, the cement-building materials business registered a gain on fair value adjustment of investment in Siam Sanitary Ware Co., Ltd. and The Siam Sanitary Fittings Co., Ltd., and a gain on investment sold in TOTO Manufacturing (Thailand) Co., Ltd., totaling 1,701 Million Baht.

Share of profit of associates for 2014 amounted to 6,108 Million Baht, a decrease of 438 Million Baht or a drop of 7% from the previous year with details as follows:

- SCG Chemicals associates: Share of gain amounted to 2,795 Million Baht, which was restively flat from the previous year.
- Other associates: Share of profit amounted to 3,313 Million Baht, decreased 459 Million Baht or dropped 12% from the previous year, mainly from lower sales in the other associates.

18.2 Operating Results of Strategic Business Segments SCG Cement-Building Materials

In 2014, revenue from sales increased 6% from the previous year to 185,423 Million Baht, driven by the ASEAN operations in addition to the previous year acquisition of Prime Group, a leading ceramic tiles producer in Vietnam, including the increase of share portions in Siam Sanitary Ware Co., Ltd. and The Siam Sanitary Fittings Co., Ltd. Likewise, EBITDA amounted to 26,683 Million Baht, a slight growth of 2% from the previous year, while profit for the year decreased 18% to 13,180 Million Baht, attributed largely to the previous

year gain on fair value adjustment of investment in Siam Sanitary Ware Co., Ltd. and The Siam Sanitary Fittings Co., Ltd., and gain on investment sold in TOTO Manufacturing (Thailand) Co., Ltd., totaling 1,701 Million Baht.

SCG Chemicals

In 2014, revenue from sales increased 18% from the previous year to 248,118 Million Baht, benefiting from higher sales volume in polyolefin. EBITDA increased 29% from the previous year to 26,142 Million Baht, partly resulting from increased dividend from associates. Profit for the year registered 12,461 Million Baht, an increase of 10% from the previous year, due to higher margin in general.

SCG Paper

In 2014, revenue from sales increased 9% from the previous year to 64,614 Million Baht, mainly attributed to higher sales volume in both the Packaging Chain and the Fibrous Chain. EBITDA amounted to 9,718 Million Baht, up 3% from the previous year, while profit for the year decreased 4% to 3,448 Million Baht, mainly due to higher depreciation and finance cost. Despite the challenges during the year, such as product price competition, and higher prices of raw materials, the paper business’s profitability remain resilient from the previous year.

18.3 Financial Status Assets

Continued solid financials, with cash and cash under management of 31,643 Million Baht.

Total assets of SCG as at December 31, 2014 was 465,823 Million Baht, with an increase of 6% from the previous year. Key components of total assets were property, plant and equipment at 44%, current assets at 30% and investments at 20%. Ranking of asset values by business segments are SCG Chemicals, SCG Cement-Building Materials, and SCG Paper, respectively.

Current assets: amounted to 137,998 Million Baht as at December 31, 2014, with an increase of 2% from the previous year, comprising largely of inventories, trade and other receivables and cash and cash equivalents. At December 31, 2014, SCG’s working capital was 59,712 Million Baht with working capital days at 46 days.

Cash and cash under management: amounted to 31,643 Million Baht as at December 31, 2014, increase 1,976 Million Baht from the previous year, despite the CAPEX and Investments of 45,030 Million Baht during the year.

Investments in associates and jointly-controlled entities: amounted to 82,348 Million Baht as at December 31, 2014, an increase of 3,160 Million Baht or 4% from the previous year, with reasons as follows:

- Increase from share of profit using equity method amounted to 6,108 Million Baht.
- Increase in investments amounted to 2,447 Million Baht, mainly from a capital increase of Long Son Petrochemicals Co., Ltd., a petrochemicals complex joint-venture in Vietnam in the chemicals business. In addition, during the year, the cement-building materials had formed the joint-venture with Florim Ceramiche S.p.A., one of the leading global ceramic players, to invest in Maker - Manifatture Ceramiche S.r.l., the production facilities of high-end ceramics in Italy. Including the acquisition of Prepack Thailand Co., Ltd. in the paper business, an integrated producer and service provider of flexible packaging products.
- Increase from the change status of other company to associate amounted to 355 Million Baht of Lysando AG, a research and development company, in Liechtenstein.
- Decrease from dividends received amounted to 5,345 Million Baht.

Property, plant and equipment: amounted to 205,085 Million Baht as at December 31, 2014, an increase of 21,243 Million Baht or 12% from the previous year due to the CAPEX during the year.

Liabilities

Net debt increased 6,642 Million Baht from the previous year mainly from CAPEX and Investments.

Total liabilities as at December 31, 2014 amounted to 256,506 Million Baht, flat from the previous year. During the year, SCG issued new debentures which amounted to 25,000 Million Baht to replace the matured debentures of 15,000 Million Baht and to support future investments. Finance costs were 7,266 Million Baht, a decrease of 927 Million Baht from last year due to the foreign exchange gain.

Net debt (interest-bearing debt less cash and cash under management) of SCG as at December 31, 2014 increased 6,642 Million Baht from the previous year to 164,406 Million Baht from investing in CAPEX and Investments of 45,030 Million Baht, mainly from the investment in plant construction projects, the capital increase in Long Son Petrochemicals Co., Ltd., the form of the joint-venture in Maker - Manifatture Ceramiche S.r.l., including the acquisition of Prepack Thailand Co., Ltd.

18.4 Financial Ratios SCG’s financial ratios remain solid.

In 2014, current ratio registered 1.4 times and net debt to EBITDA ratio decreased to 2.5 times, compared to 2.6 times in last year. At the end of 2014, debt to equity ratio was at 1.2 times, compared to 1.4 times in last year.

From the financial position and performance of 2014, the Board of Directors considered proposing the Annual General Meeting of Shareholders for approval of 2014 dividend payment of 12.5 Baht per share, representing a dividend payout ratio of 45% of consolidated profit for the year. SCG has already paid an interim dividend of 5.5 Baht per share on August 28, 2014. The final dividend will be paid at the amount of 7.0 Baht per share on April 23, 2015

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 2014, 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 2014 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Winid Silamongkol
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
19 February 2015

Consolidated statement of financial position

As at 31 December 2014

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
Assets	Note	2014	2013 (Restated)
Current assets			
Cash and cash equivalents	9	19,030,720	17,433,924
Temporary investments	9	8,022,501	6,984,018
Trade and other receivables	6, 7	51,842,109	49,452,765
Short-term loans to related parties	6	114,699	146,427
Inventories	8	52,747,012	55,556,928
Other current assets		6,240,690	5,555,669
Total current assets		137,997,731	135,129,731
Non-current assets			
Available-for-sale investments	9	8,384,729	11,137,412
Investments in associates	10	77,309,823	74,842,728
Investments in jointly-controlled entities	10	5,038,613	4,345,624
Other long-term investments	11	3,078,406	3,478,582
Long-term loans to related parties	6	149,338	142,667
Investment properties	12	1,635,596	1,534,834
Property, plant and equipment	13	205,085,276	183,841,748
Goodwill	14	10,799,347	10,300,497
Intangible assets	14	7,043,662	6,278,488
Deferred tax assets	15	4,261,412	4,603,933
Other non-current assets	16	5,038,695	5,052,229
Total non-current assets		327,824,897	305,558,742
Total assets		465,822,628	440,688,473

On behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

Consolidated statement of financial position

As at 31 December 2014

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
Liabilities and shareholders' equity	Note	2014	2013 (Restated)
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	17	12,509,436	12,917,209
Trade and other payables	6	45,080,296	51,211,096
Current portion of long-term debts	18	8,138,751	5,916,323
Current portion of debentures	19	24,884,734	14,962,863
Short-term loans from related parties	6	89,615	88,093
Income tax payable		2,025,076	2,596,077
Other current liabilities		2,789,640	2,100,495
Total current liabilities		95,517,548	89,792,156
Non-current liabilities			
Long-term debts	18	24,218,962	27,372,766
Debentures	19	126,207,074	126,174,178
Deferred tax liabilities	15	2,366,208	2,785,214
Employee benefit liabilities	20	6,330,655	6,122,785
Other non-current liabilities	21	1,865,147	1,679,722
Total non-current liabilities		160,988,046	164,134,665
Total liabilities		256,505,594	253,926,821
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		174,573,404	155,777,015
Other components of equity		(9,166,354)	(6,114,683)
Total equity attributable to owners of the parent		177,283,050	161,538,332
Non-controlling interests		32,033,984	25,223,320
Total shareholders' equity		209,317,034	186,761,652
Total liabilities and shareholders' equity		465,822,628	440,688,473

Consolidated income statement

For the year ended 31 December 2014

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
	Note	2014	2013
Revenue from sales	6	487,545,097	434,251,224
Cost of sales	6	(409,431,192)	(363,096,020)
Gross profit		78,113,905	71,155,204
Other income	6, 25	9,923,696	13,140,941
Profit before expenses		88,037,601	84,296,145
Selling expenses	26	(17,312,833)	(15,598,200)
Administrative expenses	27	(27,639,215)	(24,434,400)
Total expenses		(44,952,048)	(40,032,600)
Profit from operations		43,085,553	44,263,545
Share of profit of associates and jointly-controlled entities		6,108,455	6,546,316
Profit before finance costs and income tax expense		49,194,008	50,809,861
Finance costs	29	(7,266,427)	(8,193,177)
Profit before income tax expense		41,927,581	42,616,684
Income tax expense	30	(4,967,683)	(5,003,241)
Profit for the year		36,959,898	37,613,443
Profit attributable to			
Owners of the parent		33,615,327	36,522,249
Non-controlling interests		3,344,571	1,091,194
		36,959,898	37,613,443
Basic earnings per share (in Baht)			
Attributable to owners of the parent	31	28.01	30.44

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 2014

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
	Note	2014	2013
Profit for the year		36,959,898	37,613,443
Other comprehensive income			
Foreign currency translation differences		(429,875)	(663,968)
Gains (losses) on remeasuring available-for-sale investments	9	(2,078,444)	169,349
Defined benefit plan actuarial gains (losses)	20	99,833	(27,727)
Share of other comprehensive income of associates and jointly-controlled entities		(391,995)	176,558
Income tax on other comprehensive income	30	412,276	3,656
Other comprehensive income for the year, net of income tax		(2,388,205)	(342,132)
Total comprehensive income for the year		34,571,693	37,271,311
Total comprehensive income attributable to			
Owners of the parent		31,348,368	36,196,697
Non-controlling interests		3,223,325	1,074,614
		34,571,693	37,271,311

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

The Siam Cement Public Company Limited and its Subsidiaries

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

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 of associates				
(2,454,532)	2,312,296	(174,769)	(5,872,996)	143,186,106	17,936,553	161,122,659
-	-	-	-	(253,420)	(7,033)	(260,453)
(2,454,532)	2,312,296	(174,769)	(5,872,996)	142,932,686	17,929,520	160,862,206
-	-	-	-	(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)	161,538,332	25,223,320	186,761,652

The Siam Cement Public Company Limited and its Subsidiaries

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

Consolidated statement of cash flows

For the year ended 31 December 2014

The Siam Cement Public Company Limited and its Subsidiaries

	in thousand Baht	
	2014	2013
		(Restated)
Cash flows from operating activities		
Profit for the year	36,959,898	37,613,443
Adjustments for		
Depreciation and amortization	18,062,136	15,717,615
Interest income	(794,609)	(1,048,268)
Interest expense	8,000,328	7,503,526
Unrealized gain on foreign currency exchange	(156,009)	(49,778)
Allowance for decline in value of inventories	511,877	35,101
Dividend income	(4,053,581)	(4,893,978)
Employee benefit expense	691,480	754,533
Share of profit of associates and jointly-controlled entities	(6,108,455)	(6,546,316)
Income tax expense	4,967,683	5,004,031
Gain on revaluation of investments and others	218,737	(2,299,152)
Profit provided by operating activities before changes in operating assets and liabilities	58,299,485	51,790,757
Decrease (increase) in operating assets		
Trade and other receivables	(1,302,861)	(1,132,559)
Inventories	2,303,720	(4,460,030)
Other current assets	(581,233)	(479,239)
Other non-current assets	(240,166)	(12,993)
Net decrease (increase) in operating assets	179,460	(6,084,821)

Consolidated statement of cash flows

For the year ended 31 December 2014

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht			
	Note	2014	2013
			(Restated)
Increase (decrease) in operating liabilities			
Trade and other payables		(6,276,483)	2,446,500
Other current liabilities		575,532	(81,185)
Employee benefit liabilities		(319,467)	(329,848)
Other non-current liabilities		(215,599)	247,564
Net increase (decrease) in operating liabilities		(6,236,017)	2,283,031
Cash generated from the operations			
		52,242,928	47,988,967
Income tax paid		(5,072,743)	(5,491,330)
Net cash provided by operating activities		47,170,185	42,497,637
Cash flows from investing activities			
Interest received		753,975	1,100,043
Dividends received		9,399,298	7,648,884
Temporary investments		(1,045,966)	701,631
Available-for-sale investments		(20,445,889)	(11,582,711)
Investments in associates, jointly-controlled entities and other companies		(2,661,253)	(11,049,588)
Net cash outflow on acquisition of subsidiaries	5	(1,111,881)	(7,726,168)
Proceeds from sales and return of investments		21,652,134	13,249,707
Income tax paid from sales of investments		-	(10,656)
Purchases of property, plant and equipment		(39,498,299)	(28,914,001)
Proceeds from sales of property, plant and equipment		378,228	177,461
Purchases of intangible assets		(1,206,330)	(1,747,719)
Loans to related parties		(5,516)	(2,367)
Currency translation differences		(304,155)	(455,934)
Net cash used in investing activities		(34,095,654)	(38,611,418)

Consolidated statement of cash flows

For the year ended 31 December 2014

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht		
	2014	2013 (Restated)
Cash flows from financing activities		
Borrowings		
Interest paid	(8,240,016)	(7,642,933)
Decrease in bank overdrafts and short-term loans		
from financial institutions	(455,204)	(2,940,724)
Payments of short-term loans from related parties	(54,870)	(79,154)
Proceeds from long-term debts	8,578,412	8,398,285
Payments of long-term debts	(8,218,923)	(10,675,115)
Payments of finance lease	(793,059)	(691,347)
Proceeds from issuance of debentures	24,918,630	44,921,595
Redemption of debentures	(14,963,863)	(29,967,960)
Net increase in borrowings	771,107	1,322,647
Dividends paid		
Dividends paid to owners of the parent	(14,955,629)	(17,922,013)
Dividends paid to non-controlling interests	(885,820)	(746,989)
Total dividends paid	(15,841,449)	(18,669,002)
Acquisition and increase in capital of non-controlling interests	3,592,607	5,830,217
Net cash used in financing activities	(11,477,735)	(11,516,138)
Net increase (decrease) in cash and cash equivalents	1,596,796	(7,629,919)
Cash and cash equivalents at beginning of the year	17,433,924	25,063,843
Cash and cash equivalents at end of the year	19,030,720	17,433,924
Supplementary information for cash flows		
Non-cash transactions		
Accrued dividend income	205,359	205,359
Outstanding payable from purchases of property, plant, equipment		
and intangible assets	1,508,324	1,406,710

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

Notes to the financial statements

For the year ended 31 December 2014

The Siam Cement Public Company Limited and its Subsidiaries

Note	Contents	Page
1	General information	142
2	Basis of preparation of the financial statements	148
3	Change in accounting policies	149
4	Significant accounting policies	150
5	Acquisitions of business and changes of status to subsidiaries	162
6	Related parties	167
7	Trade and other receivables	171
8	Inventories	172
9	Cash and cash equivalents and other investments	173
10	Investments in associates and jointly-controlled entities	174
11	Other long-term investments	177
12	Investment properties	178
13	Property, plant and equipment	179
14	Goodwill and intangible assets	181
15	Deferred tax assets (deferred tax liabilities)	182
16	Other non-current assets	184
17	Bank overdrafts and short-term loans from financial institutions	184
18	Long-term debts	184
19	Debentures	186
20	Employee benefit liabilities	187
21	Other non-current liabilities	189
22	Share capital	189
23	Reserves	190
24	Business segment information	190
25	Other income	195
26	Selling expenses	195
27	Administrative expenses	195
28	Employee benefit expenses	196
29	Finance costs	196
30	Income tax	196
31	Basic earnings per share	198
32	Agreements	198
33	Dividends	198
34	Financial instruments	199
35	Commitments and contingent liabilities	202
36	Capital management	204
37	Other	204
38	Events after the reporting period	204
39	Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective	205

These notes form an integral part of the consolidated 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 19 February 2015.

