

Annual Report 2014

Siam City Cement Public Company Limited

Commitment to Sustainable Development





Annual Report
2014

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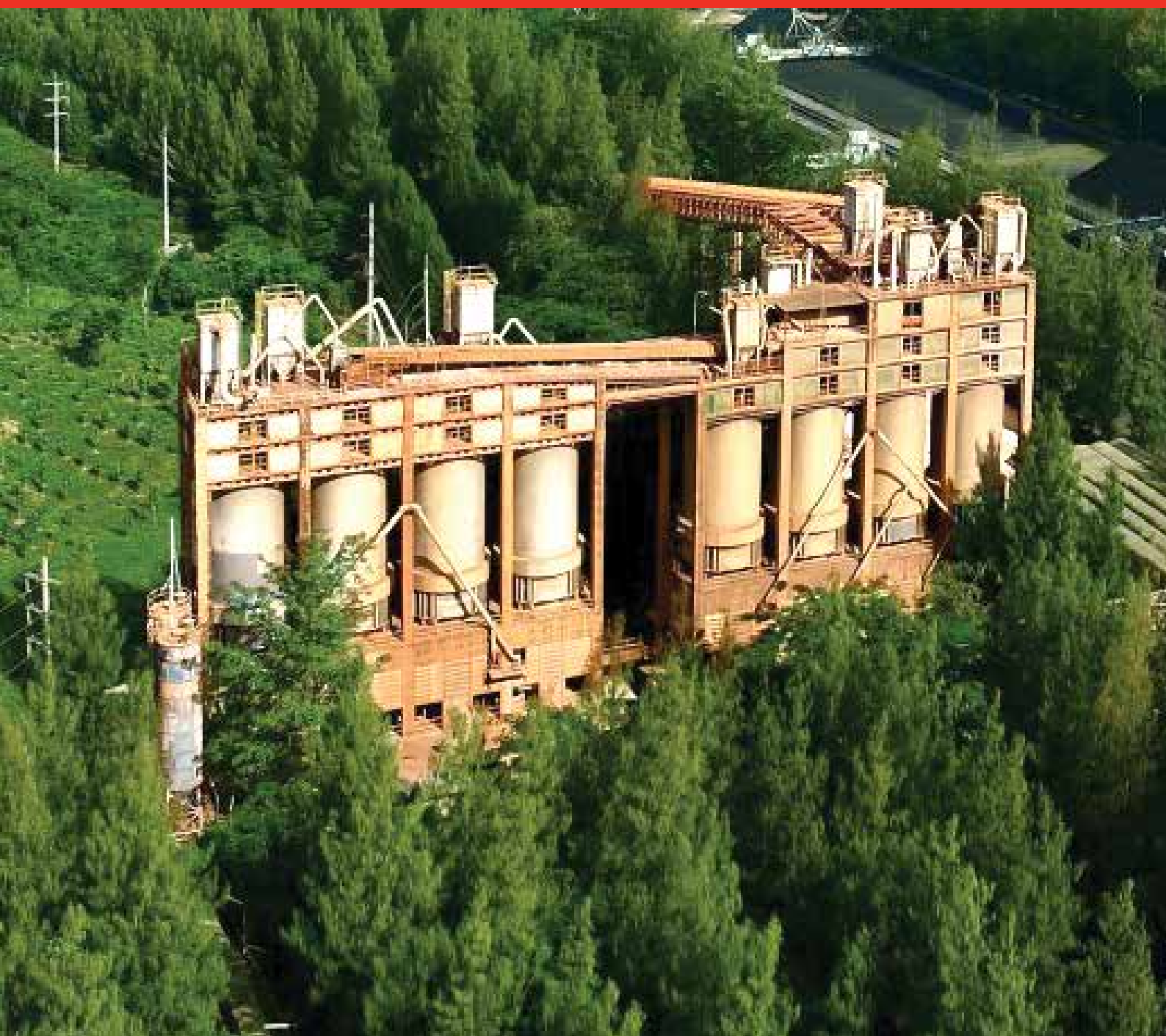
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Commitment to Sustainable Development





Report of the Board of Directors

During 2014 Thailand experienced a changed political environment and challenging business conditions both domestically as well as globally. Siam City Cement Public Company Limited (or INSEE), however, has weathered these uncertainties and recorded highly successful financial results, which can be attributed to our management's inspiring performance. Also, outstanding were INSEE's employees who lived up to their potential by their untiring efforts to ensure effective teamwork. Their work culture accumulated from the experience of past years led to our Group's increased performance. For this, we are greatly indebted to our employees. INSEE management has exhibited an effective leadership role which performed well when combined with our employees' work passion. Throughout the year, INSEE team initiated a myriad of constructive projects to improve or transform our business and our operations to higher levels. Examples of improvement can be seen in the quality in our cement plant in Saraburi. Improving efficiencies are as much a daily call-of-duty as is bringing down costs. Our leadership team also created a massive year-long program called "Good-to-Great" that addressed every performance parameter and involved every level of our Group, from shop floors to the leadership team where pride and passion became the key drivers. This journey continues with a number of Power Teams, which help lead us to consecutive innovative improvements.

Importantly, another initiative started out from the compliance requirements in our environmental performance. Our teams went above expectations after the INSEE Sustainable Development Roadmap was put in place in previous years. The achievement of the targets again required the mobilization of ideas from across the INSEE Group, and such ideas were collected through INSEE's Green Heart Campaign. We are proud that our team could finally bag the

"Green Industry - Level 5: Green Network" Award from the Ministry of Industry in 2015 as the first and only Thai cement producer to achieve this for all its factories.

While we have made significant strides, a long journey is still ahead of our INSEE Group in order for it to remain relevant and successful in the emerging competitive environment which will evolve around the ASEAN Economic Community (AEC) region. A major decision was taken in early 2014 when the Board of Directors endorsed to implement a new state-of-the-art technology platform built around SAP Hana which will allow integration of the best globally available technologies and applications on a mobile and real-time basis, and which will provide our employees with more unique opportunities to create innovative solutions when competing for business and working with our customers and our vendors. The INSEE Group will certainly provide a very inspiring technology-driven work environment, which today is a pre-condition to attract the best of talents in the market.

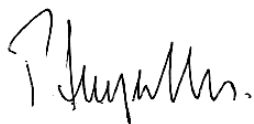
Looking toward 2015 as we face intense competition in the market place, there will be a change in our shareholder structure. We shall see a winding down process of Holcim's Siam City Cement Public Company Limited Shareholding. The process will be completed after the 1st quarter of 2015 based on Holcim's new investment policy, which is to divest its minority positions in various companies including its stake in INSEE. This divestiture is due to Holcim's "too light to own" principle and the forthcoming merger between Holcim and Lafarge, two of the world largest cement producers. We are grateful to Holcim for the many years of their support and guidance in building the strong foundation we have today, and we look forward with confidence that our INSEE Group, standing on its

strength after a long build up, will not only master the fiercely competitive business environment, but also will rise to new heights and prosperity counting on the commitment and passion of our employees as the journey continues. In support of this ambition, the Board has a firm policy about our strategies and business practices with the intention to have a strong commitment to the principles of sustainable development and good governance as well as good corporate social responsibility. It is our aspiration to see our INSEE Group evolving as a role model in Thailand for its corporate values, its employees, its performance and ultimately its contribution to the community and Thai society as a whole. INSEE intends to instill pride to all who are part of the INSEE family.

Finally, we wish to sincerely thank all our stakeholders, our management, our employees, and communities for their valued commitment and relentless support of our INSEE Group's operation while we are expanding our business to a wider horizon.



Mr. Veraphan Teepsuwan
Chairman



Mr. Paul Heinz Hugentobler
Vice Chairman



Mr. Veraphan Teepsuwan
Chairman



Mr. Paul Heinz Hugentobler
Vice Chairman



Mr. Chachchon Ratanarak
Director



Mr. Vanchai Tosomboon
Director



Ms. Nopporn Tirawattanagool
Director



Mr. Pongpinit Tejagupta
Director



Mr. Harald Link
Independent Director



Mr. Pradap Pibulsonggram
Independent Director



Mr. Somboon Phuvoravan
Independent Director



Mr. Ian Thackwray
Director



Mr. Vorathep Rangchaikul
Director & CEO



Ms. Chantana Sukumanont
Advisor to the Company



Mr. Veraphan Teepsuwan
Chairman

Mr. Paul Heinz Hugentobler
Vice Chairman

Mr. Chachchon Ratanarak
Director

Mr. Vanchai Tosomboon
Director

Ms. Nopporn Tirawattanagool
Director

Mr. Pongpinit Tejagupta
Director



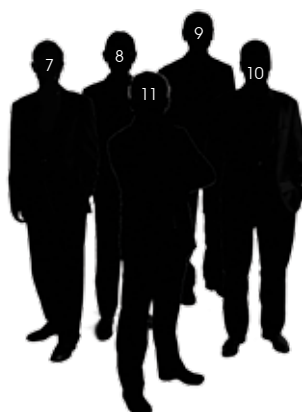
Mr. Harald Link
Independent Director

Mr. Pradap Pibulsonggram
Independent Director

Mr. Somboon Phuvoravan
Independent Director

Mr. Ian Thackwray
Director

Mr. Vorathep Rangchaikul
Director & CEO



Report of the Executive Committee



Mr. Vorathep Rangchaikul
Director & CEO



Mr. Chandana Liyanage
Senior Vice President
(Finance & Controlling)



Mr. Siva Mahasandana
Senior Vice President
Saraburi Operations



Mr. Tasporn Chantree
Senior Vice President
People and Organizational
Performance

The uncertainties arising from the political and business situation in Thailand since the third quarter of 2013 has resulted in a slowdown of the construction industry that continued well into 2014. Consequently, domestic cement sales have declined by 2.8 percent when compared to the 2013 figure.

However, despite all the odds, Siam City Cement Public Company has continued to grow from strength to strength throughout the year. The net sales growth of 6.4 percent for the year was achieved through higher exports and business expansion into key building material segments.

The net profit also showed significant improvement of 6.0 percent driven by stable production cost attributable to scale benefits from increased production and favorable coal prices in addition to some key energy

savings initiatives. Although productivity improvement across the company, SCCC continued to be challenged by the continuous increase of electricity tariff rates; especially the Fixed Tariff (FT) rate in 2014.

It is expected that the market situation in 2015 will improve as political and business climates revive business confidence among the private sector. However, the government-endorsed major transportation infrastructure projects, namely the dual-track,

high-speed trains and road expansions, may not be up to full-stream within 2015, but it is likely that the announcements of the projects will spur private investment in peripheral projects within the year.

For SCCC, it is expected that its affiliated lines of businesses, such as Siam City Concrete, INSEE Superblock, INSEE Mortar, INSEE Aggregates, Geocycle and Conwood plants in both Thailand and Indonesia, will continue to increase their contribution to the group's bottom line.

On our drive to ensure a safer environment for generations to come, SCCC has embarked on several projects that would ultimately lead to better quality of life for all. A project that we are all very proud of was the achievement of the "Green Industry Level 5: Green Network Award (GI5)" bestowed by the Ministry of Industry. Prior to achieving GI5, SCCC won the "Carbon Footprint Reduction Label (Gold Label) certification by the Ministry of Natural Resources and Environment – being the first ever Thai cement company to be thus certified by Thailand Greenhouse Gas Management Organization (TGO).

Despite all the challenges that lie ahead, the INSEE family, its management team and all employees are determined to ensure that the Company will continue to be successful and be recognized as one that cares deeply for its employees, community, environment and society at large.

Vorathep Rangchaikul
Director & CEO

Key Figures

	2014	2013	2012
Production Capacity (Million)			
Clinker (tons)	12.3	12.3	12.3
Cement (tons)	14.5	14.5	14.5
Mortar (tons)	0.6	0.5	0.5
Lamination (tons)	0.2	0.1	0.1
Million Baht			
Net sales	31,862	29,949	26,427
Operating EBITDA	7,561	7,162	5,570
EBITDA	7,936	7,420	5,876
Operating profit	6,308	5,996	4,421
Net profit attributable to equity holders	5,082	4,796	3,636
Cash flow from operating activities	6,009	6,472	4,251
Investments in property, plant and equipment - net	3,281	4,924	1,732
Total assets	35,517	33,454	28,002
Net financial debt	5,344	4,458	2,911
Total shareholders' equity	20,903	19,244	17,652
Margin (%)			
Operating EBITDA	24%	24%	21%
EBITDA	25%	25%	22%
Operating profit	20%	20%	17%
Net profit attributable to equity holders	16%	16%	14%
Cash flow from operating activities	19%	22%	16%
Financial Ratios			
Earnings per share (Baht)	22.10	20.85	15.81
Gross dividend per share (Baht)	15.10 ¹	15.00 ¹	13.00 ¹
Dividend payout ratio on net profit (%)	68%	72%	82%
Gearing (%)	26%	23%	16%
Total liabilities to total assets (%)	41%	42%	37%
Return on assets (%)	19%	20%	17%
Return on shareholders' equity (%)	25%	26%	21%
Owned Personnel			
Group	4,194	3,510	3,174
Cement	2,299	2,190	2,089

¹ Proposed by the Board of Directors



Company History

The company was founded on 16 May 1969 as Siam City Cement Company Limited with the initial registered capital of 100 million baht. After completion of the cement plant in Saraburi Siam City Cement Company Limited started cement production in 1972.