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 SCG Readymix Indonesia	
The Concrete Products and		(Incorporated in Indonesia)	100
Aggregate Co., Ltd.	100	PT CPAC Surabaya	
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	(Incorporated in Indonesia)	100
The Siam Cement (Ta Luang) Co., Ltd.	100	Q Mix Supply Co., Ltd.	100
The Siam Cement (Thung Song) Co., Ltd.	100	CPAC Lao Co., Ltd.	
The Siam Cement (Lampang) Co., Ltd.	100	(Incorporated in Laos)	100
Khammouance Cement Co., Ltd.		The Concrete Products and	
(Incorporated in Laos)	100	Aggregate (Vietnam) Co., Ltd.	
Siam Mortar Co., Ltd.	100	(Incorporated in Vietnam)	100
The Siam White Cement Co., Ltd.	100	CPAC Concrete Products (Cambodia) Co., Ltd.	
The Siam Refractory Industry Co., Ltd.	100	(Incorporated in Cambodia)	100
Cementhai Energy Conservation Co., Ltd.	100	Silathai Sanguan (2540) Co., Ltd.	100
ECO Plant Services Co., Ltd.	100	Cementhai Building Materials (Singapore) Pte. Ltd.	
Siam Research and Innovation Co., Ltd.	100	(Incorporated in Singapore)	100
SCI Eco Services Co., Ltd.	100	SCG Building Materials Co., Ltd.	100
PT Pion Quarry Nusantara		Cementhai Gypsum Co., Ltd.	100
(Incorporated in Indonesia)	100	Thai Ceramic Holding Co., Ltd.	100
PT SCG Pipe and Precast Indonesia		MRC Roofing Co., Ltd.	
(Incorporated in Indonesia)	100	(Formerly: Monier Roofing Co., Ltd.)	100
PT Semen Lebak		The Siam Fibre-Cement Co., Ltd.	100
(Incorporated in Indonesia)	100	The Fibre-Cement Products (Lampang) Co., Ltd.	100

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Cement-Building Materials		SCG Cement-Building Materials	
Tip Fibre-Cement Co., Ltd.	100	SCG Trading Australia Pty. Ltd.	
SCG Landscape Co., Ltd.	100	(Incorporated in Australia)	100
Siam Fiberglass Co., Ltd.	100	SCG Trading Guangzhou Co., Ltd.	
The CPAC Roof Tile Co., Ltd.	100	(Incorporated in China)	100
SCG Concrete Roof (Vietnam) Co., Ltd.		SCG Trading Hong Kong Limited	
(Incorporated in Vietnam)	100	(Incorporated in China)	100
SCG Roofing Philippines, Inc.		SCG Trading Philippines Inc.	
(Formerly: CPAC Monier Philippines, Inc.)		(Incorporated in the Philippines)	100
(Incorporated in the Philippines)	100	SCG Singapore Trading Pte. Ltd.	
SCG Concrete Roof (Cambodia) Co., Ltd.		(Incorporated in Singapore)	100
(Formerly: CPAC Monier (Cambodia) Co., Ltd.)		SCG Trading USA Inc.	
(Incorporated in the Cambodia)	100	(Incorporated in USA)	100
Thai Ceramic Roof Tile Co., Ltd.	100	PT SCG Trading Indonesia	
Cementhai Ceramics Co., Ltd.	100	(Incorporated in Indonesia)	100
Cementhai Gypsum (Singapore) Pte. Ltd.		SCG Trading Vietnam Co., Ltd.	
(Incorporated in Singapore)	100	(Incorporated in Vietnam)	100
Cementhai Roof Holdings Philippines, Inc.		SCG Trading Lao Co., Ltd.	
(Incorporated in the Philippines)	100	(Incorporated in Laos)	100
Cementhai Ceramic (Singapore) Pte. Ltd.		SCG Marketing Philippines Inc.	
(Incorporated in Singapore)	100	(Incorporated in the Philippines)	100
Cementhai Ceramics Philippines Holdings, Inc.		SCGT Malaysia Sdn. Bhd.	
(Incorporated in the Philippines)	100	(Incorporated in Malaysia)	100
Keating Capital Partners Pte. Ltd.		SCG Trading (Cambodia) Co., Ltd.	
(Incorporated in Singapore)	100	(Incorporated in Cambodia)	100
Kitchener Limited		Siam Cement Myanmar Trading Ltd.	
(Incorporated in China)	100	(Incorporated in Myanmar)	100
Thai Ceramic Co., Ltd.	100	SCG Logistics Management Co., Ltd.	100
The Siam Ceramic Group Industries Co., Ltd.	100	SCG Logistics Management (Lao) Co., Ltd.	
Cementhai Home Services Co., Ltd.	100	(Incorporated in Laos)	100
Gemago Co., Ltd.	100	SCG Logistics Management (Cambodia) Co., Ltd.	
PT SCG Lightweight Concrete Indonesia		(Incorporated in Cambodia)	100
(Incorporated in Indonesia)	100	SCG Trading Services Co., Ltd.	100
SCG Distribution Co., Ltd.	100	Myanmar CBM Services Co., Ltd.	
SCG Cement-Building Materials Co., Ltd.	100	(Incorporated in Myanmar)	100
SCG Trading Co., Ltd.	100	SCG Sourcing Co., Ltd.	100

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Cement-Building Materials		SCG Cement-Building Materials	
SCG Experience Co., Ltd.	100	Prime Yen Binh Joint Stock Company	
SCG Skills Development Co., Ltd.	100	(Incorporated in Vietnam)	85
Buu Long Industry & Investment Joint Stock Company		Prime Truong Xuan Joint Stock Company	
(Incorporated in Vietnam)	99	(Incorporated in Vietnam)	85
Kampot Cement Co., Ltd.		Prime Mineral Joint Stock Company	
(Incorporated in Cambodia)	97	(Incorporated in Vietnam)	85
PT KIA Serpih Mas		Saraburirat Co., Ltd.	83
(Incorporated in Indonesia)	97	Mariwasa-Siam Ceramics, Inc.	
PT KIA Keramik Mas		(Incorporated in the Philippines)	83
(Incorporated in Indonesia)	96	PT Surya Siam Keramik	
PT Keramika Indonesia Assosiasi, Tbk.		(Incorporated in Indonesia)	80
(Incorporated in Indonesia)	96	Myanmar CPAC Service Co., Ltd.	
PT Semen Jawa		(Incorporated in Myanmar)	80
(Incorporated in Indonesia)	95	Prime Dai Viet Joint Stock Company	
PT Kokoh Inti Arebama Tbk.		(Incorporated in Vietnam)	77
(Incorporated in Indonesia)	91	Prime Thein Phuc Joint Stock Company	
The Siam Sanitary Fittings Co., Ltd.	91	(Incorporated in Vietnam)	77
PT Tambang Semen Sukabumi		Prime Phong Dien Joint Stock Company	
(Incorporated in Indonesia)	91	(Incorporated in Vietnam)	77
Sosuco and Group (2008) Co., Ltd.	90	Prime Dai Thinh Joint Stock Company	
Prime Group Joint Stock Company		(Incorporated in Vietnam)	77
(Incorporated in Vietnam)	85	Prime Dai Loc Joint Stock Company	
Prime Trading, Import and Export One Member		(Incorporated in Vietnam)	76
Limited Liability Company		CPAC Cambodia Co., Ltd.	
(Incorporated in Vietnam)	85	(Incorporated in Cambodia)	75
Prime Materials Company Limited		Thai-German Ceramic Industry Public	
(Incorporated in Vietnam)	85	Company Limited	75
Ceramic Research Institution		Prime Dai An Joint Stock Company	
(Incorporated in Vietnam)	85	(Incorporated in Vietnam)	75
Prime International Im-Ex & Servicing		Prime Hop Thinh Joint Stock Company	
Trading Co., Ltd.		(Incorporated in Vietnam)	72
(Incorporated in Vietnam)	85	Siam Sanitary Ware Co., Ltd.	71
Prime Ngoi Viet Joint Stock Company		Siam Sanitary Ware Industry Co., Ltd.	71
(Incorporated in Vietnam)	85	Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	71
Prime Pho Yen Joint Stock Company		Prime Tien Phong Joint Stock Company	
(Incorporated in Vietnam)	85	(Incorporated in Vietnam)	71

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Cement-Building Materials		SCG Cement-Building Materials	
MAWLAMYINE CEMENT LIMITED		SCG-Sekisui Sales Co., Ltd.	51
(Incorporated in Myanmar)	70	MINGALAR MOTOR CO., LTD.	
Quality Construction Products Public		(Incorporated in Myanmar)	50
Company Limited	68	PT Siam-Indo Gypsum Industry	
Q-Con Eastern Co., Ltd.	68	(Incorporated in Indonesia)	50
SCGT Automobile Co., Ltd.	67	PT Siam-Indo Concrete Products	
Prime Hoa Cuong Joint Stock Company		(Incorporated in Indonesia)	50
(Incorporated in Vietnam)	65	SCG Trading Emirates L.L.C.	
Prime Industrial Joint Stock Company		(Incorporated in the United Arab Emirates)	49
(Incorporated in Vietnam)	65	Kampot Land Co., Ltd.	
Prime Vinh Phuc Joint Stock Company		(Incorporated in Cambodia)	48
(Incorporated in Vietnam)	65	Prime Dai Quang Joint Stock Company	
Guangxi SCG Logistics Co., Ltd.		(Incorporated in Vietnam)	48
(Incorporated in China)	55	Prime Hao Phu Joint Stock Company	
Panel World Co., Ltd.	55	(Incorporated in Vietnam)	43
Sosuco Ceramic Co., Ltd.	54		
SCG Chemicals		SCG Chemicals	
SCG Chemicals Co., Ltd.	100	PT TPC Indo Plastic & Chemicals	
Thai Polyethylene Co., Ltd.	100	(Incorporated in Indonesia)	96
SCG Plastics Co., Ltd.	100	Rayong Pipeline Co., Ltd.	92
SCG Performance Chemicals Co., Ltd.	100	Thai Plastic and Chemicals Public	
Rayong Engineering and Plant Service Co., Ltd.	100	Company Limited	91
Protech Outsourcing Co., Ltd.	100	TPC Paste Resin Co., Ltd.	91
RIL 1996 Co., Ltd.	100	The Nawaplastic Industries (Saraburi) Co., Ltd.	91
Texplore Co., Ltd.	100	Nawa Plastic Industries Co., Ltd.	91
Vina SCG Chemicals Co., Ltd.	100	Nawa Intertech Co., Ltd.	91
SCG Chemicals (Singapore) Pte. Ltd.		Chemtech Co., Ltd.	
(Incorporated in Singapore)	100	(Incorporated in Vietnam)	91
Tuban Petrochemicals Pte. Ltd.		Total Plant Service Co., Ltd.	91
(Incorporated in Singapore)	100	SCG ICO POLYMERS COMPANY LIMITED	87
Hexagon International, Inc.		Map Ta Phut Tank Terminal Co., Ltd.	82
(Incorporated in USA)	100	Minh Thai House Component Co., Ltd.	
C4 Holding Pte. Ltd.		(Incorporated in Vietnam)	73
(Incorporated in Singapore)	100	Map Ta Phut Olefins Co., Ltd.	67

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Chemicals		SCG Chemicals	
Rayong Olefins Co., Ltd.	67	Norner Holding AS	
Rayong Olefins (Singapore) Pte. Ltd.		(Incorporated in Norway)	51
(Incorporated in Singapore)	67	Norner AS	
Viet-Thai Plastchem Co., Ltd.		(Incorporated in Norway)	51
(Incorporated in Vietnam)	66	Norner Research AS	
Alliance Petrochemical Investment (Singapore)		(Incorporated in Norway)	51
Pte. Ltd.		Norner IP AS	
(Incorporated in Singapore)	65	(Incorporated in Norway)	51
TPC Vina Plastic and Chemicals Corporation Ltd.		Norner Verdandi AS	
(Incorporated in Vietnam)	63	(Incorporated in Norway)	51
Siam Stabilizers and Chemicals Co., Ltd.	54	CO2 Technologies AS	
Flowlab & Service Co., Ltd.	51	(Incorporated in Norway)	51
SCG Paper		SCG Paper	
SCG Paper Public Company Limited	98	Phoenix Pulp & Paper Public Company Limited	75
Siam Kraft Industry Co., Ltd.	98	Phoenix Utilities Co., Ltd.	75
United Pulp and Paper Co., Inc.		Thai Containers Group Co., Ltd.	69
(Incorporated in the Philippines)	98	Thai Containers Khonkaen Co., Ltd.	69
Paperlink Inter-Trade Corporation		Thai Containers Rayong Co., Ltd.	69
(Incorporated in the Philippines)	98	Vina Kraft Paper Co., Ltd.	
InfoZafe Co., Ltd.	98	(Incorporated in Vietnam)	69
SCGP Excellence Training Center Co., Ltd.	98	TCG Rengo (S) Limited	
SCG Paper Energy Co., Ltd.	98	(Incorporated in Singapore)	69
Thai Cane Paper Public Company Limited	92	New Asia Industries Co., Ltd.	
Thai Paper Co., Ltd.	75	(Incorporated in Vietnam)	69
Thai Union Paper Public Company Limited	75	Alcamax Packaging (Vietnam) Co., Ltd.	
Siam Cellulose Co., Ltd.	75	(Incorporated in Vietnam)	69
The Siam Forestry Co., Ltd.	75	AP Packaging (Hanoi) Co., Ltd.	
Panas Nimit Co., Ltd.	75	(Incorporated in Vietnam)	69
Thai Panason Co., Ltd.	75	Packamex (Vietnam) Co., Ltd.	
Thai Panadorn Co., Ltd.	75	(Incorporated in Vietnam)	69
Thai Panaram Co., Ltd.	75	TC Flexible Packaging Co., Ltd.	69
Suanpa Rungsaris Co., Ltd.	75	PT Primacorr Mandiri	
Siam Panawes Co., Ltd.	75	(Incorporated in Indonesia)	62
Thai Panaboon Co., Ltd.	75	PT Indoris Printingdo	
Thai Wanabhum Co., Ltd.	75	(Incorporated in Indonesia)	62

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
SCG Paper		SCG Paper	
Dyna Packs Co., Ltd.	52	Thai British Security Printing Public	
Orient Container Co., Ltd.	52	Company Limited	49
D-In-Pack Company Limited	52	Thai British Depost Co., Ltd.	25
Tawana Container Co., Ltd.	50		
Other		Other	
Cementhai Holding Co., Ltd.	100	Siam Eco Energy Business Co., Ltd.	100
Cementhai Property (2001) Public Company Limited	100	SCG Learning Excellence Co., Ltd.	100
Property Value Plus Co., Ltd.	100	SCG VIETNAM CO., LTD.	
SCG Accounting Services Co., Ltd.	100	(Incorporated in Vietnam)	100
SCG Legal Counsel Limited	100	PT SCG Indonesia	
CTO Management Co., Ltd.	100	(Incorporated in Indonesia)	100
Cementhai Captive Insurance Pte. Ltd.		Siam GNE Solar Energy Co., Ltd	50
(Incorporated in Singapore)	100		
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
Siam Nawaphan Co., Ltd.	100	Myanmar CPAC Trading Co., Ltd.	
Siam Paraffins Co., Ltd.	100	(Incorporated in Myanmar)	80
Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2013.			
During 2014, the Group acquired the ordinary shares of Silathai Sanguan (2540) Co., Ltd., Panel World Company Limited, and D-In-Pack Company Limited which are incorporated in Thailand, Norner Holding AS which is incorporated in Norway, and PT Indoris Printingdo which is incorporated in Indonesia. These companies are included in the Group’s consolidated financial statements in 2014 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 that are relevant to the Group’s operations and are effective for annual accounting periods beginning on or after 1 January 2014:

TFRSs	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes
TIC 15	Operating Leases - Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TIC 32	Intangible Assets - Web Site Costs

The initial application of these new and revised TFRSs has no significant changes in the Group’s accounting policies, calculation method and financial performance or position. The impact affected to the consolidated financial statements as 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 annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these consolidated financial statements. Those new and revised TFRSs are disclosed in note 39.

(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:

- 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 subsidiaries
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 and 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 2014, consequent to the adoption of new and revised TFRSs as set out in note 2, the Group has changed its accounting policy in area having an effect on the Group’s consolidated financial statements which is accounting for arrangements containing a lease based on Thai Financial Reporting Interpretations Committee No.4 (TFRIC 4) - Determining whether an Arrangement contains a Lease.

A description of the nature and effect of this change in accounting policy is included in note 3 (b) below:

(b) Accounting for arrangements containing a lease

Thai Financial Reporting Interpretations Committee No.4 (TFRIC 4) addresses arrangements that do not take the legal form of a lease, but convey rights to use items for agreed periods of time in return for a payment or series of payments. Thai Financial Reporting Interpretations Committee No.4 (TFRIC 4) provides guidance for evaluating whether such arrangements are, or contain, leases which should be accounted for under TAS 17 (revised 2012) Leases. If an agreement is determined to contain a lease, then Thai Financial Reporting Interpretations Committee No.4 (TFRIC 4) requires TAS 17 (revised 2012) to be applied to classify and account for the lease.

The Group adopted Thai Financial Reporting Interpretations Committee No.4 (TFRIC 4) with effect from 1 January 2014. The effects of the change are recognized retrospectively in the consolidated financial statements in 2013 as follows.

	in million Baht	
	31 December 2013	1 January 2013
Consolidated statement of financial position		
Increase in machinery and equipment under finance lease contract	253	303
Increase in deferred tax liabilities	12	11
Increase in liabilities under finance lease contracts	501	514
Decrease in retained earnings	(253)	(253)
Decrease in non-controlling interests	(7)	(7)
Decrease in total shareholders' equity	(260)	(260)

During 2014, the Group had amended the contract. In this connection, the Group has reassessed and has determined that the contract not to longer certains a lease under TFRIC 4, resulting in the lease accounting would cease to apply since then.

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 from 20% to 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 or the 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.

In addition, 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, 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) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

(f) Investments

Investments in associates and jointly-controlled entities

Investments in associates and jointly-controlled entities are accounted for using the equity method.

Investments in other debt and other 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 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.

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 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.

(g) 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 - 20 years
Buildings and structures	5 - 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.

(h) 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.

(i) 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 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	3 - 33	years
Buildings and structures		
- SCG Cement-Building Materials	3 - 49	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	3 - 40	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.

(j) 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.

Research and development

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.

Other intangible assets

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.

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 fees	term of agreements
Software licenses	3 - 20 years
Other	2 - 25 years

No amortization is provided on assets under development.

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

(k) 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.

(l) Trade and other payables

Trade and other payables are stated at cost.

(m) 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.

The calculation is performed by a qualified actuary using the projected unit credit method.

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.

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.

Other long-term employee benefits

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.

The calculation is performed by a qualified actuary using the projected unit credit method.

Short-term employee benefits

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

A liability is 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.

(n) Provisions

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.

(o) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates allowed by the entity.

Sale of goods and services rendered

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.

Interest and dividend income

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.

Service fee income

Service fee income is recognized on an accrual basis in accordance with the terms of agreement.

(p) 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.

Determining whether an arrangement contains a lease

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

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

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 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.

(q) 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 Group 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 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.

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.

(r) Foreign currencies

Foreign currency transactions

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.

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.

Foreign entities

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.

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.

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.

Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in other components of equity until disposal of the investments.

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.

(s) 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 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 interest and exchange differences on the items covered by the hedge.

(t) Business segment reporting

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.

5 Acquisitions of business and changes of status to subsidiaries

Year 2014

Acquisitions

In the second quarter of 2014, SCG Cement-Building Materials acquired 100% of the ordinary shares of Silathai Sanguan (2540) Co., Ltd. (Silathai Sanguan), which operates a crushing plant in Thailand, for a cash consideration of Baht 104 million.

In the third quarter of 2014, SCG Cement-Building Materials acquired 55% of the ordinary shares of Panel World Co., Ltd. (Panel World), which operates cement-bonded particleboard in Thailand, for a cash consideration of Baht 550 million.

In the fourth quarter of 2014, the Group had acquired the businesses as follows;

- SCG Chemicals acquired 51% of the ordinary shares of Norner Holding AS (Norner Group), a leading Innovation and Technology firm in Norway, specializing in material and polymer industries, for a cash consideration of Baht 159 million.
- SCG Paper acquired 100% of the ordinary shares of D-In-Pack Company Limited (D-IN), its plant is to convert sheet boards to boxes and caters in Thailand, for a cash consideration of Baht 30 million. In addition to this, SCG Paper acquired 90% of the ordinary shares of PT Indoris Printingdo (Indoris), a high quality packaging manufacturer in Indonesia, for a cash consideration of Baht 249 million.

The acquisitions qualify for treatment as a business combination in accordance with TFRS 3 (revised 2012) “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 the above acquisitions has been completed, and the carrying amount of the assets acquired and liabilities assumed were adjusted accordingly.

In 2014, the Group incurred acquisition cost of Baht 21 million which have been included in administrative expenses in the Group’s consolidated income statement.

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 2014. Since acquisition date, those subsidiaries contributed revenue from sales of Baht 163 million to the Group’s operating results. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue from sales would have been Baht 488,268 million for the year ended 31 December 2014.

The subsidiaries’ net assets and liabilities at acquisition date comprised the following:

in million Baht						
	Silathai Sanguan	Panel World	D-IN	Indoris	Norner Group	Total
Cash and cash equivalents	-	86	-	23	36	145
Trade receivables	-	25	19	28	60	132
Inventories	-	19	3	18	-	40
Other current assets	-	20	-	-	58	78
Property, plant and equipment	11	260	29	42	34	376
Other non-current assets	-	3	-	-	54	57
Interest-bearing loans and borrowings	(41)	-	(13)	(24)	(30)	(108)
Trade payables	-	(8)	(14)	(18)	(5)	(45)
Other non-current liabilities	-	(88)	(1)	(17)	(95)	(201)
Carrying amounts of net identifiable assets and liabilities	(30)	317	23	52	112	474
Add fair value adjustments	132	24	28	124	99	407
Less non-controlling interests	-	(153)	-	(18)	(103)	(274)
Recognized value of net assets acquisition	102	188	51	158	108	607
Goodwill	2	362	-	91	51	506
Gain on a bargain purchase	-	-	(21)	-	-	(21)
Total consideration transferred	104	550	30	249	159	1,092
Cash acquired	-	(86)	-	(23)	(36)	(145)
Net cash outflow	104	464	30	226	123	947
Less accrued investment						(21)
Net cash outflows in 2014						926

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.

Year 2013

Acquisitions

In the second quarter of 2013, the Group had acquired the businesses as the following;

- 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 the ordinary shares of both Dyna Packs Co., Ltd. (Dyna) and Orient Containers Co., Ltd. (Orient), Thai producers of corrugated containers, for a cash consideration of Baht 286 million.

In the third quarter of 2013, SCG Paper acquired 90% of the ordinary shares of PT Primacorr Mandiri (Primacorr), a producer of corrugated container in Indonesia, for a cash consideration of Baht 303 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 Prime Group, Dyna, Orient and Primacorr has been completed, and the carrying amount of the assets acquired and liabilities assumed were adjusted accordingly.

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.

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.

Change of status to subsidiaries

In the third quarter of 2013, the financial statements of the Group of Siam Sanitary Ware Co., Ltd. (SSW) and The Siam Sanitary Fittings Co., Ltd. (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 Co., Ltd. (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.

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		
	2014	2013	Pricing policies
<i>Associates and jointly-controlled entities</i>			
Purchases	28,288	16,872	Market price
Service fee	1,915	1,889	Market price
Revenue from sales	63,809	54,968	Market price
Service income and others	925	923	Market price
Management fee and others	2,048	2,025	Mainly based on percentage of revenue from sales
Dividend income	5,345	2,813	Upon declaration
<i>Other</i>			
Purchases	2,384	2,827	Market price
Revenue from sales	480	956	Market price
Service income and others	107	128	Market price
Management fee and others	344	347	Mainly based on percentage of revenue from sales
Dividend income	3,816	4,525	Upon declaration

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

Trade receivables

	in million Baht	
	2014	2013
<i>Associates and jointly-controlled entities</i>		
Siam Polyethylene Co., Ltd.	1,557	943
Siam Styrene Monomer Co., Ltd.	598	840
Siam Synthetic Latex Co., Ltd.	433	374
Bangkok Synthetics Co., Ltd.	429	796
Thai MMA Co., Ltd.	370	125
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	235	290
Grand Siam Composites Co., Ltd.	131	257
SCG Plastics (Shanghai) Co., Ltd.	77	68
Binh Minh Plastics Joint Stock Company	67	52
Siam Toppan Packaging Co., Ltd.	60	48
PT Styrimdo Mono Indonesia	59	-
The Siam Gypsum Industry (Saraburi) Co., Ltd.	51	51
Siam Global House Public Company Limited	51	37
Siam Kubota Corporation Co., Ltd.	37	19
MTP HPPO Manufacturing Co., Ltd.	21	3

	in million Baht	
	2014	2013
Siam Mitsui PTA Co., Ltd.	18	17
Prepack Thailand Co.,Ltd.	18	-
Siam Nippon Industry Paper Co., Ltd.	16	-
Nawacam Co., Ltd.	14	19
PT Chandra Asri Petrochemical Tbk.	11	1,964
SCG Plastics (China) Co., Limited	8	55
Siam Tohcello Co., Ltd.	7	24
Rengo Packaging Malaysia Sdn. Bhd.		
(Formerly: TCG Rengo Subang (M) Sdn. Bhd.)	-	24
Tien Phong Plastics Joint Stock Company	-	22
Other companies	68	62
	4,336	6,090
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	79	107
Other companies	14	11
	93	118
Total	4,429	6,208
<i>Other receivables</i>		
	in million Baht	
	2014	2013
<i>Associates and jointly-controlled entities</i>		
Siam Kubota Corporation Co., Ltd.	343	322
Thai MMA Co., Ltd.	57	54
Siam Mitsui PTA Co., Ltd.	45	52
Grand Siam Composites Co., Ltd.	38	40
Thai MFC Co., Ltd.	21	16
Riken (Thailand) Co., Ltd.	19	6
Sekisui-SCG Industry Co., Ltd.	17	9
Thai PET Resin Co., Ltd.	14	20
Long Son Petrochemicals Co., Ltd.	-	62
Other companies	103	85
	657	666
<i>Other</i>		
Michelin Siam Group Co., Ltd.	205	205
Siam Yamato Steel Co., Ltd.	14	11
Other companies	30	35
	249	251
Total	906	917

	in million Baht	
	2014	2013
<i>Short-term loans to related parties</i>		
<i>Associates</i>		
PT M Class Industry	68	100
GTC Technology International, LP	41	41
Other companies	6	5
Total	115	146
<i>Long-term loans to related parties</i>		
<i>Associate</i>		
Mariwasa Holdings, Inc.	149	143
Movements during the years on loans to related parties were as follows:		
	in million Baht	
	2014	2013
Short-term		
At 1 January	146	137
Increase	-	47
Decrease	(31)	(38)
At 31 December	115	146
Long-term		
At 1 January	143	137
Increase	6	7
Decrease	-	(1)
At 31 December	149	143
<i>Trade payables</i>		
	in million Baht	
	2014	2013
<i>Associates</i>		
Mehr Petrochemical Company (P.J.S.C.)	2,757	286
Siam Kubota Corporation Co., Ltd.	706	404
PT Chandra Asri Petrochemical Tbk.	573	224
Siam Polyethylene Co., Ltd.	469	398
Bangkok Synthetics Co., Ltd.	204	393
Sekisui-SCG Industry Co., Ltd.	145	36
The Siam Gypsum Industry (Saraburi) Co., Ltd.	142	65
Thai MMA Co., Ltd.	127	15
Thai PET Resin Co., Ltd.	83	95
Siam Synthetic Latex Co., Ltd.	69	81
Jumbo Barges and Tugs Co., Ltd.	57	46
IT One Co., Ltd.	53	57
The Siam Gypsum Industry (Songkhla) Co., Ltd.	21	26

8 Inventories

	in million Baht	
	2014	2013
Finished goods	22,249	21,601
Goods in process	2,557	2,898
Raw materials	12,037	13,023
Spare parts	6,731	6,380
Stores, supplies and others	4,365	4,779
Raw materials in transit	6,018	7,539
Total	53,957	56,220
Less allowance for decline in value	1,210	663
Net	52,747	55,557
Cost of inventories recognized as an expense in cost of sales:		
- Cost of sales	409,431	363,096
- Write-down to net realizable value	(1,020)	(738)
- Reversal of write-down	493	583
- Service cost and others	(19,227)	(16,579)
Net total	389,677	346,362
Changes in inventories of finished goods and goods in process	(307)	(2,166)
Raw materials and supplies used	341,222	303,803

9 Cash and cash equivalents and other investments

	in million Baht	
	2014	2013
Cash and cash equivalents		
Cash on hand and at banks	14,716	12,658
Highly liquid short-term investments	4,280	4,770
Cash (Private funds)	35	6
Total	19,031	17,434
Temporary investments		
Fixed deposits with financial institutions	53	-
Available-for-sale debt securities (Private funds)	7,970	6,984
Total	8,023	6,984
Available-for-sale investments		
Available-for-sale debt securities (Private funds)	4,505	5,178
Marketable equity securities	3,880	5,959
Total	8,385	11,137

As at 31 December 2014, the value of private funds invested by 3 independent assets management companies was totalling Baht 12,510 million (2013: 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 1.99% to 3.90% per annum (2013: 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 2014 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	15,098	16,355	1,257

Movements during the years of net changes in fair value of available-for-sale investments (before tax) were as follows:

	in million Baht	
	2014	2013
Net change in fair value	(2,051)	805
Transfer of gain on net change in fair value to profit or loss	(27)	(636)
Net	(2,078)	169

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	
	2014	2013
	2014	2013
At 1 January	79,188	65,575
Share of net profit of investments - equity method	6,108	6,546
Increase in investments	2,446	10,870
Dividend income	(5,345)	(2,813)
Disposals	-	(194)
Change of the status to associates	355	24
Change of the status to subsidiaries	-	(1,049)
Other	(404)	229
At 31 December	82,348	79,188