After five years of continuously successful operation, the company proudly became a listed company in the Stock Exchange of Thailand in 1977. Ultimately, the Company was officially renamed “Siam City Cement Public Company Limited” in 1993 to reflect new being a fully listed company in Thailand’s stock exchange.

In 1981, the Company’s Saraburi plant was the first in the Thai cement industry to substitute imported bunker oil which was used as fuel in cement production with domestically sourced lignite coal, resulting in significant savings of its fuel cost. In 1989 with a view to reduce the electricity cost which represents a major cost of the cement production, the company became the first cement producer in Southeast Asia to introduce a waste heat recovery system, which captured exhaust heat from the cement kilns to be reused in the production of electricity for its own production processes.

A new chapter is turned over in 1998 when Holcim Limited of Switzerland became a shareholder and strategic partner. In 1999, after completing debt restructuring and refinancing, the company increased its capital to 3 billion baht, from which the proceeds

were used to upgrade its production facilities, improve quality and operational efficiency as well as develop and introduce new products to the market.

On 21 December 2012, a change in the shareholding structure occurred when Holcim Limited through their subsidiaries Thai Roc-Cem Company Limited and HOLDERFIN B.V. sold their holdings in the amount of 21,390,000 shares in aggregate, representing 9.3 percent of the issued and outstanding share capital of the company, to Bangkok Broadcasting and Television Limited, a company in the Ratanarak Group. As a result, the proportion of the Ratanarak Group shareholding increased to 104,360,272 shares (or approximately 45.37 percent) of the issued and outstanding share capital.

In 2013, the company acquired from Superblock Plc. its light-weight block plant in Singburi Province.

In 2014, the Company became the first cement manufacturer in Thailand to be awarded the Carbon Footprint for Product (CFP) and Carbon Footprint Reduction labels from the Thailand Greenhouse Gas Management Organization (TGO). Moreover, the Company also received the Green Industry Level 5 (Green Network) Award for all of its plants, which is the highest award provided by the Ministry of Industry. This makes Siam City Cement Public Company Limited the first company in the Thai cement industry to have Green Industry Level 5 certification for all of its cement manufacturing facilities.



Corporate Vision, Corporate Mission, Core Values and Corporate Fundamental Goals

Corporate Vision

To Provide Foundations for Society's Future

Corporate Mission

To increase value to all stakeholders by providing the best cement and concrete solutions, achieving above industry profitability through quality, service and innovation

Core Values

At Siam City Cement, We Deliver

Corporate Fundamental Goals

To be preferred.....

by customers:

To provide the best solutions on cement, aggregates and related products, and to support their success

by community:

To be socially responsible and environmentally conscious within communities and society, and to provide support with sustainable solutions

by business partners:

To collaborate with all stakeholders to grow business opportunities together

by employees:

To develop strong skills, reward high performance, and promote passion for people, customer service and excellence



Growth strategy and key developments

Even though the Thai economy slowed in 2014, the Company expected that the construction material market still has the potential to grow in the long term. This was due mainly to the government investment in infrastructure projects. In terms of regional markets, growth will also be supported by the rapid economic expansion, especially in the neighboring countries such as Cambodia, Myanmar, and Laos. These emerging countries are in need of construction materials not only to fulfill their basic infrastructure development, but also to support the residential and non-residential demand to prepare for the upcoming AEC in 2015. To capture these opportunities and achieve a sustainable business growth, SCCC group had strategies both in geographical expansion and diversification in cement, as well as in synergized building materials through the subsidiaries.

In 2014, the Company successfully reactivated its mothballed Kiln No. 1 at Saraburi and added 1.2 million tons of clinker production capacity. Further clinker and cement production capacity expansion in Thailand and in Southeast Asia are in the pipeline and are currently under in-depth feasibility studies. In order to support the mid to long term demand growth in the region as well as to enhance our cost competitiveness, we plan for our first cement kiln outside Thailand to be achieved around 2018, and in the meantime, the company has invested in cement grinding capacity upgrades with the objective not only to increase grinding capacity but also to reduce electrical energy consumption. Similarly, investment on the capacity upgrade of existing Kilns together with the installation of the Waste Heat Recovery

system are being planned. To further enhance the performance of our cement in various applications, the enhanced quality clinker were successfully developed and produced, allowing SCCC to offer high performance cement for the demanding applications, including concrete products (CPM) and ready-mixed concrete (RMX).

Moreover, the Company has expanded its INSEE Mortar cement production by adding Production Line No. 3 in 2014 which has increased its total capacity to 0.75 million tons in 2015. With our target of achieving higher market share, the establishment of Production Line No. 4 is also being planned. In the past year, INSEE Mortar has also developed a number of new products such as tile adhesive, skim coat mortar, and rigid water-proofing mortar, etc. All these new products were introduced to the market together with services, delivering application solutions for the customers.

Growing along with INSEE Mortar business, INSEE Superblock expanded its production capacity and sales of lightweight block after acquiring the second lightweight block production facilities in Ratchaburi at the end of 2013. The acquired facilities then underwent comprehensive improvement and commenced operation at full capacity in 2014. With higher production capabilities, INSEE Superblock was able to launch more valuable products into the market such as wall panels, lintel, and panel applications.

On SCCC's ready-mixed concrete (RMX) business, Siam City Concrete Company is currently under rapid expansion through expanding its own plant network, acquiring production units from local players, and through franchising. In 2014, the number of



Siam City Concrete Company's own RMX plants were expanded to 100 units, and is expected to reach 130 units by 2017 with nationwide coverage. In parallel, increasing sales to the Large Infrastructure Project (LIP) and developers were key drivers for business growth. In addition, the development of Value Added Solution (VAS) started in 2014 which emphasizes the Company's plan to incorporate sustainable solutions for our RMX users. A number of VAS products were introduced in 2014, including FloorCrete, SpeedCrete, Minimix, and LightCrete (i.e. wall solution).

As the production of RMX increases, securing supply of high quality aggregates which is key raw material becomes more critical. In 2014, the Company started operations of its new sand pit in Angthong and plans to start 5 more rock and sand operations in central Thailand by 2018.

Conwood, a subsidiary active in fibercement specializing in decorative products for architectural design both for exterior and interior uses, is also expanding its operation internationally. The first production line in Indonesia with the capacity of 56,000 tons per annum was commissioned during mid-2014. With the plan to establish a new Production Line (No. 4) with a capacity at 45,000 tons per annum in Saraburi, as well as to restructure its international organization, Conwood's strategy will be strengthened. The higher production capability will enable Conwood to expand its export activities in AEC, India, and Middle East. Products and Solution adding value to customers, such as Deck T-Lock with color-finish, Decorative Modern Panels, and Door Frames were also introduced in 2014.

To continue building up its waste management business focusing on professional industrial waste management (IW), the company has established a new transfer station located in Hemaraj Industrial Estate, Chonburi, under its subsidiary, Energy and Environment Services Company Limited (EES). The mission of this transfer station is to collect and produce high quality RDF (refuse derived fuel) from industrial waste for co-processing in cement kilns. Moreover, the Company's existing waste management platform in Saraburi is being upgraded to manage 1 million tons of industrial waste by 2018.

In the near future, the Company expects to strengthen its competitive position and to create growth opportunities with digital technology. Therefore, the Company has proactively invested over a billion baht to implement a state-of-the-art IT platform via the INSEE SMART project. The first phase is expected to be completed in 2015, followed by further development to be completed through 2017. In order to sustain higher digital capabilities and knowledge, the company has established a new subsidiary named INSEE Digital which will leverage acquired knowledge to provide IT services our business partners.

As people are the key drivers for business growth, the Company is implementing a number of projects to improve the organization's capabilities to develop people, for example, the enhancement of functional competency with local and international training programs and implementing knowledge arrangement system. This is to ensure that SCCC will be ready for further business expansion in both short and long term.



Major Construction Projects & Value Added Solutions

Major Construction Projects

Prukha Precast (Nawanakorn)

SCCO has been trusted by Prukha Real Estate PCL. in the production of ready-mixed concrete amounting to 1,000,000 cubic meters, over 11-year total contract period for their Precast Factory No. 6 and No.7. SCCO has successfully set up two new ready-mixed plants with maximum capacity of 100m³/hr which were designed as a closed system to enhance environmental control. These plants are considered one of the most modern plants in Thailand and are very well equipped to serve continuous concrete demand of Prukha.

PTT LNG Project

PTTLNG Company Limited (PTTLNG), as wholly owned by PTT Public Company Limited, Thailand's national oil and gas company, decided to build and operate Thailand's first LNG Receiving Terminal. Located in Rayong, this PTT LNG project is worth approximately 25 billion baht. INSEE concrete has been entrusted by IHI Corporation, a world-renowned main contractor from Japan, to be their ready-mixed concrete supplier to serve approximately 81,000 cubic meters.

The Promenade Phase 2

The Promenade Phase 2 Project which is the first hybrid lifestyle mall with the addition of 3 floors and 10-storey car park valued at 1.4 billion baht, and built by Ritta company limited where INSEE concrete service supply 15,000 cubic meters over a 10 acre area. We have delivered concrete continuously since commencing the construction in July 2014 for the period of 15 months.

Rayong Institute of Science & Technology

Rayong Institute of Science & Technology comprises two projects. The first is the establishment of the Institute of Higher Education and Science School. The PTT Eastern Phase 1 Group of the Institute of Science and Technology, Rayong (RAIST) Project consists of 23 buildings worth 1.35 billion baht with a construction period of 14 months. The second project is the establishment of the Institute of Higher Education and Science School. The PTT Eastern Phase 1 Group of the Science Schools (RASA) Project includes 13 buildings worth approximately 545 million baht with a construction period of 12 months. INSEE concrete service supply 76,900 cubic meters construction for the above executed by Ritta company limited.

MRT Red Line (Bangsue – Rangsit)

The MRT Red Line project is aimed to serve transportation demand between Bangsue and Rangsit and is constructed by Italian-Thai Development PCL at which requires ready-mixed concrete of 700,000 cubic meters supplied by INSEE concrete service (a total budget of 21.235 billion baht). The project construction period is from October 2013 to the end of 2015. The MRT Red Line will be ready to operate in 2017.



Value Added Solutions (VAS)

Throughout 2014, Siam City Concrete (SCCO) continued to emphasize its Value Added Solution (VAS), which presently accounts for approximately 20 percent of the total concrete volume of SCCO. Out of the 11 VAS available in the market, extra focus has been placed on the development and implementation of INSEE Burnish Floor, as part of the INSEE Floor Solution.

Targeted for the premium industrial floor segment, INSEE Burnish Floor combines specially designed concrete using high technology equipment and application techniques.

INSEE Burnish Floor Solution not only provides its targeted customers with valuable concrete floor properties, i.e. high abrasive resistance surface and crack reduction, but also floor flatness and levelness in compliance with international standard, as well as aesthetic finishing. Moreover, utilization of the high technology equipment affords higher productivity compared to conventional working methods.

Additionally, INSEE FloorCrete (concrete for industrial floor) remains in focus and trusted by customers in the warehouse and factory segment, such as Makro.

Example of projects that have been completed with INSEE Burnish Floor and INSEE FloorCrete include:

1) Klintpact Factory	9,920	m2 Floor area
2) Yan Wor Yun Factory	11,700	m2 Floor area
3) Makro Mahachai	7,838	m2 Floor area
4) Makro Talang	9,144	m2 Floor area
5) Makro Kallapapruek	4,414	m2 Floor area

In addition to pre-sales influencer approaches to market its Floor family, SCCO successfully organized the INSEE High Quality Floor Seminar, sharing best floor concrete and application practices to engineers and project managers in the industrial segment.