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Associates										
SCG Cement-Building Materials										
Siam Global House Public Company Limited	30	30	3,049	2,613	9,414	9,414	9,974	9,737	15	12
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	2,325	1,139	1,139	688	775	-	-
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	628	592	241	298
Maker - Manifatture Ceramiche S.r.l.	33	-	803	-	502	-	442	-	-	-
Jumbo Barges and Tugs Co., Ltd.	45	45	457	457	262	262	322	307	-	3
Anhui Conch-SCG Refractory Co., Ltd.	30	30	497	497	148	148	210	174	8	-
Noritake SCG Plaster Co., Ltd.	40	40	405	405	134	134	183	179	-	-
PT M Class Industry	28	28	222	222	106	106	62	38	-	-
Green Siam Resources Corporation	40	40	95	95	38	38	53	49	-	-
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	50	55	-	5
Lao Premium Roof Tiles Co., Ltd.										
(Formerly: CPAC Monier (Laos) Co., Ltd.)	50	50	21	21	11	11	26	27	-	-
CMPI Holding, Inc.	40	40	55	55	18	18	20	16	2	-
Mariwasa Holdings, Inc.	40	40	235	235	94	94	17	20	-	-
Other companies			136	136	51	51	49	57	10	46
			8,513	7,274	11,994	11,492	12,724	12,026	276	364

	Total direct/ indirect holding		in million Baht							
	(%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
SCG Chemicals										
PT Chandra Asri Petrochemical Tbk.	31	30	14,679	14,679	14,237	14,134	14,015	13,609	23	-
Bangkok Synthetics Co., Ltd.	49	49	1,173	1,173	10,800	10,812	12,233	15,938	3,437	305
Siam Styrene Monomer Co., Ltd.	50	50	4,755	4,755	2,375	2,375	6,134	5,093	-	-
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,742	3,424	617	823
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	2,440	2,491	-	-
Siam Synthetic Latex Co., Ltd.	50	50	5,789	5,789	2,788	2,788	1,384	1,401	-	-
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	935	829	-	-
Tien Phong Plastics										
Joint Stock Company	22	22	845	652	738	738	922	849	23	54
Binh Minh Plastics										
Joint Stock Company	19	19	682	682	642	642	832	780	42	35
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	800	810	277	600
Mehr Petrochemical Company (P.J.S.C.)	39	39	1,335	1,335	801	801	744	177	-	-
Riken (Thailand) Co., Ltd.	32	32	120	120	42	42	464	523	112	114
Mitsui Advanced Composites										
(Zhongshan) Co., Ltd.	20	20	596	596	119	119	339	337	75	58
GTC Technology International, LP	25	25	191	191	107	107	259	245	-	-
PT Siam Maspion Terminal	50	50	327	327	163	163	240	162	33	-
Siam Tohcello Co., Ltd.	45	45	592	592	266	266	205	251	-	-
Thai PET Resin Co., Ltd.	20	20	900	900	180	180	158	158	-	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	153	194	81	18
SD Group Service Co., Ltd.	50	50	78	78	38	38	111	110	-	-
GTC Technology US, LLC	25	25	102	102	160	160	56	114	-	-
Other companies			20	20	18	18	83	79	21	14
			43,488	43,295	38,975	38,884	46,249	47,574	4,741	2,021
SCG Paper										
Siam Nippon Industrial Paper Co., Ltd.	34	44	1,100	1,100	495	495	417	490	-	-
Siam Toppan Packaging Co., Ltd.	48	48	500	500	245	245	384	372	5	3
Prepack Thailand Co., Ltd.	15	-	367	-	288	-	291	-	-	-
Rengo Packaging Malaysia Sdn. Bhd.										
(Formerly: TCG Rengo Subang (M) Sdn. Bhd.)	17	17	804	804	201	201	160	184	-	-
Saha Green Forest Co., Ltd.	19	25	190	190	48	48	50	47	-	-
Other companies			263	263	105	105	-	-	-	-
			3,224	2,857	1,382	1,094	1,302	1,093	5	3
Other										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	12,120	9,738	109	109
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	1,430	1,407	47	42
Musashi Auto Parts Co., Ltd.	21	21	200	200	42	42	853	736	-	-
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	723	705	49	42
Aisin Takaoka Foundry										
Bangpakong Co., Ltd.	30	30	475	475	142	142	543	497	38	45
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	442	427	9	28
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	358	343	11	9
Lysando AG	20	-	39	-	355	-	344	-	-	-
Muang Thong United Co., Ltd.	30	30	120	120	120	120	97	116	-	-
IT One Co., Ltd.	20	20	80	80	16	16	88	92	60	68
Siam Lemmerz Co., Ltd.	30	30	126	110	299	294	36	88	-	82
			4,712	4,657	2,406	2,046	17,034	14,149	323	425

	Total direct/ indirect holding		in million Baht							
	(%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Jointly-controlled entities										
SCG Cement-Building Materials										
SCG Nichirei Logistics Co., Ltd.	51	51	570	342	291	174	282	174	-	-
SCG Chemicals										
Siam Mitsui PTA Co., Ltd.	50	50	4,800	4,800	2,372	2,372	2,735	3,528	-	-
Long Son Petrochemicals Co., Ltd.	44	44	4,408	1,646	2,189	758	1,997	619	-	-
SMH Co., Ltd.	50	50	60	60	31	31	25	25	-	-
Total			69,775	64,931	59,640	56,851	82,348	79,188	5,345	2,813

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-current	Total	Current	Non-current	Share-holders'	Total	Profit
			assets	assets	assets	liabilities	liabilities	equity	revenues	(loss) for the year
2014										
SCG Nichirei Logistics Co., Ltd.	51		59	337	396	14	100	282	12	(10)
Siam Mitsui PTA Co., Ltd.	50		1,498	4,053	5,551	2,638	159	2,754	14,237	(794)
Long Son Petrochemicals Co., Ltd.	44		1,509	453	1,962	190	-	1,772	1	(46)
SMH Co., Ltd.	50		6	28	34	-	-	34	1	1
2013										
SCG Nichirei Logistics Co., Ltd.	51		97	86	183	3	6	174	3	(3)
Siam Mitsui PTA Co., Ltd.	50		2,165	4,324	6,489	1,903	1,039	3,547	15,243	(566)
Long Son Petrochemicals Co., Ltd.	44		424	267	691	71	-	620	-	(4)
SMH Co., Ltd.	50		6	28	34	-	-	34	-	-

Common stock dividend payments

In the second quarter of 2014, the Annual General Meeting of the Shareholders of Tien Phong Plastics Joint Stock Company approved dividend payment of cash dividend and common stock dividend with the dates of dividend payment on 20 June 2014 and within July 2014, respectively. The Group is entitled to receive common stock dividend of approximately 3.10 million shares at the par value VND 10,000 per share, totalling approximately Baht 46 million.

During 2014, the Annual General Meeting of the Shareholders of Siam Global House Public Company Limited approved dividend payment of cash dividend and common stock dividend with the date of dividend payment on 29 April 2014. The Group is entitled to receive common stock dividend of approximately 131 million shares at the par value Baht 1 per share, totalling approximately Baht 131 million.

11 Other long-term investments

At Cost

SCG Cement-Building Materials

Asia Cement Public Company Limited

Holcim Cement (Bangladesh) Limited

Finfloor S.p.A.

Other companies

SCG Chemicals

PT Trans-Pacific Petrochemical Indotama

PT Trans-Pacific Polyethylene Indonesia *

PT Trans-Pacific Polyethylindo *

PT Trans-Pacific Styrene Indonesia

Econic Technologies Ltd.

PT Trans-Pacific Polypropylene Indonesia

Other companies

* No existence of significant influence

SCG Paper

Other

Toyota Motor Thailand Co., Ltd.

Siam Yamato Steel Co., Ltd.

Siam Toyota Manufacturing Co., Ltd.

Michelin Siam Group Co., Ltd.

- Cumulative preferred shares

Lysando AG

Other companies

Total

Less accumulated impairment losses

Net

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements as at 31 December 2014 are as follows:

	in million Baht		
	Cost	Interests in carrying amount	Accumulated impairment losses
	5,689	8,948	(2,611)
Non-marketable securities			

12 Investment properties

	in million Baht		
	Land and land improvements	Buildings and structures	Total
Cost			
At 1 January 2013	1,330	560	1,890
Additions	61	-	61
Adjustment	(24)	(64)	(88)
Transfers from property, plant and equipment	63	-	63
At 31 December 2013	1,430	496	1,926
Additions	203	32	235
Disposals	(95)	-	(95)
Adjustment	189	-	189
Transfers to property, plant and equipment	(16)	-	(16)
At 31 December 2014	1,711	528	2,239
Accumulated depreciation and accumulated impairment losses			
At 1 January 2013	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
Depreciation charge for the year	-	23	23
Adjustment	189	-	189
At 31 December 2014	304	299	603
Carrying amount			
At 31 December 2013	1,315	220	1,535
At 31 December 2014	1,407	229	1,636

Investment properties were revalued as at 31 December 2014 at open market values on an existing use basis. The appraised value was Baht 4,118 million (2013: Baht 3,761 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 2013							
- as reported	20,463	45,810	302,387	5,007	5,397	20,040	399,104
Impact of changes in accounting policy	-	-	674	-	-	-	674
At 1 January 2013 - restated	20,463	45,810	303,061	5,007	5,397	20,040	399,778
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	(83)	(17)	(16)	(63)	(402)
At 31 December 2013	23,453	53,696	329,214	5,868	5,968	17,766	435,965
Acquisitions through business combinations	213	91	630	20	9	167	1,130
Additions	1,739	1,364	7,615	359	284	27,658	39,019
Disposals/written off	(202)	(202)	(3,171)	(139)	(134)	(22)	(3,870)
Transfers from investment properties	16	-	-	-	-	-	16
Transfers in (out)	652	2,574	10,499	326	184	(14,779)	(544)
Foreign currency translation differences	(12)	(31)	(211)	5	(4)	33	(220)
At 31 December 2014	25,859	57,492	344,576	6,439	6,307	30,823	471,496

	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 2013							
- as reported	6,434	26,282	192,554	4,061	4,481	-	233,812
Impact of changes in accounting policy	-	-	371	-	-	-	371
At 1 January 2013							
- restated	6,434	26,282	192,925	4,061	4,481	-	234,183
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	(133)	(14)	(39)	-	57
Foreign currency translation differences	13	11	(61)	(12)	(15)	-	(64)
At 31 December 2013	6,940	29,260	206,818	4,373	4,732	-	252,123
Acquisitions through business combinations	-	34	311	8	7	-	360
Depreciation charge for the year	626	2,220	13,649	438	425	-	17,358
Impairment losses (reversal)	-	(28)	89	-	8	-	69
Disposals/written off	(68)	(140)	(2,975)	(118)	(127)	-	(3,428)
Transfers in (out)	(29)	(52)	170	1	(51)	-	39
Foreign currency translation differences	1	(3)	(102)	(2)	(4)	-	(110)
At 31 December 2014	7,470	31,291	217,960	4,700	4,990	-	266,411
Carrying amount							
At 31 December 2013	16,513	24,436	122,396	1,495	1,236	17,766	183,842
At 31 December 2014	18,389	26,201	126,616	1,739	1,317	30,823	205,085

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to Baht 135,419 million as at 31 December 2014 (2013: Baht 134,771 million).

Capitalized borrowing costs relating to the acquisition of the property, plant and equipment incurred in the year ended 31 December 2014, amounting to Baht 309 million (2013: Baht 209 million), rates of interest capitalized at 1.10% - 5.00% per annum (2013: 4.40% - 5.00% 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 188 million as at 31 December 2014 (2013: Baht 4,449 million) and has carrying amount of Baht 112 million as at 31 December 2014 (2013: Baht 1,353 million).

14 Goodwill and intangible assets

	in million Baht				
	Goodwill	Software licenses & license fees	Development cost	Other	Total
Cost					
At 1 January 2013	3,801	5,246	462	2,540	12,049
Acquisitions through business combinations	6,111	61	15	8	6,195
Additions	-	310	1,465	276	2,051
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
Acquisitions through business combinations	506	15	-	103	624
Additions	-	267	861	106	1,234
Disposals/written off	-	(27)	-	-	(27)
Foreign currency translation differences	(7)	(1)	-	-	(8)
Transfers in (out)	-	939	(928)	71	82
At 31 December 2014	10,799	6,921	1,549	3,185	22,454
Accumulated amortization					
At 1 January 2013	-	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	-	8	-	10	18
At 31 December 2013	-	3,505	(3)	468	3,970
Amortization charge for the year	-	530	-	123	653
Disposals/written off	-	(23)	-	-	(23)
Transfers in (out)	-	(1)	-	12	11
At 31 December 2014	-	4,011	(3)	603	4,611
Carrying amount					
At 31 December 2013	10,300	2,223	1,619	2,437	16,579
At 31 December 2014	10,799	2,910	1,552	2,582	17,843

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 assets and liabilities, 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	
	2014	2013
Deferred tax assets	4,261	4,604
Deferred tax liabilities	(2,366)	(2,785)
Net	1,895	1,819

Movements in total deferred tax assets and liabilities during the years were as follows:

	in million Baht						
	Credited (charged) to						
	At	Impact of	profit or	other	Increase		At
	1 January	changes in	loss	comprehensive	through	Translation	31 December
	2013	accounting		income	business	differences	2013
		policy	(note 30)		combinations		
Deferred tax assets							
Investments	126	-	56	-	-	-	182
Property, plantand 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)	(12)	(52)	-	(369)	(5)	(3,110)
Other	(166)	-	29	-	-	12	(125)
Total	(3,663)	(12)	7	(1)	(369)	10	(4,028)
Net	1,829	(12)	204	4	(216)	10	1,819

	in million Baht					
	Credited (charged) to					
	At	profit or	other	Increase		At
	1 January	loss	comprehensive	through	Translation	31 December
	2014	(note 30)	income	business	differences	2014
				combinations		
Deferred tax assets						
Investments	182	(50)	-	-	-	132
Property, plantand equipment	323	2	-	-	-	325
Employee benefit liabilities	1,204	73	(8)	-	(4)	1,265
Loss carry forward	3,393	(416)	-	-	-	2,977
Other	745	22	-	13	(3)	777
Total	5,847	(369)	(8)	13	(7)	5,476
Deferred tax liabilities						
Available-for-sale investments	(793)	-	412	-	-	(381)
Property, plant and equipment	(3,110)	260	-	(81)	11	(2,920)
Other	(125)	(139)	-	(7)	(9)	(280)
Total	(4,028)	121	412	(88)	2	(3,581)
Net	1,819	(248)	404	(75)	(5)	1,895

The deductible temporary differences and unused tax losses that have not been recognized as deferred tax assets (liabilities) are as the following items:

	in million Baht	
	2014	2013
Deductible temporary differences		
- Inventories	574	117
- Property, plant and equipment	362	346
- Employee benefit liabilities	177	198
- Other	169	182
Unused tax losses	29,570	27,602
Total	30,852	28,445

The deductible temporary differences do not expire under current tax legislation and the tax losses which would be expired within 2022. The Group has not recognized these items in deferred tax assets.

As at 31 December 2014 and 2013, no deferred tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries and jointly-controlled entities, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

16 Other non-current assets

	in million Baht	
	2014	2013
Land prepayments	1,443	1,111
Factory prepayments	675	643
Land and assets not used in operations	630	883
Other prepayment	404	380
Recoverable tax	200	320
Other	1,888	1,878
Total	5,240	5,215
Less accumulated impairment losses	201	163
Net	5,039	5,052

17 Bank overdrafts and short-term loans from financial institutions

	in million Baht	
	2014	2013
Promissory notes	10,573	11,241
Loans	1,787	1,561
Bank overdrafts and others	149	115
Total	12,509	12,917

The Group has overdraft lines with several banks amounting to approximately Baht 5,700 million in 2014 (2013: Baht 6,500 million).