Going into 2015, Value Added Solution will still be one of the key drivers for SCCO. The emphasis will remain on further driving the INSEE Floor Solution into the targeted market segment. Furthermore, the development of the INSEE Wall Solution to provide high productivity lightweight wall system and installation is nearing completion with the first project reference expected in the near future.



SCCC achieves the highest 'Green' accolade for industry





It was an auspicious date on July 21, 2014, when Siam City Cement Public Company Limited became the first Thai cement producer whose three cement factories received from the Ministry of Industry the “Green Industry – Level 5: Green Network” Award in recognition for extending the Green practices throughout the Company’s entire supply chain network.

Ever since Thailand, as represented by the Ministry of Industry, has committed itself to Sustainable Development under the Johannesburg Declaration on Sustainable Development (JDSD) in 2002, as well as the Manila Declaration in 2009, the Ministry drew up the industry development strategies for environment and society and has proactively taken action to enhance and promote the industry’s sustainable growth.

Thus, the Ministry of Industry’s moves fit in perfectly well with Siam City Cement Public Company Limited’s long-term determination to become one of Thailand’s leaders in terms of sustainable development and an environmentally-sound manufacturing entity.

The Ministry’s initial two-prong directions are:

1. To propose guidelines and work out concretely the Green Industry project in order that it can be carried out systematically
2. The integration of all environmental projects from all sectors of the Ministry under the main umbrella of the Green Industry project

With the Green Industry driving force based on industrial organizations’ willingness to conduct a community-friendly and environmentally-friendly business for sustainable development, the five levels of the Green Industry Award were devised, starting from simple (Level 1) to the most complex (Level 5):

Level 1: “Green Commitment” – Committed to reducing the environmental impact, and successfully communicated the commitment within the organization.

Level 2: “Green Activity” – Implemented projects to reduce the impact on the environment, and fulfilling the set commitments.

Level 3: “Green System” – Implemented a system of environmental management complete with assessments, reviews and continuous improvement. Included are the environmental award wins and established environmental standards.

Level 4: “Green Culture” – Implies that everyone in the organization cooperated. The organization and facilities are very environmentally friendly in all aspects of the operations and being ‘Green’ has become a part of the corporate culture.

Level 5: “Green Network” – Implies the ‘Green’ expansion throughout the network and the supply chain, as all business partners are encouraged to be Green Industry certified.

Siam City Cement, being a long-time active practitioner of the environmentally sound industry with its own



stringent standards automatically qualified for Green Industry – Level 1 (Green Commitment) and Level 2 (Green Activity). Further, the Company was awarded ISO-14001 Standard as long as 16 years ago in 1998. As the ISO-14001 covers the requirements for Green Industry – Level 3 (Green System), SCCC perfunctorily received the Level 3 awarded from the Ministry of Industry at the end of 2011.

Although the “Green Industry – Level 4 (Green Culture)” was a significant step forward, the challenge was taken on with confidence. Getting down to work, the SCCC “Green Industry” team began to put in place the environmental management system and creating an organization culture on environment and implemented it effectively by covering the criteria of ISO 26000 on corporate social responsibility.

Most importantly, the Company had to assume the responsibility for its impact on the environment, and had to be transparent in decision making and implementation that affected the environment.

At the end of 2012, SCCC succeeded in becoming Thailand’s first cement producer to be presented with the Green Industry – Level 4 (Green Culture) Award from the Ministry of Industry.

Since then, SCCC pushed forward in order to reach the highest goal of being given the highest Green Industry – Level 5 (Green Network) Award covering all our production facilities.

To do so, the Company had to implement the promotion, creation and inter-relation of environmental activities with all stakeholders throughout the supply chain, which of course included the community and the consumers with substantial achievement, and to continuously and sustainably develop the supply chain that led to “Green Industry” and effectively implement the operation throughout the supply chain. Equally essential was the promotion of community participation, community development and the cooperation with the community in encouraging awareness and promoting earnings, and good understanding in sustainable consumption by emphasizing and paying attention to the environment.

Where consumers were concerned, the Company had to provide lessons and awareness on sustainable consumption. In the end, SCCC had to prepare the implementation report which is related to the promotion, creation and inter-relation of the environmental activities with the stakeholders and the achievement report for wide distribution.



Thanks to the good cooperation given by all the stakeholders, finally on July 21, 2014, SCCC's commitment to the Green aspirations was recognized when the Ministry of Industry finally presented SCCC with the "Green Industry – Level 5: Green Network" Award for extending its Green practices beyond its operations throughout the entire supply chain network. In support for SCCC, our customers, suppliers, contractors and transporters and employees provided support by enthusiastically adopting the Green practices throughout their individual organizations and helped moved the entire chain towards Green sustainability.

"Thanks to the good cooperation given by all the stakeholders, SCCC was recognized with the Green Industry Level 5: Green Network Award"

The Company's suppliers saw to it that their products were able to meet SCCC's eco-friendly procurement standard. The contractors complied with SCCC's occupational health, safety and environment guidelines. The transporters pursued the "INSEE Green Logistics" principle which zeroes in on the choice of vehicles, defensive driving training and efficient logistic management. The employees, meanwhile, integrated environmental preservation with their works by means of engaging themselves with Corporate Social Responsible (CSR) activities.

Thanks also go to neighboring communities and the general public for recognizing the urgency for Thai corporations in embracing the Green credentials for the sake of the country's environment, society and economic future. SCCC was therefore honored to become the first Thai cement producer whose three cement factories have all been bestowed with this prestigious Green Award.

Although Siam City Cement Public Company Limited was justifiably proud to have achieved "the Green Industry – Level 5: Green Network" Award, the Company did not consider this award to be the end of its journey to become one of the cleanest and greenest manufacturing companies in Thailand.

Thus, SCCC was further honored as being the first Thai cement producer to be awarded the "Carbon Footprint Reduction Label (Gold Label)" by the Carbon Footprint for Product (CFP) as verified by the National Metal and Materials Technology Center, Thailand (MTEC) and presented by the Thailand Greenhouse Gas Management Organization (a Public Organization) (TGO).

All of our stakeholders can rest assured that SCCC will continue to be the industry leader in terms of being Clean and Green. With the support of all those involved, the Company's Green aspiration will be sustained well into the future.



Major Developments & Initiatives

People and Organizational Performance

- Implemented Management Forums to provide executive business outlook through the intensive business program, by Finance and Controlling partnering with National University of Singapore (NUS).
- Launched Harvard Management Mentor (HMM) to promote management and leadership learning program through 24/7 management resources which provides learning anytime & anywhere to participants.
- Implemented Executive Leadership Program (X-LP) to enable SCCC executives to be the effective leaders.
- Launched SCCC English Ready to Serve to expand English Learning opportunity to employees at all levels through on-line learning.
- Implemented INSEE Cement Manufacturing Course (CMC) Camp to enhance and develop essential knowledge about SCCC cement manufacturing process.
- Implemented INSEE Cement Manufacturing Course Intermediate (CMCI) Quality Module to enhance in-depth cement quality knowledge.
- Launched INSEE Leadership Excellence Award 2014 (ILEA) to foster and recognize employees' creativity, innovation and continuous improvement, which is part of organizational sustainability.

Marketing & Sales

- Launched new TVC for tile adhesive product, Tilefix, with new formula of 'NANO Lock Technology' and focusing on outstanding qualification of product such as stickiness, quick installation and tightness
- Upcountry Media Expansion: Increased our brand visibilities and brand awareness via Out of Home such as billboard, digital billboard, radio, and bus back wrap.
- Public Relations, Earthquake Resistant House : Initiate the "Earthquake-resistant Construction". INSEE Cement, together with Channel 7, bring back the happiness campaign to the society by building earthquake-resistant houses for earthquake victims in Chiang Rai Province.
- New solutions: Emphasis put on specification allocation and sales of INSEE Burnish Floor with outstanding values to customers in industrial segment on high abrasive resistance concrete property, high floor flatness & levelness, and aesthetic finishing
- New products: Significant development throughout the year to enhance our cement and its packaging's performances with ongoing improved formula.
- Capacity improvement of Technical services: Improved capacity of technical service for concrete compressive testing, concrete specimens, by importing new compressive testing machines.
- Dr. Cement: Developed another efficient channel for cement and concrete consultation via 1732.

Saraburi Operations

- EARN, an acronym of Energy Activation across Regional Network, has been successfully implemented through INSEE Power Team. INSEE Power Team, a permanent unit dedicated to drive performance excellence, SCCC has fulfilled its mission in engaging frontline employees on what improvements within their operating areas can be done.
- As of now, the total of 26 teams, each identified by unique icons and names, had been set up. Altogether they generated 213 initiatives in operation cost reduction, workplace safety enhancement and environment protection with saving achievement at 102 million baht in 2014 especially in the cement grinding and kiln sections.

Outbound Logistics

- Launched INSEE Road Safety Library Project to create a road safety database by combining delivery truck tracking system with the internet and INSEE road safety route survey
- Launched INSEE Driver Academy to enhance drivers to mitigate of risks of accident by developing and certifying INSEE drivers in defensive driving



- Initiated Back-hauling Development to create transportation cost competitiveness and to protect company market share, by managing the fleet efficiently.
- Implemented Behavioral Based Safety (BBS): Speed limitation to mitigate risks of accident by enforcing driving speed limitation and to monitor and cooperate with transport partners/drivers to increase awareness through positive reinforcement.

Finance and Controlling

- Implemented Procurement Excellence to generate total cost of ownership (TCO) benefits from sourcing activities and to transform procurement into a world-class category management unit, including PITT (procurement initiative tracking tool), Procure-to-Pay and Procurement Transformation.
- Implemented P1014 – A crash cost reduction program to counter adverse economic situations and to reduce spending by at least 10 on identified categories.
- Launched Group Financing support to facilitate and integrate SCCC's subsidiaries for securing financing.
- Implemented Insurance Optimization program to arrange and procure all-risk insurance that covers all the conceivable risks to the business at the most reasonable costs with add value of risk engineering services.
- Refashioned Finance & Controlling organization to launch and support INSEE Smart project to develop next generation Digital Solution.

Legal

- Set up two additional Board Committees, namely Governance, Risk and Compliance Committee and Nomination and Compensation Committee to strengthen and promote the Company's corporate governance.
- Established the Company's Corporate Governance Policy in line with the international practices.
- Signed up the anti-corruption program, namely "Thailand's Private Sector Collective Action Coalition Against Corruption" under the Thai Institute of Director or IOD.

INSEE Aggregates

- Implemented Occupational Health & Safety – in terms of safety in the work place; defensive safety driving and defensive driving for transporters.
- Implemented "White Factory Campaign" to raise the awareness of the perils of drug abuse and the preserve the "5 cardinal rules" in terms of "Do not work under the influence of alcohol or drugs."
- Implemented people development to enhance employees' performance which is a key of sustainable value creation.
- Implemented sustainable development & social responsibility to promote the well-being of communities.

Conwood

- Improved the efficiency of the drying process to reduce energy cost and improve product quality by installing cross fans and heat recovery system.
- Implemented 100-percent wet waste recycling by installing conveyer and mixing tank to increase product yields.
- Introduced Conwood Deck 4" 3-in-1 T-lock Color as a new flooring product with innovative installation solution without screw showing on the surface.