18 Long-term debts

	in million Baht	
	2014	2013
Current		
- Secured		
Current portion of long-term debts	2,047	2,031
- Unsecured		
Current portion of long-term debts	6,068	3,042
Current portion of finance lease liabilities	24	843
	8,139	5,916
Non-current		
- Secured		
Long-term debts	10,124	11,952
- Unsecured		
Long-term debts	14,023	14,961
Finance lease liabilities	72	460
	24,219	27,373
Total	32,358	33,289

The currency denomination of interest-bearing debts is as follows:

	in million Baht	
	2014	2013
Thai Baht	23,157	22,191
US Dollars	8,051	9,495
Euro	652	977
Peso	377	496
Other	121	130
Total	32,358	33,289

During the year ended 31 December 2014, the Group has drawn down under the loan agreements made equivalent to Baht 8,590 million (2013: Baht 4,600 million). The average interest rates are approximately 0.62% - 6.26% per annum (2013: 0.62% - 5.25% per annum), which has undrawn down totalling equivalent to Baht 8,172 million. Repayment schedules are monthly to semi-annually, with payment period of 3 - 14 years and some loans have repayment schedule only 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 0.92% per annum in 2014 (2013: 2.56% 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	
	2014	2013
Within 1 year	8,115	5,073
After 1 year but within 5 years	21,993	23,843
After 5 years	2,154	3,070
Total	32,262	31,986

Finance lease liabilities

Subsidiaries entered into leased machinery and equipment agreements. Lease terms are for a period of 3 - 9 years. Finance lease liabilities as at 31 December are as follows:

	in million Baht		
	Principal	Interest	Payments
Year 2014			
Within 1 year	24	4	28
After 1 year but within 5 years	61	7	68
After 5 years	11	1	12
Total	96	12	108
Year 2013			
Within 1 year	843	12	855
After 1 year but within 5 years	460	2	462
Total	1,303	14	1,317

19 Debentures

As at 31 December 2014, the Company had issued unsubordinated and unsecured debentures totalling Baht 151,500 million (2013: Baht 141,500 million) as follows:

	in million Baht		Interest Rate			Fair Value *	
Debentures No.	2014	2013	(% p.a.)	Term	Maturity Date	2014	2013
Debentures - The Siam Cement Public Company Limited							
1/2010	-	10,000	3.85	4 years	1 April 2014	-	1,004
2/2010	-	5,000	3.85	4 years	1 October 2014	-	1,015
1/2011	15,000	15,000	4.00	4 years	1 April 2015	1,003	1,018
2/2011	10,000	10,000	4.50	4 years	1 November 2015	1,031	1,022
1/2012	25,000	25,000	4.15	4 years	1 April 2016	1,029	1,021
2/2012	25,000	25,000	4.15	4 years	1 November 2016	1,031	1,020
3/2012	6,500	6,500	4.40	7 years	12 October 2019	1,047	1,006
1/2013	25,000	25,000	4.00	4 years	1 April 2017	1,037	1,003
2/2013	20,000	20,000	4.25	4 years	1 October 2017	1,041	1,013
1/2014	15,000	-	4.00	4 years	1 April 2018	1,042	-
2/2014	10,000	-	3.90	4 years	1 October 2018	1,023	-
Total	151,500	141,500					
Less Debentures							
held by subsidiaries	408	363					
Net	151,092	141,137					
Less Current portion	24,885	14,963					
Net	126,207	126,174					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2014 and 2013.

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	
	2014	2013
Post-employment benefits		
Legal severance payments plan	5,456	5,202
Pension	60	42
Other long-term employee benefits	701	669
Other employee benefits	192	272
Total	6,409	6,185
Less plan assets of foreign subsidiaries	78	62
Net	6,331	6,123

Movements in the present value of the defined benefit obligations

	in million Baht	
	2014	2013
For the years ended 31 December		
Defined benefit obligations at 1 January	5,913	5,360
Benefits paid	(250)	(233)
Current service costs and interest	655	655
Acquisitions through business combinations	22	184
Actuarial losses (gains)		
Recognized in profit or loss	(15)	(5)
Recognized in other comprehensive income	(100)	28
Foreign currency translation differences	(8)	(76)
Defined benefit obligations at 31 December	6,217	5,913

Movements in the fair value of plan assets of foreign subsidiaries

	in million Baht	
	2014	2013
For the years ended 31 December		
Plan assets at 1 January	62	52
Contributions paid into the plan	21	19
Benefits paid	(7)	(10)
Expected return on plan assets of foreign subsidiaries	2	1
Plan assets at 31 December	78	62

Consolidated statement of comprehensive income

Recognized in profit or loss

	in million Baht	
	2014	2013
For the years ended 31 December		
Current service costs	429	448
Interest on obligation	226	207
Expected return on plan assets of foreign subsidiaries	(2)	(1)
Actuarial gains	(15)	(5)
Total	638	649

Expenses recognized in profit or loss are included in the following:

	in million Baht	
	2014	2013
For the years ended 31 December		
Cost of sales	224	184
Administrative expenses	414	465
Total	638	649

Recognized in other comprehensive income

	in million Baht	
	2014	2013
For the years ended 31 December		
Actuarial losses (gains)	(100)	28

Principal actuarial assumptions at the end of the reporting period

Defined benefit obligations

	%	
	2014	2013
For the years ended 31 December		
Discount rate		
- Thailand	3.20 - 4.58	3.20 - 4.58
- Vietnam	10.50	10.50
- Indonesia	7.50 - 9.00	7.50 - 9.00
- Other	5.10 - 5.75	5.10 - 5.75
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

	%	
	2014	2013
For the years ended 31 December		
Discount rate	5.10, 5.75	5.10, 5.75
Expected return on plan assets	4.00, 7.00	4.00, 7.00

21 Other non-current liabilities

	in million Baht	
	2014	2013
Deferred revenue	415	381
Provision for share certificates compensation case	349	307
Accrued dividend and interest of debentures	163	169
Other	938	823
Total	1,865	1,680

22 Share capital

	Par Value (in Baht)	in million shares / million Baht			
		2014		2013	
		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.

Business segments

The Group comprises the following main business segments:

<i>SCG Cement-Building Materials</i>	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.
<i>SCG Chemicals</i>	Manufacture and sale of olefins, polyolefins and other chemical products.
<i>SCG Paper</i>	Manufacture and sale of pulp, printing and writing paper, gypsum linerboard, kraft paper, corrugated boxes and securities document.
<i>Other</i>	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components and steel, as well as other services.

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)	
	2014	2013 (Restated)	2014	2013	2014	2013
Consolidated SCG	465,823	440,689	487,545	434,251	66,493	61,265
Business Segments						
SCG Cement-Building Materials	168,662	155,711	185,423	174,642	26,683	26,274
SCG Chemicals	183,884	192,063	248,118	209,997	26,142	20,342
SCG Paper	73,987	65,169	64,614	59,135	9,718	9,473
Other	260,437	246,621	86	94	4,083	5,231

	in million Baht			
	Profit for the year (2)		Depreciation and amortization	
	2014	2013	2014	2013
Consolidated SCG	33,615	36,522	18,062	15,718
Business Segments				
SCG Cement-Building Materials	13,180	16,092	7,655	6,254
SCG Chemicals	12,461	11,292	5,779	5,468
SCG Paper	3,448	3,587	4,153	3,836
Other	4,829	5,797	475	160

- (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	
	2014	2013	2014	2013	2014	2013
Information from statements of financial position						
Current assets	53,566	51,935	47,070	51,321	22,969	21,782
Investments in associates and jointly-controlled entities	13,020	12,207	51,006	51,746	1,302	1,093
Other long-term investments	1,481	1,494	3,917	5,978	17	17
Property, plant and equipment	84,274	74,842	75,126	76,244	47,506	40,092
Other non-current assets	16,321	15,233	6,765	6,774	2,193	2,185
Total assets	168,662	155,711	183,884	192,063	73,987	65,169
Short-term loans	56,714	45,033	53,532	50,295	15,197	15,156
Other current liabilities	22,371	21,421	21,800	28,615	6,640	6,287
Long-term loans	1,498	1,037	21,758	27,918	5,900	3,367
Other non-current liabilities	5,354	5,208	2,043	2,445	1,413	1,323
Total liabilities	85,937	72,699	99,133	109,273	29,150	26,133
Shareholders' equity	82,725	83,012	84,751	82,790	44,837	39,036
Total liabilities and shareholders' equity	168,662	155,711	183,884	192,063	73,987	65,169
Supplementary information						
Increase in non-current assets	24,086	31,059	5,059	5,068	11,910	8,795
	in million Baht					
	Other		Intersegment Elimination		Consolidated SCG	
	2014	2013	2014	2013	2014	2013
						(Restated)
Information from statements of financial position						
Current assets	130,249	118,931	(115,856)	(108,839)	137,998	135,130
Investments in associates and jointly-controlled entities	17,034	14,149	(13)	(7)	82,349	79,188
Other long-term investments	104,300	105,378	(98,252)	(98,251)	11,463	14,616
Property, plant and equipment	3,342	3,059	(5,163)	(10,395)	205,085	183,842
Other non-current assets	5,512	5,104	(1,863)	(1,383)	28,928	27,913
Total assets	260,437	246,621	(221,147)	(218,875)	465,823	440,689
Short-term loans	24,887	21,499	(104,707)	(98,099)	45,623	33,884
Other current liabilities	2,605	2,692	(3,521)	(3,107)	49,895	55,908
Long-term loans	126,220	126,174	(4,950)	(4,949)	150,426	153,547
Other non-current liabilities	2,163	1,621	(411)	(9)	10,562	10,588
Total liabilities	155,875	151,986	(113,589)	(106,164)	256,506	253,927
Shareholders' equity	104,562	94,635	(107,558)	(112,711)	209,317	186,762
Total liabilities and shareholders' equity	260,437	246,621	(221,147)	(218,875)	465,823	440,689
Supplementary information						
Increase in non-current assets	1,239	3,642	(253)	(367)	42,041	48,197

	in million Baht					
	SCG Cement- Building Materials		SCG Chemicals		SCG Paper	
	2014	2013	2014	2013	2014	2013
Information from income statements						
Revenue from sales						
External customers	177,226	167,160	247,248	209,211	62,985	57,786
Intersegment	8,197	7,482	870	786	1,629	1,349
Total revenue from sales	185,423	174,642	248,118	209,997	64,614	59,135
Cost of sales	(141,402)	(132,943)	(225,914)	(191,787)	(52,768)	(47,916)
Gross profit	44,021	41,699	22,204	18,210	11,846	11,219
Other income	1,808	3,432	2,127	2,389	493	558
Profit before expenses	45,829	45,131	24,331	20,599	12,339	11,777
Operating expenses	(27,077)	(23,947)	(8,709)	(7,746)	(6,779)	(6,143)
Profit before finance costs and income tax expense	18,752	21,184	15,622	12,853	5,560	5,634
Finance costs	(2,086)	(1,460)	(2,763)	(3,388)	(821)	(672)
Profit before income tax expense	16,666	19,724	12,859	9,465	4,739	4,962
Income tax expense	(3,230)	(3,417)	(1,236)	(1,036)	(682)	(866)
Profit after income tax expense	13,436	16,307	11,623	8,429	4,057	4,096
Share of profit (loss) of associates and jointly-controlled entities	539	394	2,795	2,774	(66)	7
Profit for the year	13,975	16,701	14,418	11,203	3,991	4,103
Profit (loss) attributable to:						
Owners of the parent	13,180	16,092	12,461	11,292	3,448	3,587
Non-controlling interests	795	609	1,957	(89)	543	516
	13,975	16,701	14,418	11,203	3,991	4,103

	in million Baht					
	Other		Intersegment		Consolidated SCG	
	Elimination					
	2014	2013	2014	2013	2014	2013
Information from						
income statements						
Revenue from sales						
External customers	86	94	-	-	487,545	434,251
Intersegment	-	-	(10,696)	(9,617)	-	-
Total revenue from sales	86	94	(10,696)	(9,617)	487,545	434,251
Cost of sales	(12)	(43)	10,665	9,593	(409,431)	(363,096)
Gross profit	74	51	(31)	(24)	78,114	71,155
Other income	5,783	6,972	(287)	(210)	9,924	13,141
Profit before expenses	5,857	7,023	(318)	(234)	88,038	84,296
Operating expenses	(2,572)	(2,376)	185	179	(44,952)	(40,033)
Profit before finance costs						
and income tax expense	3,285	4,647	(133)	(55)	43,086	44,263
Finance costs	(1,735)	(2,720)	139	47	(7,266)	(8,193)
Profit before income tax expense	1,550	1,927	6	(8)	35,820	36,070
Income tax expense	431	492	(251)	(176)	(4,968)	(5,003)
Profit after income tax expense	1,981	2,419	(245)	(184)	30,852	31,067
Share of profit of associates						
and jointly-controlled entities	2,848	3,378	(8)	(7)	6,108	6,546
Profit for the year	4,829	5,797	(253)	(191)	36,960	37,613
Profit attributable to:						
Owners of the parent	4,829	5,797	(303)	(246)	33,615	36,522
Non-controlling interests	-	-	50	55	3,345	1,091
	4,829	5,797	(253)	(191)	36,960	37,613

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	
	2014	2013	2014	2013
				(Restated)
Thailand	298,857	280,048	186,047	171,904
China	33,437	19,898	-	-
Indonesia	28,889	26,466	13,407	9,796
Vietnam	28,128	23,264	12,570	12,759
Other	98,234	84,575	12,540	7,497
Total	487,545	434,251	224,564	201,956

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	
	2014	2013
Dividend income from other companies	4,054	4,894
Management fee income	2,143	2,265
Interest income from financial institutions	765	1,038
Gain on disposals of scrap and others	712	705
Rental income and royalty fee income	196	205
Income from penalty/delay payment	83	70
Gain from sales of investments and others	34	2,502
Gain from financial instruments	-	97
Other	1,937	1,365
Total	9,924	13,141

26 Selling expenses

	in million Baht	
	2014	2013
Freight, sales promotion and advertising expenses	15,998	14,584
Other	1,315	1,014
Total	17,313	15,598

27 Administrative expenses

	in million Baht	
	2014	2013
Salary, welfare and personnel expenses	18,862	17,463
Outside wages	1,509	1,270
Depreciation and amortization expenses	1,314	956
Professional fees	1,074	1,022
Supplies, repair and maintenance	1,018	876
Publication	864	1,093
Tax, license fees and others	691	593
Research and development	368	222
Communication and transportation	281	271
Interest cost of employee benefits	224	208
Provision for share certificates compensation case	42	21
Cost of business acquisition	21	45
Other	1,371	394
Total	27,639	24,434

28 Employee benefit expenses

	in million Baht	
	2014	2013
Salaries and wages	29,146	26,900
Welfares and others	3,926	3,325
Contribution to defined contribution plans	1,605	1,460
Contribution to defined benefit plans	638	649
Early retirement expenses	41	83
Total	35,356	32,417

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	
		2014	2013
Interest - Thai Baht loans		7,490	7,188
Interest - Foreign loans		714	509
Interest - Provident funds		14	17
Loss (gain) on exchange rate		(643)	688
		7,575	8,402
Capitalized as cost of construction in progress	13	(309)	(209)
Net		7,266	8,193

30 Income tax

Income tax recognized in profit or loss

	Note	in million Baht	
		2014	2013
Current tax			
Current tax		4,745	5,379
Over provided in prior years		(25)	(172)
		4,720	5,207
Deferred tax			
Movement in temporary differences		248	(197)
Income tax reduction		-	(7)
	15	248	(204)
Total		4,968	5,003

Income tax recognized in other comprehensive income

	Note	in million Baht	
		2014	2013
Actuarial losses		-	(5)
Gains (losses) on remeasuring available-for-sale investments		(412)	1
Total	15	(412)	(4)

Reconciliation of effective tax rate

		2014		2013	
		Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense			41,928		42,616
Share of profit of associates and jointly-controlled entities			(6,108)		(6,546)
			35,820		36,070
Income tax using the Thai corporation tax rate	20		7,164	20	7,214
Tax rates in foreign jurisdictions			7		13
Income not subject to tax			(771)		(1,241)
Tax privileges			(1,445)		(1,287)
Expenses deductible at a greater amount			(160)		(83)
Expenses not deductible for tax purposes and others			363		474
Tax losses			(413)		289
Current tax			4,745		5,379
Over provided in prior years			(25)		(172)
Movement in temporary differences			248		(197)
Income tax reduction			-		(7)
Income tax expense	14		4,968	14	5,003

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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants an order to maintain the corporate income tax rate at 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Group has used a tax rate of 20% in the determining of deferred tax assets and liabilities as at 31 December 2014 and 2013, based upon FAP's clarification in 2012.