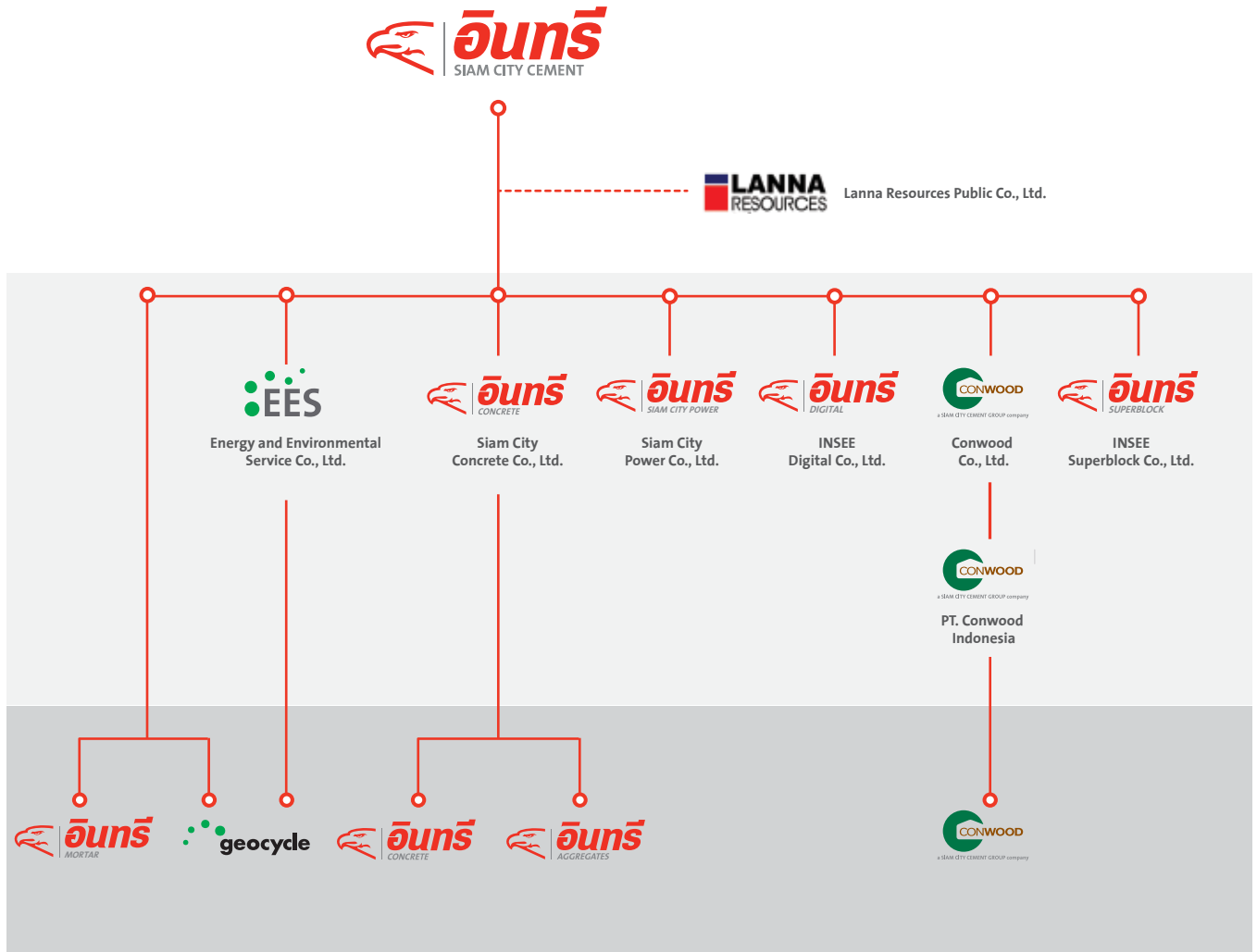
Geocycle

- Launched a new Alternative Fuel Preparation Plant in Hemaraj Industrial Estate, Chonburi to enhance waste management capacity to 46,000 tons/year.

INSEE Superblock (ISUB)

- Implement Capacity Expansion at ISUB Singburi to serve increased market demand.
- Created New product: Light-Weight Concrete Panel to serve the market needs with a value-added product.
- Start new ISUB Plant in Ratchaburi to increase ISUB's competitiveness in the targeted areas– South and West.

Business Structure Chart



Subsidiary

Business Division



Business Portfolio

Siam City Cement Public Company Limited (SCCC) was established as long ago as 1969 – or 45 years ago. Since then, the Company has grown in leaps and bounds and has expanded its business to cover many aspects of construction and energy. On the construction and construction material areas, SCCC has incorporated into its business Siam City Concrete Co., Ltd. (SCCO), Conwood Co., Ltd. producing wood replacement products, and INSEE Superblock Co., Ltd. (ISUB) producer of light-weight blocks. On the energy and environmental protection areas, SCCC has successfully established Geocycle, Energy and Environmental Services Co., Ltd. (EES) and Siam City Power Co., Ltd. (SCP) to manage the alternative energy and raw materials in cement production. Then in 2014, INSEE Digital Co., Ltd. (INDG) became the latest addition to the INSEE Family to take charge of the group's digital communication infrastructure.

Siam City Cement

Products and Services

In 2014, Siam City Cement Public Company Limited continued to improve and provide a wide range of cement and downstream products along with top-of-the-class services to support and ensure high customer experience including the following: Portland cement, mixed cement, INSEE Mortar Max, INSEE Concrete, INSEE Superblock, and Conwood.

Portland cement: High quality Portland cement is designed to deliver high performance for standard concrete work and precast products up to high performance concrete for sophisticated construction projects.

Mixed cement: Application-based products are developed to achieve high mason satisfaction with respect to product quality and productivity for bricklaying, plastering, and small concreting.

INSEE Mortar Max: With continuous product development and expanded product range, INSEE Mortar Max can be used with minimal preparation to achieve a high level of usage convenience and improve construction efficiency. Current INSEE Mortar Max products can be categorized into four application groups:

- Plastering mortar: For general plastering, Fine plastering, Light-weight block plastering, Fine light-weight block plastering, Concrete plastering and Skim Coating
- Brick laying mortar: For normal bricklaying and Light-weight block brick laying
- Floor leveling: For floor screeding and leveling
- Tile adhesive: For general application, High adhesion application and Tile on Tile application

INSEE Concrete: Ready-mixed concrete services by Siam City Concrete and its strategic partners, INSEE Concrete Franchise, continuously expand its integrated network to ensure customer convenience through nationwide coverage. With experience throughout the years, the Company has gained an indepth understanding of its customer requirement, from homeowners to international contractors, which help INSEE Concrete improve its service quality and expertise to serve each of its customers' specific needs.

Apart from products and services provided, the Company continuously develops its distribution channels as business partners to solidly compete in a dynamic competition and transformation toward modern trade environment.

Marketing Direction and Competition

A. Marketing Direction

Throughout 2014, the Company's key marketing strategy was to strengthen and expand competitive advantage in all areas to maintain its position in a more dynamic environment, as driven by the competitors' aggressive movement to expand their customer base through improved products and services and a growing presence of national modern trade players that changed the competitive landscape of traditional distribution channels.

The Company's main strategies included the improvement of end-user product experiences, channel efficiency enhancement to strengthen its business partners and the capability to distribute its products to the market while securing customer base by providing an integrated business model to improve relationships



with customers, including retail shop transformation and INSEE Concrete Franchise for producers.

The key customer portion of its distribution channel was the traditional cement dealers, and direct sales to ready-mixed concrete and cement product producers. Both external customers and subsidiaries became the main growth contributors as the construction market gradually transformed towards cost and time saving methods which yielded more opportunities and competitive advantages in the respective segments.

In addition to domestic market development, the Company was able to capture the surging cement demand from border countries which included Cambodia, Myanmar and Laos leading to increased proportion of total export cement sales volume from 20 percent to 23 percent in 2014. Laos' and Cambodia's continuous development in large infrastructure and consumption growth from the urbanization trend supported sales growth in its cement export markets. Hence, the key marketing strategy for the export market was to ensure supply sufficiency and reinforce the whole supply chain to forestall competitors' penetration in the market.

B. Market Competition

The first half of 2014 was clouded by the prolonged political uncertainty. GDP experienced near zero growth, as weaker-than-expected recovery of the global economy directly affected the Thai economy.

The contraction of construction demand in 2014 escalated the competition level. The industrial segment was affected by the delay in supporting policies while the residential segment was more cautious in initiating new projects due to lower consumer confidence level and the household debt situation.

The cement market was directly affected by the situation, leading to higher competition among cement producers and distribution channels due to the weak demand. Hence, short-term pricing tactics were implemented by both cement producers and dealers to secure their respective customer groups.

However, the competition among cement producers in the long run will still focus on delivering superior products and service quality to improve end-user satisfaction and promoting direct product experience through various marketing events and media which would yield higher brand exposure and acceptance. Superior relationship with the distribution channels, both dealers and producers, was also one of its key strengths due to the implementation of various customer relationship management platforms and business solutions. To escalate relationship levels with its customers and improve distribution efficiency, the Company continuously provided business support programs to ensure their competitiveness and to build a sense of cooperation which reduced negative business impact from the competitors' new marketing strategies.



Siam City Concrete

Products and Services

Siam City Concrete Company Limited is a professional producer of ready-mixed concrete and aggregates, offering reliable conventional products and value added solution for concrete works. It has two business units, comprising of INSEE Concrete and INSEE Aggregates.

INSEE Concrete: INSEE Concrete is a leading ready-mixed concrete producer in Thailand with outstanding experience and world class expertise. Customer accomplishment is ensured through product development as well as production and service excellence.

In 2014, INSEE Concrete's batching plant network was widened throughout Thailand with a total of 92 plants. In order to provide superior service to its valued customers, the Company has increased the number of trucks with 6-cubic-meter capacity to 800, the remaining 700 trucks are small trucks or mini-mixers. The total concrete production was 3.7 million cubic meters, with high-value specialty product (value added product) accounting for as much as 20 percent.

Ready-mixed concrete is one of the most widely used construction materials. It is used in the construction of various kinds of buildings and structures. It consists of two main parts, binding materials and mixing constituents. Concrete is mixed and produced at batching plants and afterwards transported to construction sites in the form of fresh concrete, which can be used readily.

Aggregates account for the largest portion of the concrete mix at 60-70 percent. Cement is another main raw material, occupying 10-15 percent of the concrete mix. The total cement consumed was supplied solely by Siam City Cement Public Company Limited.

INSEE Aggregates : INSEE Aggregates was established to support the expanding in-house ready-mixed concrete business and external customers. The business strategy is to consistently provide quality sand and crushed rock while being backed by dependable supply chain management and logistic services that underpins the clients' success. This is to serve a variety of customer requirements including concrete product manufacturing, land filling, and other construction applications.

INSEE Aggregates has invested in privilege resources, referring to quality and location, in order to efficiently supply customers in the key markets, Greater Bangkok and the Eastern Seaboard. In 2014, there were four active operation sites as follows:

1. INSEE Suphanburi – A quarry with a crushing plant with the total capacity of 2.0 million tons per year.
2. INSEE Ayudhya – A sand pit with two production lines with the total capacity of 1.5 million tons per year.
3. INSEE Angthong – A sand pit with the total capacity of 0.7 million tons per year; and
4. INSEE Chonburi2 – A sand pit with the total capacity of 0.1 million tons per year.

In 2014, Siam City Concrete achieved a total revenue of 7.3 billion baht, of which 94.5 percent was contributed by INSEE Concrete and the remaining of 5.5 percent was from INSEE Aggregates.



Market and Competition

The market is still waiting for a sign of clear economic growth strategy and government action in the materialization of large infrastructure development projects in order to move on with their pending projects.

Oversupply of residential development in main upcountry provinces was in the spotlight with an announcement from key developers to withhold their upcountry expansion projects, mainly for high-rise projects by having longer cash cycles and containing more financial risk.

The aggregates market was affected by momentum from government project spending at the end of the third quarter, so the demand for aggregates for road construction was higher in the last quarter of 2014. Demand and supply for concrete aggregates were balanced.

Conwood

Products and Services

Conwood manufactures architectural decorative building materials made from high quality cement and recycled cellulose fibers that help sustain the environment and reduce real wood consumption. Conwood offers a wide range of products under four major applications, i.e. eaves and ceiling, wall, floor, and decorative area, applicable to both residential and commercial buildings and capable of being installed both indoors and outdoors. Conwood products are green, beautiful, durable, termite-proof, and incombustible, all the while maintaining the look of real, authentic wood.

Conwood's performance in 2014: The Company generated revenue of 1.485 billion baht, of which 95 percent came from domestic sales and the remaining 5 percent from international sales.

Market Direction and Competition

In 2014, the market competition has become intense due to more supply in the market resulting from increased production capacity of industry players and from various product substitutes, while demand deteriorated and became lower than expected. Nevertheless, Conwood has been able to maintain its performance level to be on par with that of the previous year.

The Company's main competitive advantage lies in having a highly-trusted brand with products that are differentiated both in quality and appearance. In addition, Conwood's advanced and green production technology yields the company a unique advantage that sustains and maintains its decorative products' competitiveness in a price-sensitive market.

To be the industry leader, Conwood emphasizes creating innovative products and designs that respond to customers' needs. The Company also focuses on research and development to deliver the best quality of its products. In the past year, Conwood has offered three new innovative products: Decorative Panel Modern, Deck T-Lock with Finished Color and Door Frame.

Conwood distributes most of its products through a network of traditional dealers numbering about 500 wholesalers and retailers nationwide, accounting for 75 percent of the net sales, and through leading modern retail channels such as HomePro, Thai Watsadu, and Siam Global House, forming 20 percent of the net sales. The Company also exports its products to many countries such as Vietnam, Singapore, Malaysia, India, Laos, Cambodia, Myanmar, and the Philippines, generating 5 percent of the net sales. Conwood also recognizes increasingly greater opportunities in distribution to export markets, especially countries in the ASEAN Economic Community (AEC), Middle East, and South Asia.

Conwood brand is perceived as premium quality with its green philosophy according to the company's core message **"Conwood...Innovating a Beautiful Planet"**.



Sourcing and Producing

Conwood currently owns a three-production-line plant in Saraburi Province with overall capacity of 135,000 tons per year. Aside from the manufacturing base in Thailand, the Company also invested in building another factory in Indonesia in 2013. The factory started operating in mid-2014, and is mainly selling within Indonesia at present.

Conwood's production process is carried out under a strict environmental protection policy. The Company is certified Environmental Management Standard ISO 14001 and Green Label Singapore for Eco-Friendly Building Material certification. Moreover, the Company has also put great emphasis on supporting projects that realize the importance of environmental management: Zero Waste to Landfill using the 3Rs model (Reduce-Reuse-Recycle), which has been a success since 2011. The concept has been continually improved and developed, resulting in new methods of reusing waste, for example, using dust waste as a raw material in producing concrete blocks that were ultimately donated to local educational institutions.

INSEE Superblock

Products and Services

INSEE Superblock Co., Ltd. is a lightweight concrete products maker under the 'INSEE Superblock' brand. INSEE Superblock products are AAC type (Autoclaved Aerated Concrete) which are produced from water, grinding sand, cement, lime and aluminum powder, to generate unconnected bubbles covering approximately 80 percent of the total volume. The production processes could produce items with customized dimensions as required by customers. Our products are suitable for all types of construction, such as factory, hotel, hospital, government building and infrastructure. The product range includes: lightweight concrete block, lightweight concrete lintel with reinforced steel, lightweight concrete panel with reinforced steel, lightweight concrete floor slab with reinforced steel, and lightweight concrete roof slab with reinforced steel.

INSEE Superblock was the first in the industry to receive the Thai Industrial Standard (TIS 1505-2541) and also the first light weight concrete producer to be certified ISO 9001:2008. In 2014, INSEE Superblock became the first and only lightweight concrete producer to be certified Green Label in Thailand from the Thailand Environment Institute (TEI).

INSEE Superblock also sells mortar product brand "INSEE Mortar MAX" bundled with lightweight concrete products and some accessories for lightweight concrete product works such as metal straps.

In 2014, the Company generated revenue of around 500 million baht, 100 percent of which was derived domestically. The revenue was mainly from standard lightweight concrete block size 20x60 cm with thickness of 7.0 and 7.5 cm. .

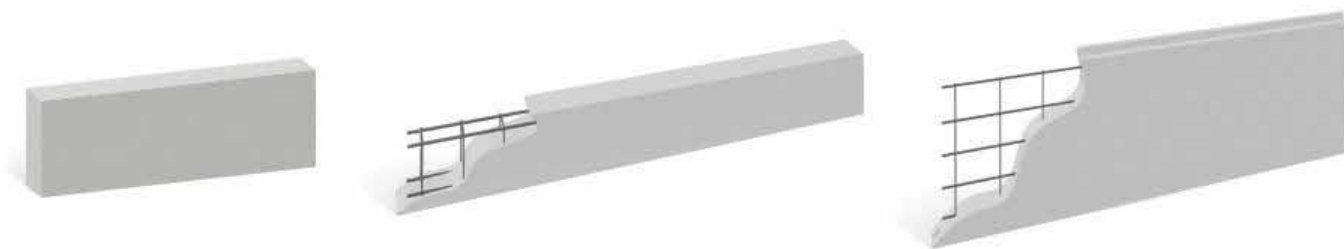
Marketing Direction and Competition

The Company's policy is focusing on the high quality product market with leading developers as its target customers. We aim to develop innovative products that serve as solutions to customers needs. The Company also assures the strength of its products to project owners, architects and contractors who are the decision makers. The major policy of INSEE Superblock can be described as below.

Product Quality

We produce lightweight concrete with considerably higher quality than the majority of similar products in the market. High grade lightweight concrete products possess better properties such as longer fire resistance, higher strength, more durability, lower water absorption and non-cracking. All of the properties are advantage points for all types of wall construction materials.

INSEE Superblock is the G4 lightweight concrete product leader of the highest quality in Thailand. With good quality preference, the Company's products are well accepted and are sought by customers who require the best. Our lightweight concrete products have notable characteristics which are: better fire and heat resistance, better retention of low temperature, higher compression strength, lighter in weight, high workability and faster plastering, easier to cut for faster work, and better sound absorption.



Another INSEE Superblock advantage point is product customization, our product thickness can vary by every 5 mm while most of the products in the market vary by only every 25 mm. We can therefore serve the needs of customers for every type of wall construction. Recently, the Company launched a new product with 30 cm height (standard is 20 cm) which will reduce work time by 20 percent with 30 percent plastering mortar saved as there would be fewer joints.

Price

INSEE Superblock is focusing only on the high grade product so the price reflects the product quality. We emphasize on the value for money so quality-conscious customers would likely specify the INSEE Superblock brand.

We educate the market on the application of high quality products as being more worthwhile in the long term. We treat customers with fair prices reflecting all the considered factors such as order quantity, payment term, delivery distance and market situation.

Service

According to aforementioned emphasis of product quality, INSEE Superblock has also continued to provide excellent service to satisfy customer requirements. In detail, the customer can purchase the products by customized thickness, width and length (made-to-order). The Company emphasizes fast and on-time delivery in order to effectively cater to customers' plans, while importance is also given to aftersales service by providing technical teams at the job site to consult with the customer. Last but not least, the company provides product knowledge and training at educational institutions and job sites nationwide.

Distribution

Regarding the distribution channel, INSEE Superblock has mainly distributed its products through wholesalers and retailers, with approximately 400 accounts nationwide, or about 85 percent. Furthermore, the products are distributed by modern-trade channels which have high positive growth such as Thai Wassadu and Do-Home, and direct accounts, such as key developers and large contractors.

In addition, the customer target is correlated with influencers in all construction procedures such as architects, foremen, engineers, consultants and end-users who live in those buildings. Currently, most of them prefer to buy products which are of good quality, standardized, safe, have short construction time, are environmentally friendly and save energy.

Promotion Campaign

INSEE Superblock has connected with marketing events of SCCC. and has a product presence with large developers and contractors. The Company also holds regular product seminars with modern trade, distributors and contractors throughout the year in order to build strong relationships. Regarding brand recognition, the Company has continued to promote through mass media such as magazines, newspapers, catalogs, leaflets, radio, exhibition events and points of purchase (POP), such as a product stands and banners.



Lightweight Industry and Competitiveness

Because the lightweight block is a main construction material substituting conventional products such as clay bricks used for high-rise and low-rise buildings, lightweight block consumption is subject to the economic growth and construction industry which is estimated to have growth of about 10 percent annually. However, the real estate business has been on the negative trend due to political instability and overall economy which led to the decline of residential growth in Bangkok and vicinity. Nevertheless, INSEE Superblock has generated sales volume growth of around 20 percent, compared to last year due to its strong distribution channels.

Product Procurement

Production

INSEE Superblock factories No.1 and No. 2 are located at 9/1 Moo 11 Singburi-Pakdong Rd., Bangrachan Sub-District, Khai Bangrachan District, Singburi Province, and factory No. 3 is located at 133 Moo 9, Hinkong Sub-District, Muang District, Ratchaburi. The total

capacity in 2015 will be around 8.0 million sq.m. after the completion of the expansion project in 2014. INSEE Superblock has its own sandpit located quite close to the factory in Singburi. The sandpit has high quality sand that can serve production needs well into the future.

Raw Material Provider

The main raw materials are cement, sand, lime and aluminum powder. Cement is sourced exclusively from SCCC. Sand, cement and lime are sourced domestically, while aluminum powder is imported from Germany and the Czech Republic.



Geocycle and Energy & Environmental Services

Products and Services

Geocycle Thailand, a business unit of Siam City Cement Public Company Limited (SCCC), and Energy and Environmental Services Company Limited, subsidiary of SCCC, offer environmentally sound waste management solutions through co-processing in SCCC's cement kilns in strict compliance with national standards and targeted to meet international standards. SCCC has been granted Factory License 101 (cement kiln co-processing Alternative Fuel Resources) and License 106 (Alternative Fuels Preparation Platform), while Geocycle possesses ISO 9001:2008 ISO 14001:2004 and OHSAS 18001:2007 certifications.

The Company pre-processes and transforms wastes into Alternative Fuels and Raw Materials (AFR) for co-processing in SCCC's cement kilns. Geocycle and EES utilize co-processing to safely, effectively and reliably dispose the collected waste streams that cannot be traditionally recycled. By employing this unique process to incorporate the energy potential and mineral components of a wide range of wastes into the manufacture of an essential product cement, the Company helps reduce dependency on fossil fuels and natural resources.

Marketing Direction and Competition

Geocycle and EES focus on solving the waste management challenges of customers in a wide range of industrial sectors, including generators of waste materials in liquid, solid and sludge forms. Once pre-processed, the final output is transferred for co-processing and is used as AFR in the production of cement.

Geocycle's goal is to make a real difference for its customers, their communities and the environment. Sustainable development is at the heart of its business and Geocycle is proud of the fact that so many of its customers share its devotion for doing the right thing. Hence, its intent is the development

of waste management as a sustainable business, which adds value, provides a service and contributes to safe and healthy living conditions for society at large. Geocycle is committed to managing its use of natural resources responsibly through re-use and renewal, as well as minimizing the impact of its operations on the environment.

Thailand faces waste problems both with industrial and municipal solid waste due to the rapid development and changing lifestyle in growing cities. The annual increase in waste generation as reported by the Pollution Control Department has compelled government agencies, such as the Department of Industry Works (DIW), Industrial Estate Authority of Thailand (IEAT), Office of Natural Resources and Environmental Policy and the Planning and Pollution Control Department to play important roles in implementing waste management laws and regulations, as well as control waste generators in accordance with current laws and regulations. Strict enforcement is encouraging waste generators to manage their waste properly which has helped create more opportunities for Geocycle to expand its business.

However, the waste management business is still a challenge to us as co-processing is only one method among a variety of legally-accepted means of waste disposal in Thailand. Waste can be managed using recycle, landfill, incineration and co-processing in cement kilns depending on its properties and the affordability of the customer. Thus, its competitors are not only co-processing companies but also other waste disposal companies using the aforementioned methods.

Still, Geocycle is committed to being a reliable waste management service provider using an environmentally sound waste solution, complying with national standards and striving to meet international standards. This distinction helped us gain the so-called "License to Operate" and to stand out from our competitors.



Services

Unlike product manufacturing businesses, SCCC offers waste management services with two AFR pre-processing platforms which are Geocycle located on Mittraphap Road in Saraburi Province and Energy and Environmental Services located in Hemaraj Industrial Estate in Chonburi Province. These platforms are where the company pre-processes waste before sending to SCCC cement kilns for co-processing. The platform consists of a solid plant to turn waste into solid alternative fuel, and a liquid blending unit to adjust liquid waste quality to meet cement plant criteria ensuring the smooth operations at cement plants.

Geocycle was accredited with ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and ISO/IEC 17025 as well as Gold Medal Award on standard waste processor from the Department of Industrial Works which ensured that its facility and process are fully complied with national laws and regulations.

Energy and Environmental Services Co., Ltd (EES) went into operation in November 2014. The platform is now conducting integrated ISO audit expecting to be fully certified in June 2015. In addition, the company has participated in two green campaigns of DIW which are 3R award - Zero Waste to Landfill and standard waste processor award ensuring that the facility is fully complied with national law and regulations. It is expected that by 2015, EES will be accredited with integrated ISO, 3R award and standard waste processor award.

Geocycle services include:

Consultancy:

Geocycle's team of experts has a wide range of experience in the waste management industry. The Company assists waste generators in identifying the most efficient and effective solutions to meet their needs. These recommendations ensure a minimum impact on the environment, and are in compliance with local regulations and international standards.

Waste analysis and evaluation:

Geocycle can boast of skilled personnel and state-of-the art laboratory equipment for analyzing the physical and chemical properties of waste materials. The Company ensures that the

waste materials from its customers comply with all safety and environmental standards and do not have any negative impact on its cement quality or the operation and community.

Waste transportation:

Geocycle provides transportation in a variety of containers for non-hazardous and hazardous waste. Most of its trucks are equipped with GPS for real-time vehicle tracking efficiency. Its transportation is carried out in accordance with the relevant regulations and by operators with the required skills and qualifications.