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	
	2014	2013
Profit for the year attributable to owners of the parent	33,615	36,522
Weighted average number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	28.01	30.44

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 2014, 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 licences 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 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 Annual General Meeting of the Shareholders of the Company held on 26 March 2014, the shareholders resolved to declare total dividends for the year 2013 at Baht 15.50 per share, totalling approximately Baht 18,600 million. The interim dividend was paid twice at the amount of Baht 8.50 per share to the shareholders entitled to receive the dividends. The interim dividend for the first half of 2013 at Baht 5.50 per share, totalling Baht 6,569 million, was paid on 29 August 2013 and the interim dividend for SCG 100th Anniversary at Baht 3.00 per share, totalling Baht 3,584 million, was paid on 28 November 2013. The final dividend was paid at the amount of Baht 7.00 per share to the shareholders entitled to receive the dividends, totalling Baht 8,374 million, and was paid on 24 April 2014.

At the Board of Directors' Meeting of the Company held on 30 July 2014, the directors approved to pay interim dividend for the year 2014 at Baht 5.50 per share to the shareholders entitled to receive the dividends, totalling Baht 6,581 million and was paid on 28 August 2014.

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 2014					
Current					
Short-term loans to related parties	4.75 - 10.00 LIBOR3M plus 2.15	115	-	-	115
Non-current					
Long-term loans to related party	2.00	-	-	149	149
Total		115	-	149	264
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

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.)	After 1 year			Total
		Within 1 year	but within 5 years	After 5 years	
Year 2014					
Current					
Bank overdrafts and short-term loans from financial institutions	2.05 - 8.25 MOR / MMR LIBOR plus 3.00	12,509	-	-	12,509
Short-term loans from related parties	0.50	90	-	-	90
Long-term loans from financial institutions	2.00 - 7.42 MLR minus (1.75 - 2.50) LIBOR plus (0.1775 - 1.00) EURIBOR plus 0.65 THBFIX plus 1.30	8,115	-	-	8,115
Finance lease liabilities	3.50 - 8.57	24	-	-	24
Debentures	4.00 - 4.50	24,885	-	-	24,885
Non-current					
Long-term loans from financial institutions	2.00 - 7.42 MLR minus (1.00 - 2.50) LIBOR plus (0.325 - 0.70) EURIBOR plus 0.65 THBFIX plus 1.30	-	21,993	2,154	24,147
Finance lease liabilities	3.50 - 8.57	-	72	-	72
Debentures	3.90 - 4.40	-	126,207	-	126,207
Total		45,623	148,272	2,154	196,049

		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 LIBOR 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 - 14.85	843	-	-	843
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 - 14.85	-	460	-	460
Debentures	4.00 - 4.50	-	126,174	-	126,174
Total		33,884	150,477	3,070	187,431

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 financial liabilities are as follows:

	in million Baht					
	Current		Non-current		Total	
	2014	2013	2014	2013	2014	2013
US Dollars	2,107	2,942	6,354	7,343	8,461	10,285
Peso	457	756	219	386	676	1,142
Euro	217	244	435	733	652	977
Dong	620	312	-	-	620	312
Yen	12	17	98	113	110	130
Other	92	83	8	-	100	83
Total	3,505	4,354	7,114	8,575	10,619	12,929

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 close to current market rate, the management believes that as at 31 December 2014 and 2013, 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	
	2014	2013
a) Guarantees on loans of non-consolidated related parties	990	1,252
b) Bank guarantees issued by banks to government, state enterprises and private sectors	1,675	1,366
c) Unused letters of credit	1,104	2,620
d) Commitments		
- for purchase of raw material contracts	96,656	101,031
- for rental and service agreements	3,835	2,070
- for purchasing land, construction and installation of machinery, implementation project and other	27,446	20,676

Commitment for construction and installation of machinery included construction plant in Indonesia, Myanmar and Laos amounted to US Dollars 657 million, equivalent to Baht 22,801 million for the entire project. However, as at 31 December 2014, there has been construction cost occurred totalling US Dollars 233 million, equivalent to Baht 7,675 million (2013: US Dollars 54 million, equivalent to Baht 1,518 million).

- e) Contingent liability for the assessment and others amounted to Baht 141 million (the cases are under the consideration of the Courts) (2013: Baht 141 million), and receiving the notice to adjust net tax losses from the Revenue Department (the cases are under the consideration of the Board of Appeal) of subsidiaries, of which 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. The Company and the plaintiff had each appealed the judgement of the Civil Court to the Appeal Court.

On 29 April 2014, the Appeal Court has made a decision on the case, ordering (i) the ex-employee who committed a tort to return shares of the Company to the plaintiff or to pay the plaintiff the share price at the last trading price of the Company’s shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and (ii) the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly responsible with the ex-employee. Therefore, the Company has recorded the provision for compensation in the consolidated statement of financial position as at 31 December 2014 of Baht 349 million (2013: Baht 307 million). On 23 July 2014, the Company has appealed the judgement of the Appeal Court to the Supreme Court and lodged amendment of the plaintiff’s appellate motion to the Supreme Court on 30 September 2014.

- g) The Group had entered into forward contracts and swap contracts with several local and foreign banks to hedge against the risk from foreign investment, 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	
	2014	2013	2014	2013
US Dollars	226	279	6,729	8,364

The above contracts will be gradually due within April 2020 (2013: due within April 2020).

	in million / in million Baht							
	Contract amount							
	Forward Receivable				Forward Payable			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	2014	2013	2014	2013	2014	2013	2014	2013
US Dollars	483	861	15,970	27,172	176	336	6,000	10,730
Euro	2	14	76	591	61	13	2,632	543
Yen	29	4	8	1	670	1,876	193	596
Other	-	-	81	35	-	-	17	49
Total			16,135	27,799			8,842	11,918

The above contracts will be gradually due within April 2016 (2013: due within December 2014).

- 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 196 million (2013: US Dollars 249 million), whereby exchanging floating interest rates based on LIBOR with fixed interest rates from 2.67% to 4.60% per annum (2013: 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 (2013: US Dollars 213 million) and to swap interest rate into fixed interest rate at 3.86% per annum (2013: fixed interest rate at 3.86% per annum), which has fair value amounting to US Dollars 212 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 77 million, equivalent to Baht 2,566 million (2013: US Dollars 72 million, equivalent to Baht 2,371 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

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 judgement 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 judgement, 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. Later, in July 2014, the Supreme Administrative Court has revoked the temporary suspension of the project. In October 2014, the Group obtained a permit from IEAT and the project is able to operate as normal.

At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

38 Events after the reporting period

- a) On 16 January 2015, the Company has sold its entire 10% stake in Michelin Siam Group Co., Ltd. to Michelin Group of France with the proceeds from sales of Baht 2,329 million and recognizes a net gain after tax totalling Baht 1,485 million.
- b) At the Board of Directors' Meeting of the Company held on 28 January 2015, the directors approved the following matters:
 - 1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2014 at the rate of Baht 12.50 per share. An interim dividend of Baht 5.50 per share was paid on 28 August 2014, 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 23 April 2015. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 25 March 2015.

- 2) To issue 2 new lots of debentures No. 1/2015 on 1 April 2015, not exceeding Baht 30,000 million with one fixed coupon rate until maturity at a market interest rate when issued. The first tranche with three-year maturity in the amount of Baht 15,000 million is to support the operation and investments in 2015. The second tranche with four-year maturity in the amount of Baht 15,000 million is to replace the debentures No. 1/2011 amounting to Baht 15,000 million to be retired for redemption on 1 April 2015. The total amount of the Company's debentures, including these particular lots, will not exceed Baht 166,500 million.
- 3) To submit for approval at the Annual General Meeting of Shareholders, the increase another Baht 50,000 million to be the ceiling of the issuance and offering of debentures, totalling Baht 250,000 million, increasing from the Baht 200,000 million ceiling amount approved at the Annual General Meeting of Shareholders held on 27 March 2013. This is for the purpose of raising fund to support the continued expansion of investment both in Thailand and ASEAN region.
- c) On 28 January 2015, the Group has acquired an additional 50% stake in Prepack Thailand Co., Ltd. (Prepack), a leading producer of flexible packaging products in Thailand, through a share purchase from the existing shareholders. As a result, the Group's ownership was increased from 22% to 72%, at an investment in the amount of Baht 798 million.

39 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

A number of new and revised TFRSs have been issued but are not yet effective and have not been applied in preparing these consolidated financial statements. Those new and revised TFRSs that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRSs early.

TFRSs	Topic	Effective year
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 4 (revised 2014)	Insurance Contracts	2016
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 11 (revised 2014)	Construction Contracts	2015
TAS 12 (revised 2014)	Income Taxes	2015

TFRSs	Topic	Effective year
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners	2015
TFRIC 18 (revised 2014)	Transfers of Assets from Customers	2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2015

TFRSs	Topic	Effective year
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures	2015
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services	2015
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs	2015

The Group 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 consolidated 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 2014, the income statement, the 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 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 2014 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Winid Silamongkol
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
19 February 2015

Statement of financial position

As at 31 December 2014

The Siam Cement Public Company Limited

in thousand Baht			
Assets	Note	2014	2013
Current assets			
Cash and cash equivalents	5	6,543,121	1,725,673
Temporary investments	5	7,969,790	6,984,018
Other receivables	4	4,861,134	2,923,398
Short-term loans to related parties	4	103,593,028	96,940,893
Other current assets		318,222	875,111
Total current assets		123,285,295	109,449,093
Non-current assets			
Available-for-sale investments	5	7,943,563	10,461,246
Investments in associates	6	577,442	572,795
Investments in subsidiaries	6	105,393,991	105,379,788
Other long-term investments	7	3,030,058	3,256,758
Investment properties	8	1,960,249	1,917,213
Property, plant and equipment	9	3,297,191	3,051,846
Intangible assets	10	2,287,072	1,841,433
Deferred tax assets	11	19,120	-
Other non-current assets		319,126	324,305
Total non-current assets		124,827,812	126,805,384
Total assets		248,113,107	236,254,477

On behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

Statement of financial position

As at 31 December 2014

The Siam Cement Public Company Limited

in thousand Baht			
Liabilities and shareholders' equity	Note	2014	2013
Current liabilities			
Short-term loans from financial institutions		-	6,500,000
Other payables	4	463,361	643,690
Current portion of debentures	12	25,000,000	15,000,000
Short-term loans from related parties	4	5,741,944	5,305,541
Accrued interest expense		1,434,460	1,332,894
Income tax payable		12,348	37,897
Other current liabilities		301,663	229,586
Total current liabilities		32,953,776	29,049,608
Non-current liabilities			
Debentures	12	126,500,000	126,500,000
Deferred tax liabilities	11	-	382,653
Employee benefit liabilities	13	549,073	517,972
Other non-current liabilities	4	1,548,264	1,038,189
Total non-current liabilities		128,597,337	128,438,814
Total liabilities		161,551,113	157,488,422
Shareholders' equity			
Share capital			
Authorized share capital	14	1,600,000	1,600,000
Issued and paid-up share capital	14	1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	15	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		73,356,105	64,085,370
Other components of equity		1,329,889	2,804,685
Total shareholders' equity		86,561,994	78,766,055
Total liabilities and shareholders' equity		248,113,107	236,254,477

Income statement

For the year ended 31 December 2014

The Siam Cement Public Company Limited

in thousand Baht			
	Note	2014	2013
Revenues			
Dividend income	4	22,761,885	23,455,486
Intellectual property income	4	3,112,939	2,929,466
Management fees for administration	4	2,418,403	2,226,350
Other income	16	671,461	1,856,954
Total revenues		28,964,688	30,468,256
Expenses			
Administrative expenses	17	(2,488,657)	(2,297,025)
Profit before finance costs and income tax expense		26,476,031	28,171,231
Finance costs	4, 19	(1,861,482)	(3,446,602)
Profit before income tax expense		24,614,549	24,724,629
Income tax expense	20	(384,332)	(285,037)
Profit for the year		24,230,217	24,439,592
Basic earnings per share (in Baht)	21	20.19	20.37

On behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

Statement of comprehensive income

For the year ended 31 December 2014

The Siam Cement Public Company Limited

in thousand Baht			
	Note	2014	2013
Profit for the year		24,230,217	24,439,592
Other comprehensive income			
Losses on remeasuring available-for-sale investments	5	(1,843,496)	(59,470)
Defined benefit plan actuarial gains (losses)	13	(4,815)	483
Income tax on other comprehensive income	20	369,662	11,797
Other comprehensive income for the year, net of income tax		(1,478,649)	(47,190)
Total comprehensive income for the year		22,751,568	24,392,402

Statement of changes in shareholders' equity

For the years ended 31 December 2014

The Siam Cement Public Company Limited

	Note	Issued and paid-up share capital
Balance at 1 January 2013		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	22	-
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
Balance at 1 January 2014		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	22	-
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 2014		1,200,000

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	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
160,000	10,516,000	64,085,370	2,804,685	78,766,055
-	-	(14,955,629)	-	(14,955,629)
-	-	(14,955,629)	-	(14,955,629)
-	-	24,230,217	-	24,230,217
-	-	(3,853)	(1,474,796)	(1,478,649)
-	-	24,226,364	(1,474,796)	22,751,568
160,000	10,516,000	73,356,105	1,329,889	86,561,994

Statement of cash flows

For the year ended 31 December 2014

The Siam Cement Public Company Limited

	in thousand Baht	
	2014	2013
Cash flows from operating activities		
Profit for the year	24,230,217	24,439,592
Adjustments for		
Depreciation and amortization	457,222	140,091
Interest income	(4,790,911)	(4,180,863)
Interest expense	6,075,565	5,496,300
Unrealized loss on foreign currency exchange	32,125	429,754
Dividend income	(22,761,885)	(23,455,486)
Employee benefit expense	44,563	53,615
Income tax expense	384,332	285,037
Gain on sales of assets and others	(27,225)	(790,049)
Profit provided by operating activities before changes in		
operating assets and liabilities	3,644,003	2,417,991
Decrease (increase) in operating assets		
Other receivables	(2,310)	(267,239)
Other current assets	823,589	(4,547)
Other non-current assets	6,322	(13,172)
Net decrease (increase) in operating assets	827,601	(284,958)
Increase (decrease) in operating liabilities		
Other payables	(180,329)	85,717
Other current liabilities	71,252	14,375
Employee benefit liabilities	(17,453)	(11,172)
Other non-current liabilities	530,062	50,599
Net increase in operating liabilities	403,532	139,519
Cash generated from the operations	4,875,136	2,272,552
Income tax paid	(284,717)	(364,157)
Net cash provided by operating activities	4,590,419	1,908,395