Waste pre-processing and co-processing:

Geocycle currently operates high standard, licensed pre-processing facilities and equipment located adjacent to the Siam City Cement Plant in Saraburi Province. Its AFR facilities include a liquid waste blending plant, solid waste shredders, and several automatic feeding systems for fine and coarse solid wastes as well as high viscosity waste or sludge.

Value Added Services:

Geocycle has a full team of experts for providing a waste management service to its customers at their site. The service includes:

- Professional team to provide a waste management consultancy, safety training, technical support, engineering support and skilled labor;
- Service team to assist customers, classify, pack and transport their waste as well as assist to clean up and maintain waste yards; and
- Equipment such as forklifts, cranes, variety of trucks to facilitate its customers on waste management.



Siam City Power

Products and Services

Siam City Power Co., Ltd. (SCP) a subsidiary of Siam City Cement Public Company Limited, was incorporated in 2011. The Company engages in the electricity generation business. The electricity is derived from waste gases from two sources; Clinker Cooler, and Pre-heater of SCCC's kiln lines 5 and 6. Heat from waste gases is exchanged with water to produce steam to run turbines and generators to produce electrical power with the design capacity of 18 MW from each of the two production lines. Previously, waste gases were directly released into the atmosphere.

Accordingly, this business results in positive impact to environment, e.g. less dust emission from kiln process, and low temperature of waste gas released into the atmosphere. In addition, it can indirectly help to reduce the carbon dioxide emission through the reduction in the consumption of fossil fuels utilized by the Electric Generating Authority of Thailand (EGAT). With those clear benefits, SCP was awarded the investment promotion from Thailand's Board of Investment (BOI) for import tax privileges on machinery.

Production Capacity

SCP has one plant with two power production lines from SCCC's kilns 5 and 6, with total power production capacity of 18 MW from each line.

Raw Materials

The entire 100 percent of main raw materials to produce electrical power are the waste gases from Clinker Cooler and Pre-heater of SCCC's kilns No.5 and No.6.

INSEE Digital

Products and Services

INSEE Digital Co., Ltd. (INDG) was established in 2014. The Company provides IT services to the SCCC Group. INDG has a task to build a leading information technology solutions for SCCC Group to deploy the cutting edge global technology and application for differentiation and competitive advantage across SCCC Group. With this main task in mind, the management of INDG is convinced that the Company will help make SCCC Group to be one of the most competitive and progressive companies in the field of cement and construction materials.



Nature of business of the subsidiaries and related companies

Investment in the subsidiaries and related companies both direct and indirect As at 31 December 2014					
Company	Location	Nature of Business	Share capital		% of ownership
			Issued and fully paid up (Million Baht)	Paid-up (Million Share)	
Held by the Company					
1. Siam City Concrete Co., Ltd.	Thailand	Ready-mixed concrete and aggregates	2,500	25	99.99
2. Siam City Power Co., Ltd.	Thailand	Electricity generation from waste heat	2,000	20	99.99
3. Conwood Co., Ltd.	Thailand	Construction Material	300	3	99.99
4. INSEE Superblock Co., Ltd.	Thailand	Light-weight concrete products	500	5	99.99
5. Energy and Environmental Services Co., Ltd.	Thailand	Industrial waste disposal and alternative fuel and raw material trading	180	1.8	100.00
6. INSEE Digital Co., Ltd.	Thailand	Technical service and information technology management and development services	30	1	100.00
7. Khmer Cement Industry Co., Ltd.	Cambodia	Cement trading	2,505 (USD million)	0.001	100.00
8. Lanna Resources Plc. Ltd.	Thailand	Coal Mining	525 million	525	44.99
9. Thai Agro Energy Plc. Ltd.	Thailand	Ethanol production and distribution	1,000	1,000	4.72
10. Holcim Cement (Bangladesh) Co., Ltd.	Bangladesh	Cement	8.82 (million Taka)	0.09	10.42
Held by Conwood Co.,Ltd.					
1. PT. Conwood Indonesia	Indonesia	Construction Material	10 (USD million)	10	99.99

Revenue Structure

Segment	Percentage of shareholding	2014		2013		2012	
		Million Baht	%	Million Baht	%	Million Baht	%
Net Sales							
• Cement	-	24,637	71	23,360	71	21,718	75
• Concrete and Aggregates	99.99	8,898	25	8,129	25	5,920	20
• Others	99.99	1,519	4	1,536	4	1,374	5
Total net sales		35,054	100	33,025	100	29,012	100
Elimination		(3,192)	(9)	(3,075)	(9)	(2,585)	(9)
Total net sales according to financial statements *		31,862		29,950		26,427	



Industry outlook & Risk Management

Economic overview

Thailand's economy was face with a slowdown in 2014 due to the political uncertainty, exacerbated by high household debts which started to increase sharply in 2013. Both private and public construction value dropped in this year. Even though the Bank of Thailand has reduced the interest rate in March 2014 to stimulate the economy, Thailand's construction sector fell by 5.8 percent during the first nine months of the year.

The restoration of normalcy in the political sphere, and the government's approval of 2.4 trillion baht budget for infrastructure projects, most of which consisted of modified highways, mass transit and railway projects, are expected to revive the construction material market well into the future.

Risk management

Business risk

Economic downturn risk

The slowdown of the country's overall economy in 2014 has led to the contraction of domestic cement consumption. Faced with the drop in both private and public investment, many construction projects have been delayed. In the meanwhile the competition in the construction material market has become fierce.

One of SCCC's mitigation plans was to export more cement to neighboring countries such as Cambodia, Laos, and Myanmar where the economic development was rapid registering higher growth in our region. The upside economic trend in SE Asia has well supported our business in the past year. Moreover, the export helped to expand our brand awareness and reputation in these neighboring countries, thus becoming a springboard for future growth.

Another effective way to mitigate risks was to provide better value proposition to the customers which came from improved cost effectiveness and enhanced product quality. SCCC has implemented several cost reduction programs such as separated grinding, and alternative fuel and raw materials, which could help the company to save costs thus enabling our products to be offered in the market at competitive prices and uncompromised quality. Furthermore, SCCC kept working hard on product development to best



respond to customers' needs. Value-added products such as FloorCrete, Wall Solution, Minimix, and Tile adhesive were focused upon and offered in the market. With these mitigation plans, SCCC was able to increase our competitive level with a decent revenue growth in 2014.

Opportunity in domestic cement demand

Based on the government's approval of 2.4 trillion baht budget for infrastructure projects in 2014, the future demand for cement is likely to increase not only in Bangkok and vicinity, but also in all other regions due to the cascading effect of these infrastructure projects.

SCCC has seriously contemplated this opportunity and has planned to expand our presence and increase our production capability in both Thailand and the sub-regions. We have successfully reactivated one of our plants in 2014 adding capacity. While some of its output is currently being exported, this extra capacity can be diverted to supply the rise in domestic demand once the infrastructure projects start to materialize. We are also studying several potential investment projects in the strategic sub-regional locations. The main purpose is to better service our customers at the best cost scenario as well as to capture the growth opportunity that is clearly on the horizon.

Environmental & Community risk

SCCC always prioritizes sustainable development stressing on Environment and Community. We work hard to ensure that our operations fully comply with all relevant laws and regulations. In 2014, SCCC reached a great sustainable development milestone by being awarded "Green Industry Level 5 – Green Network" accolade, the highest level of environmentally-friendly entrepreneurship from the Ministry of Industry. The success was the result of the strong cooperation between SCCC, the surrounding communities and all of our stakeholders. We work hard to ensure that we all are responsible for the sustainable environment and society both within and outside of the organization.

In addition, SCCC has continuously conducted a number of CSR programs nationwide. Examples of our key CSR programs are:



- INSEE Green Village: This project encompasses several activities such as, raising awareness on increasing green areas, managing potable water, and community waste management. This program was first implemented at Moo 1 in Tabkwang Sub-district in 2011, through community consultation and need assessment. The success of the “Green Village Project” has resulted in the expansion of the concept to Moo 5, Moo 2 and Moo 3 respectively under each village’s context and needs.
- INSEE Green Park (Suan Ming Mongkol): The concept of the Green Park is “beyond the typical park”, as it represents a learning site on energy conservation, and the construction of the park itself made full use of SCCC’s green products. Moreover, the park also grows local flora for students and the general public to visit and learn. Vendors from the surrounding communities could also use the park as an outlet to market their “One Tambon One Product (OTOP)” goods, thus providing a channel at which to earn some livelihood.
- Integrated Green School was another noteworthy program undertaken by SCCC in cooperation with

the Border Patrol Police to build a new school in Mae Hong Son Province to support children from more than 200 Lisu families. The school acts as a center for students to learn how to grow organic produce and utilize water supply and alternative energy efficiently.

Operational risk

Energy and raw material supply risk

Fuel and electricity costs play an important role in the cement industry, as they represent more than 70 percent of the total cement production cost. Although coal price was on the downward trend in 2014, it is prudent to not ignore the fact that prices can climb again in the future. On the other hand, electricity cost has continued to rise due to fixed tariff (FT) adjustment by the government. As a cement producer, we are alert and actively look for ways to implement production cost saving projects.

In order to capture downward trend in 2014, we optimized our fuel mix portfolio by consuming variety of coal for the operation. Moreover, two cement mills was upgraded this year to help reduce electricity cost by minimizing the operation during on-peak



period. Alternative fuel and raw material have also contributed significantly. There were many investments in 2014 to expand Geocycle's waste management capacity to support more consumption of alternative fuel in the production. Besides, another waste heat recovery project is in the pipeline to further reduce energy cost.

On the raw material side, SCCC mitigates the risk with its own large reserve of critical materials i.e. limestone and aggregates, and have done regular reviews on raw material consumption, reserves and production capacity plan every year. We continuously source, explore, and proactively renew reserve concessions and permits to make sure that we have sufficient raw material to support our business growth continuously in the long term.

Safety risk

As a heavy industry, cement production involves machines, extreme heats, heights and many other hazardous elements and situations. At SCCC, safety risk is one area that we focus strongly on and have implemented many proactive safety management programs. We embed safety attitude across the company and establish it as a culture. In the past year,

we implemented a safety leader program to ensure that our employees from the middle to senior levels are acquainted with safety priorities and can help prevent risks to their subordinates as well as being a role model on safety discipline. SCCC not only focuses on protecting our people, but also pays attention to all our stakeholders. For example, we partner with independent driving training schools and our transporters to set up a driving training center to train our contractors on the safety driving program. All SCCC contractors were trained and certified before they start working with us. As a result, we are proud to say that our Loss Time Injury rate is one of the lowest in the world.

Exchange rate risk

SCCC engages in both export and import activities. A part of our exchange rate risk is naturally hedged by the balance of the import of raw materials, parts and supplies with our export revenue. The remaining net exposure is mitigated through financial hedging which is not material due to the natural hedge. However, the effects of foreign exchange movements are recorded on the translation of financial statements of overseas subsidiaries.