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

Statement of cash flows

For the year ended 31 December 2014

The Siam Cement Public Company Limited

	in thousand Baht	
	2014	2013
Cash flows from investing activities		
Interest received	4,774,067	4,208,242
Dividends received	20,362,365	23,485,415
Temporary investments	(993,255)	511,631
Available-for-sale investments	(20,445,889)	(11,582,711)
Investments in associates, subsidiaries and other companies	(61,449)	(15,656,537)
Proceeds from sales and return of investments	21,642,617	12,840,835
Income tax paid from sales of investments	(157,275)	-
Purchases of property, plant and equipment and intangible assets	(1,262,148)	(3,384,485)
Proceeds from sales of property, plant and equipment and intangible assets	95,943	74,932
Loans to related parties	(6,746,337)	(24,327,124)
Net cash provided by (used in) investing activities	17,208,639	(13,829,802)
Cash flows from financing activities		
Borrowings		
Interest paid	(5,962,384)	(5,408,858)
Increase (decrease) in short-term loans from financial institutions	(6,500,000)	6,500,000
Proceeds from (Payments of) short-term loans from related parties	436,403	(207,802)
Proceeds from issuance of debentures	25,000,000	45,000,000
Redemption of debentures	(15,000,000)	(30,000,000)
Net increase (decrease) in borrowings	(2,025,981)	15,883,340
Dividends paid	(14,955,629)	(17,922,013)
Net cash used in financing activities	(16,981,610)	(2,038,673)
Net increase (decrease) in cash and cash equivalents	4,817,448	(13,960,080)
Cash and cash equivalents at beginning of the year	1,725,673	15,685,753
Cash and cash equivalents at end of the year	6,543,121	1,725,673
Supplementary information for cash flows		
Non-cash transactions		
Accrued dividend income	2,604,879	205,359
Outstanding payable from purchases of intangible assets	62,603	124,586

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

Notes to the financial statements

For the year ended 31 December 2014
The Siam Cement Public Company Limited

Note	Contents	Page
1	General information	219
2	Basis of preparation of the financial statements	219
3	Significant accounting policies	221
4	Related parties	230
5	Cash and cash equivalents and other investments	234
6	Investments in subsidiaries and associates	235
7	Other long-term investments	236
8	Investment properties	237
9	Property, plant and equipment	238
10	Intangible assets	239
11	Deferred tax assets (deferred tax liabilities)	239
12	Debentures	241
13	Employee benefit liabilities	241
14	Share capital	243
15	Reserves	243
16	Other income	244
17	Administrative expenses	244
18	Employee benefit expenses	244
19	Finance costs	245
20	Income tax	245
21	Basic earnings per share	246
22	Dividends	247
23	Financial instruments	247
24	Commitments and contingent liabilities	249
25	Capital management	250
26	Events after the reporting period	250
27	Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective	251

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 19 February 2015.

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 annual accounting periods beginning on or after 1 January 2014:

TFRSs	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TIC 15	Operating Leases-Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TIC 32	Intangible Assets-Web Site Costs

The initial application of these new and revised TFRSs has no significant changes in the Company’s accounting policies, calculation method and financial performance or position.

In addition to the above new and revised TFRSs, the FAP has issued a number of new and revised TFRSs which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRSs are disclosed in note 27.

(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:

- available-for-sale financial assets are measured at fair value;
- the present value of the defined 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 5, 6, 7, 8, 9 and 10	Measurement of the recoverable amounts of each asset and cash generating units containing goodwill
Note 11 and 20	Current and deferred tax
Note 13	Discount rate, salary increase rate, employee turnover rate and mortality rate
Note 24	Provisions and contingent liabilities

3 **Significant accounting policies**

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

(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.

In addition, 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) **Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

(d) **Investments**

Investments in associates and subsidiaries

Investments in associates and subsidiaries are accounted for using the cost method.

Investments in other debt and other 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.

(e) 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.

(f) 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, 20 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.

(g) 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 agreements
Software licenses	3, 10 years
Other	10, 25 years

No amortization is provided on assets under development.

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

(h) 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.

Calculation of recoverable amount

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.

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.

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.

(i) Trade and other payables

Trade and other payables are stated at cost.

(j) 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 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.

The calculation is performed by a qualified actuary using the projected unit credit method.

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.

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.

Other long-term employee benefits

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.

The calculation is performed by a qualified actuary using the projected unit credit method.

Short-term employee benefits

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

A liability is 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.

(k) Provisions

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.

(l) Revenue

Revenue excludes value added taxes.

Service fee income

Intellectual property income, management income and service income are recognized on an accrual basis in accordance with the terms of agreement.

Rental income

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.

Interest and dividend income

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.

(m) 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 expenses

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.

(n) 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.

(o) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective 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.

(p) 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 interest and exchange differences on the items covered by the hedge.

4 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		
	2014	2013	Pricing policies
<i>Subsidiaries</i>			
Intellectual property income, management income, services and others	4,811	4,491	Mainly based on percentage of revenue from sales
Dividend income	18,342	18,045	Upon declaration
Interest income	4,291	3,346	Contract rate
Interest expense	60	67	Contract rate
<i>Associates</i>			
Intellectual property income, management income, services and others	537	560	Mainly based on percentage of revenue from sales
Dividend income	417	568	Upon declaration
<i>Other</i>			
Intellectual property income, management income, services and others	310	310	Mainly based on percentage of revenue from sales
Dividend income	3,791	4,508	Upon declaration
Interest expense	-	18	Contract rate

In the income statement for the year ended 31 December 2014, the Company presents finance costs of Baht 1,861 million (2013: Baht 3,447 million), which is comprised of interest expense and financial charges of Baht 6,152 million (2013: Baht 6,793 million) and interest income from related parties of Baht 4,291 million (2013: Baht 3,346 million).

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

Receivables from related parties

	in million Baht	
	2014	2013
<i>Current accounts</i>		
<i>Subsidiaries</i>		
Cementhai Holding Co., Ltd.	2,402	2
Thai Polyethylene Co., Ltd.	539	428
The Concrete Products and Aggregate Co., Ltd.	177	182
The Siam Cement (Ta Luang) Co., Ltd.	106	99
The Siam Cement (Kaeng Khoi) Co., Ltd.	92	95
The Siam Cement (Thung Song) Co., Ltd.	83	80
SCG Chemicals Co., Ltd.	82	100
The Siam Fibre-Cement Co., Ltd.	74	78
Siam Kraft Industry Co., Ltd.	71	74
SCG Cement-Building Materials Co., Ltd.	57	52
SCG Logistics Management Co., Ltd.	52	59
SCG Trading Co., Ltd.	46	50
SCG Cement Co., Ltd.	44	26
Thai Ceramic Co., Ltd.	40	41
Map Ta Phut Olefins Co., Ltd.	38	48
The Siam Cement (Lampang) Co., Ltd.	37	33
SCG Plastics Co., Ltd.	28	27
Siam Mortar Co., Ltd.	27	28
Thai Paper Co., Ltd.	24	25
SCG Paper Public Company Limited	23	30
The Siam Refractory Industry Co., Ltd.	21	23
Other companies	201	286
	4,264	1,866
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	161	151
Other companies	37	46
	198	197
<i>Other</i>		
Michelin Siam Group Co., Ltd.	205	205
Other companies	23	21
	228	226
Total	4,690	2,289

Short-term loans to related parties

	in million Baht	
	2014	2013
Notes receivable		
Subsidiaries		
SCG Chemicals Co., Ltd.	36,930	40,860
The Concrete Products and Aggregate Co., Ltd.	36,486	25,798
The Siam Fibre-Cement Co., Ltd.	14,877	15,319
SCG Paper Public Company Limited	12,248	13,843
SCG Distribution Co., Ltd.	2,662	1,027
Cementhai Ceramics Co., Ltd.	381	-
Siam Eco Energy Business Co., Ltd.	9	-
	103,593	96,847
Short-term loans		
Subsidiaries		
The Siam Cement (Thung Song) Co., Ltd.	-	94
Total	103,593	96,941

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 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	
	2014	2013
Short-term		
At 1 January	96,941	72,573
Increase	35,140	57,056
Decrease	(28,488)	(32,688)
At 31 December	103,593	96,941
Long-term		
At 1 January	-	92
Decrease	-	(92)
At 31 December	-	-

Payables to related parties

	in million Baht	
	2014	2013
Current accounts	137	204

Short-term loans from related parties

	in million Baht	
	2014	2013
Notes payable		
Subsidiaries		
Cementhai Holding Co., Ltd.	3,241	2,849
The Siam Iron and Steel Co., Ltd.	1,305	1,304
Cementhai Captive Insurance Pte. Ltd.	340	292
Property Value Plus Co., Ltd.	282	332
SCG Accounting Services Co., Ltd.	232	218
Bangsue Industry Co., Ltd.	169	166
SCG Learning Excellence Co.,Ltd.	111	21
SCG Legal Counsel Limited	52	37
CTO Management Co., Ltd.	7	40
Cementhai Ceramics Co., Ltd.	-	36
Other companies	3	11
Total	5,742	5,306

Movements during the years on short-term loans from related parties were as follows:

	in million Baht	
	2014	2013
At 1 January	5,306	5,513
Increase	3,205	4,700
Decrease	(2,769)	(4,907)
At 31 December	5,742	5,306

	in million Baht	
	2014	2013
Deferred income for implementation project	454	-

Key management compensation

	in million Baht	
	2014	2013
For the years ended 31 December		
Short-term employee benefits	171	182
Post-employment benefits	8	7
Total	179	189

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.

5 Cash and cash equivalents and other investments

	in million Baht	
	2014	2013
Cash and cash equivalents		
Cash on hand and at banks	6,386	1,599
Highly liquid short-term investments	122	121
Cash (Private funds)	35	6
Total	6,543	1,726
Temporary investments		
Available-for-sale debt securities (Private funds)	7,970	6,984
Total	7,970	6,984
Available-for-sale investments		
Available-for-sale debt securities (Private funds)	4,505	5,178
Marketable equity securities	3,439	5,283
Total	7,944	10,461

As at 31 December 2014, the value of private funds invested by 3 independent assets management companies was totalling Baht 12,510 million (2013: 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 1.99% to 3.90% per annum (2013: 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 2014 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	14,251	15,913	1,662

Movements during the year of net changes in fair value of available-for-sale investments (before tax) were as follows:

	in million Baht	
	2014	2013
Net change in fair value	(1,816)	732
Transfer of gain on net change in fair value to profit or loss	(27)	(791)
Net	(1,843)	(59)

During 2014, 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 2014 amounting to Baht 27 million (2013: Baht 791 million).

6 Investments in associates and subsidiaries

Movements for the years ended 31 December in investments in associates and subsidiaries accounted for using the cost method were as follows:

	in million Baht	
	2014	2013
At 1 January	105,953	90,296
Acquisitions and additional investments	21	15,657
Return of capital	(3)	-
At 31 December	105,971	105,953

Investments in associates and subsidiaries 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							
	2014	2013	At Cost		Accumulated impairment losses		Net		Dividend income	
			2014	2013	2014	2013	2014	2013	2014	2013
SCG Cement-Building Materials	100	100	42,499	42,499	111	111	42,388	42,388	7,199	8,108
SCG Chemicals	100	100	44,084	44,084	-	-	44,084	44,084	8,112	9,444
SCG Paper	98	98	17,162	17,162	-	-	17,162	17,162	769	769
Other	100	100	2,478	2,460	141	141	2,337	2,319	2,679	292
Total			106,223	106,205	252	252	105,971	105,953	18,759	18,613

7 Other long-term investments

	Ownership interest (%)		in million Baht			
	2014	2013	Investment		Dividend income	
			2014	2013	2014	2013
At Cost						
Asia Cement Public Company Limited	10	10	1,119	1,119	47	39
Toyota Motor Thailand Co., Ltd.	10	10	881	881	3,459	4,227
Siam Yamato Steel Co., Ltd.	10	10	401	401	30	-
Finfloor S.p.A.	10	10	299	299	9	-
Siam Toyota Manufacturing Co., Ltd.	4	4	329	289	41	37
Michelin Siam Group Co., Ltd.						
- Cumulative preferred shares	10	10	-	267	205	205
Other companies	-	-	10	10	-	-
Total			3,039	3,266	3,791	4,508
Less accumulated impairment losses			9	9	-	-
Net			3,030	3,257	3,791	4,508

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements as at 31 December 2014 are as follows:

	in million Baht		
	Cost	Interests in carrying amount	Accumulated Impairment losses
	3,039	9,549	(9)
Non-marketable securities			

8 Investment properties

	in million Baht			
	Land and land improvements	Buildings and structures	Construction in progress	Total
Cost				
At 1 January 2013	1,622	156	103	1,881
Additions	-	281	-	281
Transfers in (out)	-	103	(103)	-
At 31 December 2013	1,622	540	-	2,162
Additions	-	76	-	76
Disposals/written-off	(2)	-	-	(2)
Adjustment	2	-	-	2
Transfers to property, plant and equipment	(11)	-	-	(11)
At 31 December 2014	1,611	616	-	2,227
Accumulated depreciation				
At 1 January 2013	105	133	-	238
Depreciation charge for the year	-	7	-	7
At 31 December 2013	105	140	-	245
Depreciation charge for the year	-	19	-	19
Adjustment	2	-	-	2
At 31 December 2014	107	159	-	266
Carrying Amount				
At 31 December 2013	1,517	400	-	1,917
At 31 December 2014	1,504	457	-	1,961

Investment properties were revalued as at 31 December 2014 at open market values on an existing use basis. The appraised value was Baht 3,020 million (2013: Baht 2,652 million)

9 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 2013	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
Additions	89	200	142	5	61	33	530
Disposals/written off	-	(3)	-	-	(10)	-	(13)
Transfers from investment properties	11	-	-	-	-	-	11
Transfers in (out)	193	195	35	-	30	(453)	-
At 31 December 2014	813	2,623	1,021	39	441	52	4,989
Accumulated depreciation and accumulated impairment losses							
At 1 January 2013	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
Depreciation charge for the year	120	88	51	-	36	-	295
Disposals/written off	-	(2)	-	-	(10)	-	(12)
At 31 December 2014	210	985	164	34	299	-	1,692
Carrying amount							
At 31 December 2013	430	1,332	731	-	87	472	3,052
At 31 December 2014	603	1,638	857	5	142	52	3,297

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to Baht 1,218 million as of 31 December 2014 (2013: Baht 1,123 million).