General information

General Information

Company name	:	Siam City Cement Public Company Limited
Registration No	:	0107536001346 (Formerly, Bor Mor Jor 208)
Stock Code	:	SCCC, Listed on the Stock Exchange of Thailand (SET)
Type of business	:	Cement manufacturing and distribution
Head office	:	Column Tower, 7 th - 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Factory	:	<ul style="list-style-type: none"> Plant 1 and Plant 3, 99 Moo 9, Mitraparp Road Km. 129, Tabkwang Sub-district, Kaengkhohi District, Saraburi, 18260, Thailand Plant 2, 219 Moo 5 Mitraparp Road Km. 131, Tabkwang Sub-district, Kaengkhohi District, Saraburi, 18260, Thailand AFR Platform, 301 Moo 5, Mitraparp Road Km.133, Tabkwang Sub-district, Kaengkhohi District, Saraburi 18260, Thailand Mortar Plant, 41/2 Moo 5, Mitraparp Road Km. 129, Tabkwang Sub-district, Kaengkhohi District, Saraburi 18260, Thailand
Telephone	:	+ 66 2 797 7000
Fax	:	+ 66 2 797 7001 - 2
Website	:	www.siamcitycement.com

Other references

Share Registrar:	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. +66 2 229 2800 Fax. +66 2 359 1259 Call Center +66 2 229 2888
Debenture Registrar:	Bank of Ayudhya Public Company Limited 1222 Rama III Road, Bang Phongphang Yan Nawa, Bangkok 10120, Thailand Tel. + 66 2 296 4494 Fax. + 66 2 683 1389
Debenture Representative:	Thai Military Bank Public Company Limited 3000 Phaholyotin Road, Jormpol, Jatuchak, Bangkok 10900 Tel. + 66 2 230 5449 Fax. + 66 2 266 9779
Auditors:	Miss Kamontip Lertwitworatep, Certified Public Accountant No. 4377. EY Office Limited (former name was Ernst & Young Office Limited) Lake Ratchada Building, 33rd Floor, 193/136-137 Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. + 66 2 264 0773 Fax. + 66 2 264 0789 - 90

For more information, the investor shall study the Company's information from the Annual Registration Statement (Form 56-1) at www.sec.or.th and www.siamcitycement.com

The Company's securities

1) Ordinary share

Issued and paid-up shares : 230,000,000 ordinary shares with the par value of Baht 10 per share

2) Debentures

Tranche 1

Issued Amount : Baht 4,000,000,000, divided into 4,000,000 units with the face value of Baht 1,000 each

Debenture Name : Unsubordinated and Unsecured Debentures of Siam City Cement Public
Company Limited No. 1/2556, Tran che 1, due in B.E. 2560

Credit Rating of Debenture

Debenture : Rated "A" by FITCH Ratings (Thailand) Limited

Tenor : 4 Years from the date of issuance

Issue Date : 14 June 2013

Maturity Date : 14 June 2020

Coupon Rate : 3.79% per annum

Tranche 2

Issued Amount : Baht 2,000,000,000, divided into 2,000,000 units with the face value of Baht 1,000 each

Debenture Name: : Unsubordinated and Unsecured Debentures of Siam City Cement Public
Company Limited No. 1/2556, Tranche 2, due B.E. in 2563

Credit Rating of

Debenture : Rated "A" by FITCH Ratings (Thailand) Limited

Tenor : 7 Years from the date of issuance

Issue Date: : 14 June 2013

Maturity Date : 14 June 2020

Coupon Rate : 4.30% per annum

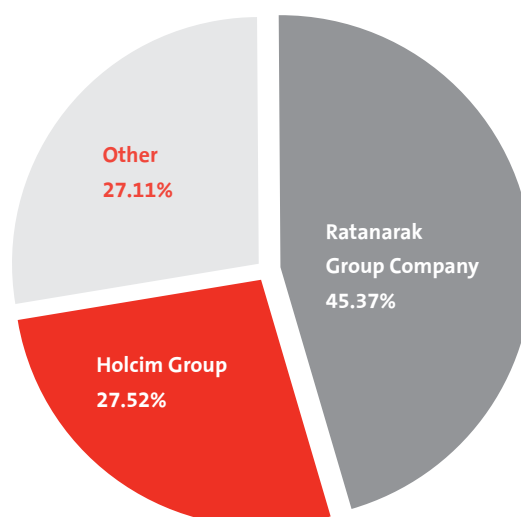
Major Shareholders

Major Shareholders as of 6 August 2014¹ are the following:

Rank	Major Shareholders	Shares	% Shares ²
1	Sunrise Equity Company Limited	80,065,840	34.81
2	Thai Roc-Cem Company Limited	63,289,533	27.52
3	Bangkok Broadcasting and Television Company (BBTV)	21,681,000	9.43
4	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	6,929,500	3.01
5	Thai NDVR Co., Ltd. ³	6,315,428	2.75
6	STATE STREET BANK EUROPE LIMITED	3,497,837	1.52
7	Vayupak Mutual Fund by MFC Asset Management Public Company Limited	2,254,000	0.98
8	Vayupak Mutual Fund by Krungthai Asset Management Public Company Limited	2,254,000	0.98
9	Mrs. Sasithorn Ratanarak	2,110,628	0.92
10	HSBC (SINGAPORE) NOMINEES PTE LTD	2,058,323	0.89
11	AIA Company Limited- AIA D-PLUS	1,750,700	0.76
12	Krungsri Dividend Stock Fund	1,456,400	0.63
13	Miss Pilanuch Ratanarak	1,439,742	0.63

Remark :

1. During the year, the investors can access the up-to-date information at www.siamcitycement.com under the heading - Investor Information.
2. The proportion of the equity interest of each of the Major Shareholders is based on the total issued and paid-up of 230 million shares, 10 Baht per share. Foreign Limit is determined at 49% (as of 4 December 2014, foreign limit is 38.45%)
3. Thai NVDR Co., Ltd., as a registered and legal shareholder, holds the Non-Voting Depository Receipt (NVDR) and will not vote at the meeting unless the meeting is called to consider a delisting matter.



Dividend Policy and Allocation

Dividend Policy of the Company

“The Company shall allocate dividend payment of least 60% of net profit on its consolidated financial statements. In case of negative financial situation, the Board may propose a lower percentage of dividend payment as it considers appropriate under such circumstance.”

- The Board of Directors approved and paid an interim dividend of 8.00 baht per share on 1 August 2013.
- The Shareholders approved on 10 April 2014 and paid a final dividend of 7.00 baht per share for the second half of 2013.
- Dividend payout ratio of 71.9% (3.45 billion baht)

Explanation :

This Dividend Policy was approved by the 17th Annual General Meeting of Shareholders, on 9 April 2010, as a general principle. However, in proposing dividend for the approval of Shareholders, the Company has to comply with the laws, i.e., dividend has to be paid from net profit of the Company's separate financial statements.

Siam City Cement dividend payout history is as follows:

For fiscal year 2014, total dividend is 15 baht per share

- The Board of Directors approved and made a payment of interim dividend amounting to 8.00 baht per share on 21 July 2014.
- The Board of directors proposed for Shareholders approval on 7 April 2015 a payment of dividend amounting to 7.00 baht per share for the second half of 2014.
- Dividend payout ratio of 67.9 % (3.45 billion baht)

For fiscal year 2013, total dividend is 15 baht per share

Dividend Policy of the Company's subsidiaries

All dividend payments by the Company's subsidiaries must be approved by a resolution of the respective shareholders meeting which must be considered on its separate financial statement and must be in compliance with the relevant laws and regulations. The Subsidiaries may from time to time pay shareholders interim dividends if their Board of Directors considers it appropriate given their profitability levels.

In each case, the subsidiary company must allocate not less than one-twentieth of its net profits as reserves until the total amount allocated is equal to or more than one-tenth of the company's capital.

Related Party Transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, and key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

During the years, the Company and its subsidiaries had business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Information on related party transactions is specified in Note 6 to the Notes to Consolidated Financial Statements for the years ended December 31, 2014 and 2013.

Criteria for having related-party transactions

Where it is necessary for the Company to have a transaction with a related party, the Company will consider business necessity and arm's length principle as main criteria for decision-making. For example, product selling and purchasing is based on market price. A mark-up is included in the cost of a service fee for services rendered. All of these are to ensure economic which is reasonably shared within the companies.

Sound approval mechanism and procedure

The Company has complied with the rules of the Stock Exchange of Thailand regarding information disclosure and practices for listed companies in connected transactions. The Audit Committee also reviewed the connected transactions of the Company.

Management Structure

1. Board of Directors

Structure of the Company's Board of Directors

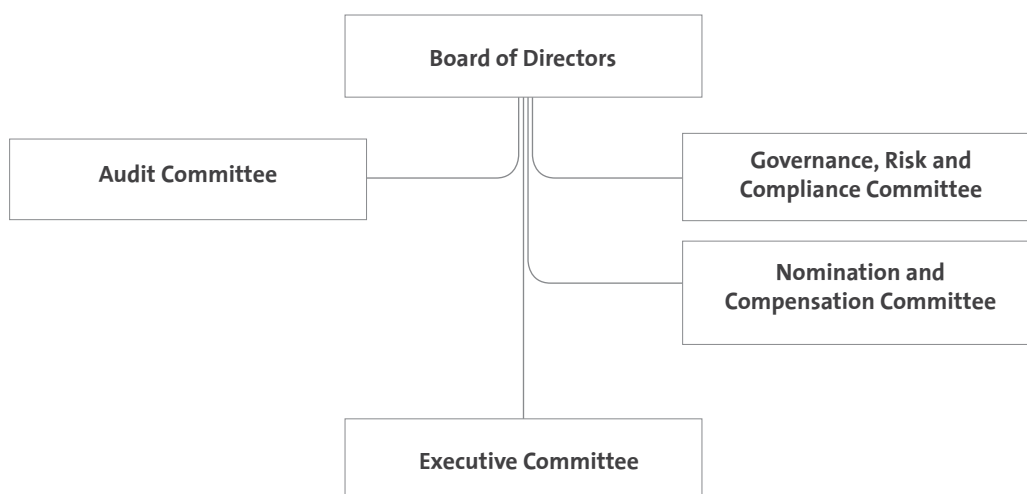
As of 31 December 2014, the Management structure of Siam City Cement Public Company Limited consisted of the Board of Directors and 3 Board Committees, which have been appointed by the Board of Directors. Said 3 Board Committees are the Audit Committee, the Governance, Risk and Compliance Committee, and the Nomination and Compensation Committee.

In accordance with Clause 11 of the Articles of Association, the number of members of the Board of Directors must be not less than 5 and not more than 13 persons.

As of 31 December 2014, the Company's Board of Directors consisted of 11 members, including:

- 10 non-executive directors, provided that;
 - 3 directors are independent directors;
 - 3 directors are the members of the Audit Committee;
 - 4 directors are the members of the Governance, Risk and Compliance Committee; and
 - 4 directors are the members of the Nomination and Compensation Committee Committee; and
- 1 executive director
- Names and the number of the directors who are authorized to sign and bind the Company are Mr. Paul Heinz Hugentobler, Mr. Chachchon Ratanarak, Mr. Vanchai Tosomboon and Mr. Vorathep Rangchaikul, provided that two of them jointly sign with the Company's seal affixed to bind the Company.

Management Structure



Board of Directors

Non-executive Directors

1. Mr. Veraphan Teepsuwan	Chairman
2. Mr. Paul Heinz Hugentobler	Vice Chairman
3. Mr. Chachchon Ratanarak	Director
4. Mr. Vanchai Tosomboon	Director
5. Ms. Nopporn Tirawattanagool	Director
6. Mr. Pongpinit Tejagupta	Director
7. Mr. Ian Stuart Thackwray	Director
8. Mr. Harald Link	Independent Director
9. Mr. Pradap Pibulsonggram	Independent Director
10. Mr. Somboon Phuvoravan	Independent Director

Executive Director

11. Mr. Voratthep Rangchaikul	Director & CEO
• Mr. Wutthipong Songwisit	Company Secretary

Board Committees

Audit Committee (AC)

1. Mr. Harald Link	Chairman
2. Mr. Pradap Pibulsonggram	Member
3. Mr. Somboon Phuvoravan	Member
• Mrs. Chadaporn Thitisawat	Secretary

Governance, Risk and Compliance Committee (GRCC)

1. Mr. Pongpinit Tejagupta	Chairman
2. Mr. Paul Heinz Hugentobler	Member
3. Ms. Nopporn Tirawattanagool	Member
4. Mr. Vanchai Tosomboon	Member
• Mr. Wutthipong Songwisit	Secretary

Nomination and Compensation Committee (NCC)

1. Mr. Paul Heinz Hugentobler	Chairman
2. Mr. Harald Link	Member
3. Ms. Nopporn Tirawattanagool	Member
4. Mr. Vanchai Tosomboon	Member
• Mr. Tasporn Chantree	Secretary

Total attendance at the Board Meetings and Board Committee Meetings in 2014

Director/Executive Officers	Total Attendance/Total Meeting				Remarks
	Board Meeting	Audit Committee Meeting	Governance, Risk and Compliance Committee	Nomination and Compensation Committee	
Non-Executive Directors					
1. Mr. Veraphan Teepsuwan	7/7	-	-	-	-
2. Mr. Paul Heinz Hugentobler	7/7	-	1/1	2/2	-
3. Mr. Chachchon Ratanarak	6/7	-	-	-	-
4. Mr. Vanchai Tosomboon	7/7	-	1/1	2/2	
5. Miss. Nopporn Tirawattanagool	7/7	-	0/1	2/2	-
6. Mr. Pongpinit Tejagupta	7/7	9/12	1/1	-	Mr.Pongpinit was replaced by Mr. Link
7. Mr. Ian Stuart Thackwray	4/7	-	-	-	Mr. Thackwray was appointed as the director at AGM on 10 April 2014
8. Mr. Harald Link	6/7	3/12	-	0/2	Mr. Link was appointed as the Chairman of the Audit Committee at the Board meeting on 21 July 2014
9. Mr. Pradap Pibulsonggram	7/7	10/12	-	-	
10. Mr. Somboon Phuvoravan	7/7	11/12	-	-	
Executive Director					
11. Mr. Vorathep Rangchaikul	6/7	-	-	-	-