10 Intangible assets

	in million Baht			
	Software licenses	Software licenses development cost	Other	Total
Cost				
At 1 January 2013	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
Additions	130	453	7	590
Disposals/written off	(1)	-	-	(1)
Transfers in (out)	790	(803)	13	-
At 31 December 2014	1,336	726	514	2,576
Accumulated amortization				
At 1 January 2013	83	-	3	86
Amortization charge for the year	61	-	1	62
Disposals/written off	(2)	-	-	(2)
At 31 December 2013	142	-	4	146
Amortization charge for the year	143	-	1	144
Disposals/written off	(1)	-	-	(1)
At 31 December 2014	284	-	5	289
Carrying amount				
At 31 December 2013	275	1,076	490	1,841
At 31 December 2014	1,052	726	509	2,287

11 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, 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	
	2014	2013
Deferred tax assets	351	329
Deferred tax liabilities	(332)	(712)
Net	19	(383)

Movements in total deferred tax assets and liabilities during the years were as follows:

in million Baht			
	At 1 January 2013	Credited (charged) to profit or loss (note 20)	other comprehensive income At 31 December 2013
Deferred tax assets			
Available-for-sale investments	1	-	1
Investments in associates and subsidiaries	53	-	53
Employee benefit liabilities	114	(2)	112
Other	66	97	163
Total	234	95	329
Deferred tax liabilities			
Available-for-sale investments	(713)	-	(701)
Finance lease receivable	(26)	15	(11)
Other	(1)	1	-
Total	(740)	16	(712)
Net	(506)	111	(383)

in million Baht			
	At 1 January 2014	Credited (charged) to profit or loss (note 20)	other comprehensive income At 31 December 2014
Deferred tax assets			
Available-for-sale investments	1	-	1
Investments in associates and subsidiaries	53	-	53
Employee benefit liabilities	112	5	117
Other	163	17	180
Total	329	22	351
Deferred tax liabilities			
Available-for-sale investments	(701)	-	(332)
Finance lease receivable	(11)	11	-
Total	(712)	11	(332)
Net	(383)	33	19

12 Debentures

As at 31 December 2014, the Company had issued unsubordinated and unsecured debentures totalling Baht 151,500 million (2013: Baht 141,500 million) as follows:

Debentures No.	in million Baht		Interest Rate (%p.a.)	Term	Maturity Date	Fair Value *	
	2014	2013				2014	2013
1/2010	-	10,000	3.85	4 years	1 April 2014	-	1,004
2/2010	-	5,000	3.85	4 years	1 October 2014	-	1,015
1/2011	15,000	15,000	4.00	4 years	1 April 2015	1,003	1,018
2/2011	10,000	10,000	4.50	4 years	1 November 2015	1,031	1,022
1/2012	25,000	25,000	4.15	4 years	1 April 2016	1,029	1,021
2/2012	25,000	25,000	4.15	4 years	1 November 2016	1,031	1,020
3/2012	6,500	6,500	4.40	7 years	12 October 2019	1,047	1,006
1/2013	25,000	25,000	4.00	4 years	1 April 2017	1,037	1,003
2/2013	20,000	20,000	4.25	4 years	1 October 2017	1,041	1,013
1/2014	15,000	-	4.00	4 years	1 April 2018	1,042	-
2/2014	10,000	-	3.90	4 years	1 October 2018	1,023	-
Total	151,500	141,500					
Less Current portion	25,000	15,000					
Net	126,500	126,500					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2014 and 2013.

13 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	
2014	2013
Post-employment benefits	
legal severance payments plan	517
Other long-term employee benefits	31
Other employee benefits	1
Total	549

	488
	29
	1
Total	518

Movements in the present value of the defined benefit obligations

	in million Baht	
	2014	2013
For the years ended 31 December		
Defined benefit obligations at 1 January	517	485
Benefits paid	(23)	(11)
Current service costs and interest	49	47
Transfer of employees to subsidiaries	-	(3)
Actuarial losses (gains)		
Recognized in other comprehensive income	5	(1)
Defined benefit obligations at 31 December	548	517

Statements of comprehensive income

Recognized in profit or loss

	in million Baht	
	2014	2013
For the years ended 31 December		
Current service costs	29	28
Interest on obligation	20	19
Transfer of employees to subsidiaries	-	(3)
Total	49	44

Expenses recognized in profit or loss are included in the following;

	in million Baht	
	2014	2013
For the years ended 31 December		
Administrative expenses	49	44

Recognized in other comprehensive income

	in million Baht	
	2014	2013
For the years ended 31 December		
Actuarial losses (gains)	5	(1)

Principal actuarial assumptions at the end of the reporting period

	%	
	2014	2013
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		

14 Share capital

		in million shares / million Baht			
	Par Value (in Baht)	2014		2013	
		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

15 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.

16 Other income

	in million Baht	
	2014	2013
Interest income from financial institutions	495	851
Guarantee fee income	138	173
Income from sales of investments	27	791
Gain on stores sold and others	9	16
Other	2	26
Total	671	1,857

17 Administrative expenses

	in million Baht	
	2014	2013
Salary, welfare and personnel expenses	2,830	2,835
Publication	529	744
Depreciation and amortization expenses	457	139
Outside wages	341	297
Repair and maintenance	254	220
Rent	162	179
Professional fees	161	214
Utility expenses	98	81
Provision for share certificates compensation case	42	21
Tax, license fees and others	27	32
Reimbursed amounts	(2,554)	(2,546)
Other	142	81
Total	2,489	2,297

18 Employee benefit expenses

	in million Baht	
	2014	2013
Salaries and wages	2,126	2,030
Welfares and others	178	156
Contribution to defined contribution plans	159	140
Early retirement expenses	4	4
Contribution		
Defined benefit plans	49	47
Transfer of employees from subsidiaries	-	3
	2,516	2,380
Capitalized as cost of construction in progress	(39)	(51)
Net	2,477	2,329

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.

19 Finance costs

	in million Baht	
	2014	2013
Interest expense -Thai Baht loans	6,088	5,554
Interest expense (income) - Foreign loans	6	(122)
Interest expense (income) - Affiliated companies		
Interest expense - Affiliated companies	60	85
Interest income - Affiliated companies	(4,291)	(3,346)
Loss on exchange rate	30	1,357
	1,893	3,528
Capitalized as cost of construction in progress	(32)	(81)
Net	1,861	3,447

20 Income tax

Income tax recognized in profit or loss		in million Baht	
	Note	2014	2013
Current tax			
Current tax		411	396
Under provided in prior years		6	-
		417	396
Deferred tax			
Movement in temporary differences	11	(33)	(111)
Total		384	285

Income tax recognized in other comprehensive income

	Note	in million Baht	
		2014	2013
Losses on remeasuring available-for-sale investments	11	(369)	(12)
Actuarial losses		(1)	-
Total		(370)	(12)

Reconciliation of effective tax rate

		2014		2013	
		Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense			24,615		24,725
Income tax using the Thai corporation tax rate	20		4,923	20	4,945
Income not subject to tax			(4,551)		(4,691)
Tax privileges			(10)		(3)
Expenses not deductible for tax purposes and others			49		145
Current tax			411		396
Under provided in prior years			6		-
Movement in temporary differences			(33)		(111)
Income tax expense	1.6		384	1.2	285

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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

21 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	
	2014	2013
Profit for the year attributable to ordinary shareholders	24,230	24,440
Weighted average number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	20.19	20.37

22 Dividends

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 Annual General Meeting of the Shareholders of the Company held on 26 March 2014, the shareholders resolved to declare total dividends for the year 2013 at Baht 15.50 per share, totalling approximately Baht 18,600 million. The interim dividend was paid twice at the amount of Baht 8.50 per share to the shareholders entitled to receive the dividends. The interim dividend for the first half of 2013 at Baht 5.50 per share, totalling Baht 6,569 million, was paid on 29 August 2013 and the interim dividend for SCG 100th Anniversary at Baht 3.00 per share, totalling Baht 3,584 million, was paid on 28 November 2013. The final dividend was paid at the amount of Baht 7.00 per share to the shareholders entitled to receive the dividends, totalling Baht 8,374 million, and was paid on 24 April 2014.

At the Board of Directors' Meeting of the Company held on 30 July 2014, the directors approved to pay interim dividend for the year 2014 at Baht 5.50 per share to the shareholders entitled to receive the dividends, totalling Baht 6,581 million and was paid on 28 August 2014.

23 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	Total
Year 2014			
Current			
Short-term loans to related parties	4.75	103,593	103,593
Total		103,593	103,593
Year 2013			
Current			
Short-term loans to related parties	4.75	96,941	96,941
Total		96,941	96,941

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

	Effective interest Rate (% p.a.)	in million Baht			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2014					
Current					
Short-term loans from related parties	0.95	5,742	-	-	5,742
Debentures	4.00 - 4.50	25,000	-	-	25,000
Non-current					
Debentures	3.90 - 4.40	-	126,500	-	126,500
Total		30,742	126,500	-	157,242
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

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

The Company 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 contracts, Cross currency swap and Interest rate swap to hedge the foreign exchange rate and interest rate risks as discussed in note 24.

Fair value

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates close to current market rate, the management believes that as at 31 December 2014 and 2013, 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 12).

24 Commitments and contingent liabilities

As at 31 December, the Company had:

	in million Baht	
	2014	2013
a) Guarantees on loans of related parties	14,044	16,889
b) Bank guarantees issued by banks to government, state enterprises and private sectors	480	475
c) Commitments for office buildings 3, improvement of parking and office building and implementation project	358	580
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 judgement 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. The Company and the plaintiff has each appealed the judgement of the Civil Court to the Appeal Court.

On 29 April 2014, the Appeal Court has made a decision on the case, ordering (i) the ex-employee who committed a tort to return shares of the Company to the plaintiff or to pay the plaintiff the share price at the last trading price of the Company’s shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and (ii) the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly responsible with the ex-employee. Therefore, the Company has recorded the provision for compensation in the statement of financial position as at 31 December 2014 of Baht 349 million (2013: Baht 307 million). On 23 July 2014, the Company has appealed the judgement of the Appeal Court to the Supreme Court and lodged amendment of the plaintiff’s appellate motion to the Supreme Court on 30 September 2014.

- e) The Company had entered into forward contracts with several local banks amounting to US Dollars 400 million, equivalent to Baht 13,240 million (2013: US Dollars 693 million, equivalent to Baht 21,749 million), to hedge against the risk in exchange rates from its cash flows of commercial transactions to the Group of SCG. The contracts will be gradually due within November 2015 (2013: due within December 2014).
- f) 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 (2013: US Dollars 213 million) and to swap interest rate into fixed interest rate at 3.86% per annum (2013: fixed interest rate at 3.86% per annum), which has fair value amounting to US Dollars 212 million.
- g) The Company had entered into commodity swap contracts with various local banks and foreign banks amounting to US Dollars 11 million, equivalent to Baht 380 million, to hedge the risk of price changes to the Group of SCG.

25 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.

26 Events after the reporting period

- a) On 16 January 2015, the Company has sold its entire 10% stake in Michelin Siam Group Co., Ltd. to Michelin Group of France with the proceeds from sales of Baht 2,329 million and recognizes a net gain after tax totalling Baht 1,485 million.

- b) At the Board of Directors’ Meeting of the Company held on 28 January 2015, the directors approved the following matters:
 - 1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2014 at the rate of Baht 12.50 per share. An interim dividend of Baht 5.50 per share was paid on 28 August 2014, as discussed in note 22. 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 23 April 2015. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 25 March 2015.
 - 2) To issue 2 new lots of debentures No. 1/2015 on 1 April 2015, not exceeding Baht 30,000 million with one fixed coupon rate until maturity at a market interest rate when issued. The first tranche with three-year maturity in the amount of Baht 15,000 million is to support the operation and investments in 2015. The second tranche with four-year maturity in the amount of Baht 15,000 million is to replace the debentures No. 1/2011 amounting to Baht 15,000 million to be retired for redemption on 1 April 2015. The total amount of the Company’s debentures, including these particular lots, will not exceed Baht 166,500 million.
 - 3) To submit for approval at the Annual General Meeting of Shareholders, the increase another Baht 50,000 million to be the ceiling of the issuance and offering of debentures, totalling Baht 250,000 million, increasing from the Baht 200,000 million ceiling amount approved at the Annual General Meeting of Shareholders held on 27 March 2013. This is for the purpose of raising fund to support the continued expansion of investment both in Thailand and ASEAN region.

27 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

A number of new and revised TFRSs have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRSs that may be relevant to the Company’s operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Company does not plan to adopt these TFRSs early.

TFRSs	Topic	Effective year
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 4 (revised 2014)	Insurance Contracts	2016
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015

TFRSs	Topic	Effective year
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 11 (revised 2014)	Construction Contracts	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners	2015
TFRIC 18 (revised 2014)	Transfers of Assets from Customers	2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2015
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015

TFRSs	Topic	Effective year
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures	2015
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services	2015
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs	2015

The Company has made a preliminary assessment of the potential initial impact on the 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.

21. REFERENCES

Registrars	Thailand Securities Depository Company Limited
Address	The Stock Exchange of Thailand Building 1 st Floor, 62 Ratchadapisek Road, Klongtoey, Bangkok 10110
Tel.	66-2229-2800
Fax	66-2359-1259
e-mail	contact.tsd@set.or.th
Website	www.tsd.co.th
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Trustee of Debenture Holders	TMB Bank Public Company Limited
Address	3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok 10900
Tel.	66-2299-1111
Fax	66-2990-6010
Website	www.tmbbank.com



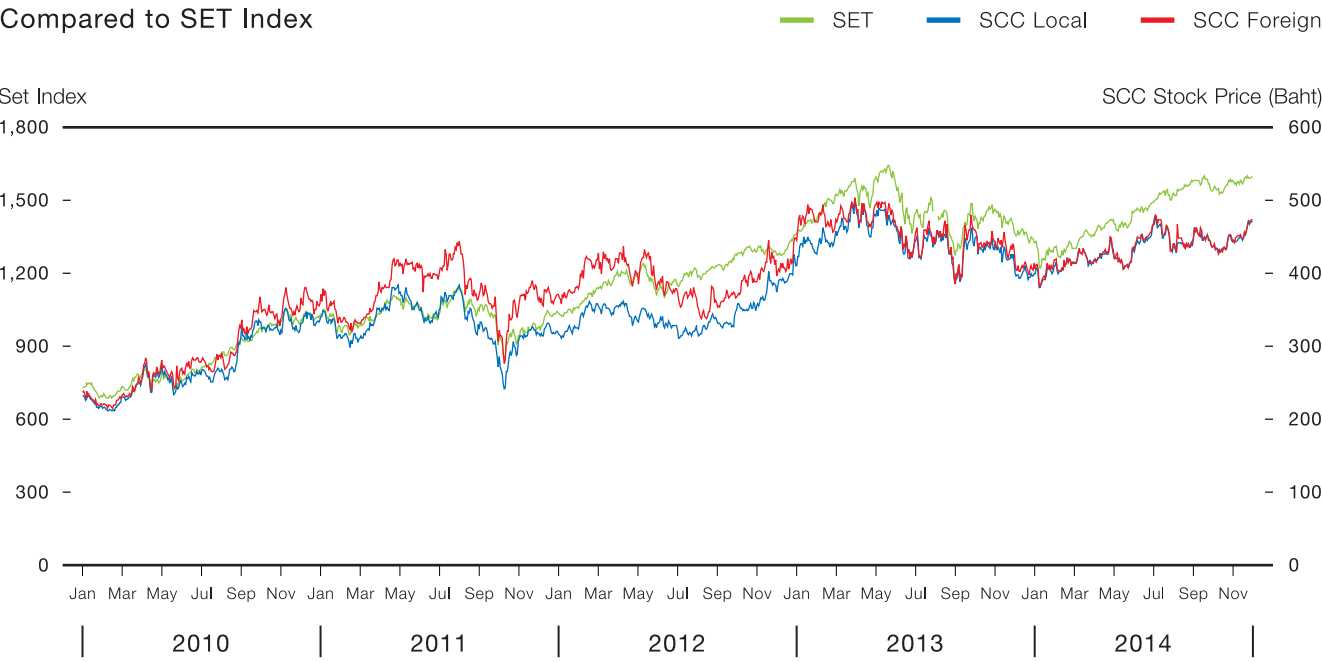
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22. INVESTOR INFORMATION

Stock Code	SCC (Listed on the Stock Exchange of Thailand - SET)
Registration No.	0107537000114
Type of Business	Holding company
Website	www.scg.co.th
Year of Establishment	1913
First Trade Date	April 30, 1975
Headquarter Address	1 Siam Cement Road, Bangsue, Bangkok 10800
Registered Capital	1,600 Million Baht
Paid-up Capital	1,200 Million Baht
Par Value	Comprised of 1,200 Million ordinary shares 1 Baht par value
Preferred Share	None
Fiscal Year	January 1 - December 31 of each year
Shareholders	The Crown Property Bureau Group holds approximately 31.6% of shares while the remaining shares are held by other institutional and individual shareholders

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5 YEARS SHARE PRICES (2010 - 2014)





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