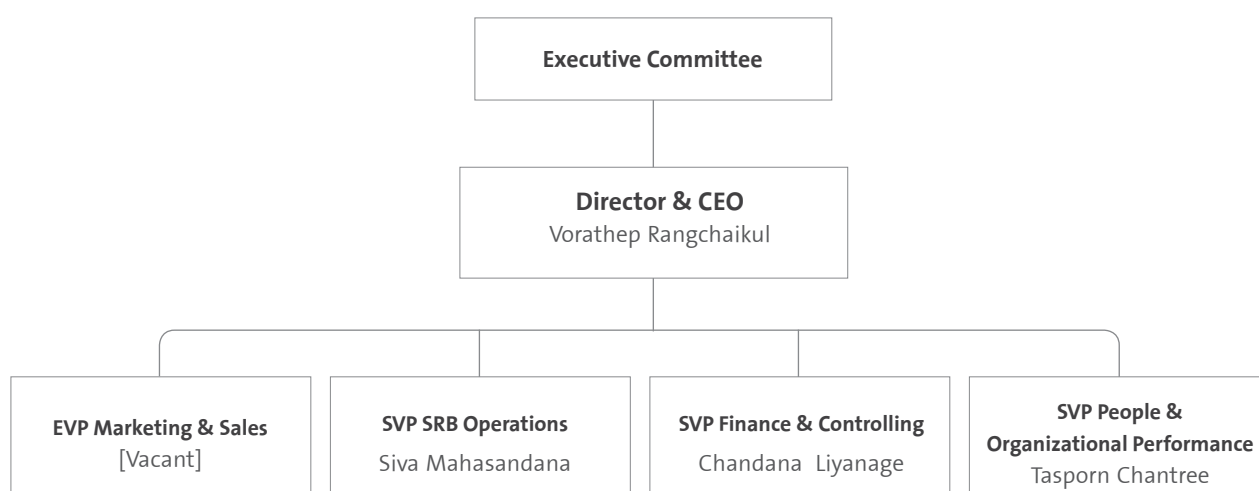
2. Executive

From 1 January 2014 to 31 January 2015, there were 4 members in the Executive Committee as follows:

Executive Committee

- | | | |
|----|--------------------------|---|
| 1. | Mr. Vorathep Rangchaikul | Director & CEO and Chairman of the Executive Committee |
| 2. | Mr. Siva Mahasandana | Senior Vice President (Saraburi Operations) |
| 3. | Mr. Chandana Liyanage | Senior Vice President (Finance and Controlling) |
| 4. | Mr. Tasporn Chantree | Senior Vice President (People & Organization Performance) |

Executive Committee Structure



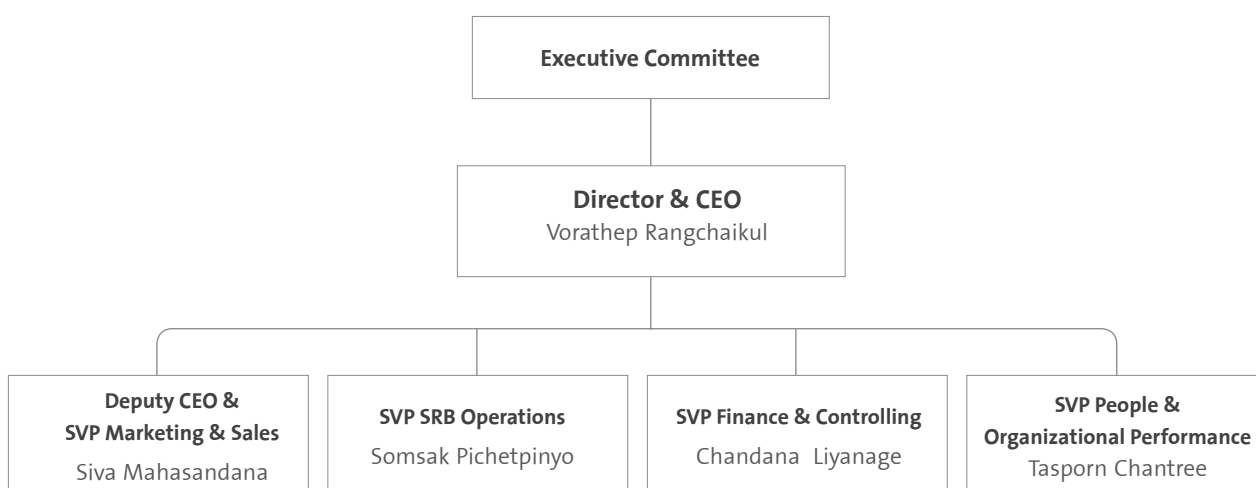
Total attendance at the Executive Committee Meetings in 2014

Executive Committee	Position	Total Attendance/Total Meeting
Mr. Vorathep Rangchaikul	Director & CEO and Chairman of the Executive Committee	22/23
Mr. Siva Mahasandana	Senior Vice President (Saraburi Operations)	21/23
Mr. Chandana Liyanage	Senior Vice President (Finance and Controlling)	22/23
Mr. Tasporn Chantree	Senior Vice President (People & Organization Performance)	22/23

Since 1 February 2015 onwards, there have been 5 members on the Executive Committee as follows:

Executive Committee	Position
1. Mr. Vorathep Rangchaikul	Director & CEO and Chairman of the Executive Committee
2. Mr. Siva Mahasandana	Deputy CEO and Senior Vice President (Marketing & Sale)
3. Mr. Chandana Liyanage	Senior Vice President (Finance and Controlling)
4. Mr. Tasporn Chantree	Senior Vice President (People & Organization Performance)
5. Mr. Somsak Pichetpinyo	Senior Vice President (Saraburi Operations)

Executive Committee structure



3. Company Secretary

The Board of Directors' Meeting has appointed Mr. Wutthipong Songwisit, Head of Legal and Compliance, Legal & Corporate Affairs Department, to serve as the Company Secretary. The Company Secretary is required to perform the duties as defined in the Securities and Exchange Act (No. 4) B.E. 2551 with responsibility, care and integrity, and in compliance with the laws and regulations, the Company's objectives, resolutions of the Board of Directors' Meeting and resolutions of Shareholders' Meeting. The Company Secretary is responsible for providing legal advice and related rules and good practices on the Board related activities in adherence with the laws. The Company Secretary is responsible for arrangement of the Board of Directors' Meeting and the Shareholders' Meeting. The Company Secretary must liaise with other departments within

the Company to ensure compliance with the resolutions of the Board of Directors and the Shareholders. The Company Secretary is a company's representative who must liaise with regulatory agencies such as the Securities and Exchange Commission and the Stock Exchange of Thailand and be responsible for the disclosure and reporting information to the regulatory agencies and the public. In addition, the Company Secretary should provide orientation for new directors and perform other duties as assigned by the Board of Directors.

4. Remuneration of the Board of Directors and Executives

The process of granting remuneration for the Board members has been carried out in a transparent manner by obtaining approval from the Shareholders. The Shareholders approved the Director's Remuneration in Principle at the Annual General Meeting of Shareholders No. 17 on 9 April 2010 as follows;

"Remuneration of Directors consists of director fees payable on a monthly basis and bonus on an annual basis. The payment of remuneration of Directors shall be made in accordance with the following principle from the day the resolution is passed by a vote of the Shareholders onwards and until the Shareholders' meeting determines otherwise.

Director Monthly Fee: The Board shall receive the director fee on monthly basis, at the aggregated amount of not more than Baht 1.5 million per month. The Chairman and the Vice Chairman of the Board shall consider the appropriate allocation of the same for each Board member, accordingly.

Bonuses: The Board shall receive the annual bonuses at the aggregated amount not exceeding Baht 5 million. The Chairman and the Vice Chairman of the Board shall consider the appropriate allocation of the same for each Board member, accordingly.

The provisions of the foregoing paragraphs shall not affect the right of any officers or employees of the Company who are elected and appointed as Directors to receive their remuneration and benefits as officers or employees of the Company."

Directors' remuneration in cash for the Board Members for 2014 including Monthly Director fees and bonus are as follows:

List of Directors	Total of Monthly Director fee paid in 2014				Bonus for 2013	Total amount
	Board of Directors	Audit Committee	Governance Risk & Compliance Committee	Nomination & Compensation Committee		
			(Aug-Dec)	(Aug-Dec)	Paid in 2014	Paid in 2014
	(Baht)	(Baht)	(Baht)	(Baht)	(Baht)	(Baht)
Non-Executive Directors						
1 Mr. Veraphan Teepsuwan	2,400,000	-	-	-	610,500	3,010,500
2 Mr. Paul Heinz Hugentobler	1,800,000	-	250,000	350,000	500,500	2,900,500
3 Mr. Chachchon Ratanarak	1,200,000	-	-	-	407,000	1,607,000
4 Mr. Vanchai Tosomboon	1,200,000	-	250,000	250,000	407,000	2,107,000
5 Miss. Nopporn Tirawattanagool	1,200,000	-	250,000	250,000	407,000	2,107,000
6 Mr. Pongpinit Tejagupta	1,200,000	(Jan-July) 490,000	350,000	-	423,500	2,463,500
7 Mr. Ian Stuart Thackwray ¹	866,667	-	-	-	-	866,667
Independent Directors						
8 Mr. Harald Link	1,200,000	(Aug.-Dec.) 350,000	-	250,000	407,000	2,207,000
9 Mr. Pradap Pibulsonggram	1,200,000	600,000	-	-	418,000	2,218,000
10 Mr. Somboon Phuvoravan	1,200,000	600,000	-	-	279,400	2,079,400
11 Mr. Prabhol Buranasin ²	-	-	-	-	138,600	138,600
Executive Directors						
12 Mr. Vorathep Rangchaikul	1,200,000	-	-	-	-	1,200,000
13 Mr. Phillippe Arto ³	-	-	-	-	407,000	407,000
Total	14,666,667	2,040,000	1,100,000	1,100,000	4,405,500	23,312,164

Remark

1. Mr. Ian Stuart Thackwray was appointed as a director at the Annual General Meeting of Shareholders in April 2014.
2. Mr. Prabhol Buranasiri completed his term at the Annual General Meeting of Shareholders in April 2013 and received partial monthly director fee and bonus which was paid in 2014.
3. Mr. Philippe Arto resigned from his directorship with effect on 1 January 2014 and received partial bonus for his performance in 2013 which was paid in 2014.

Remuneration of the 4 members of the Company's Executive Committee was Baht 71.57 million, including salary and bonus paid 2014.

Other remunerations

For Directors: None

For Executives:

- Contributions to Provident Fund of total Baht 2.57 million;
- Contributions to Employee Joint Investment Program (EJIP) for its executives was Baht 2.39 million; and
- Company cars provided for the members of the Executive Committee to use in performing his/her duty.

SCCC Shareholding of Directors and Executives

Name of Directors /Executives	31 December 2014			31 December 2013			Total Shares increase/ (decrease) (Shares)
	No. of Share (shares)		Total Shareholding (%)	No. of Share (shares)		Total Shareholding (%)	
	Directors/ Executives	Spouse and Child who has not yet reach adulthood		Directors/ Executives	Spouse and Child who has not yet reach adulthood		
Non-Executive Directors							
1. Mr. Veraphan Teepsuwan	4,682	1,265	0.0026	4,682	1,265	0.0025	-
2. Mr. Paul Heinz Hugentobler	-	-	-	4,100	-	0.0018	(4,100)
3. Mr. Chachchon Ratanarak	-	-	-	-	-	-	-
4. Mr. Vanchai Tosomboon	47,187	-	0.0205	44,437	-	0.0193	2,750
5. Ms. Nopporn Tirawattanagool	-	-	-	-	-	-	-
6. Mr. Pongpinit Tejagupta	-	-	-	-	-	-	-
7. Mr. Ian Stuart Thackwray	-	-	-	-	-	-	-
8. Mr. Harald Link	7,857	-	0.0034	4,207	-	0.0018	3,650
9. Mr. Pradap Pibulsonggram	-	-	-	-	-	-	-
10. Mr. Somboon Phuvoravan	56,800	48,201	0.0456	56,800	48,201	0.0456	-
Executive Director							
11. Mr. Vorathep Rangchaikul	-	-	-	-	-	-	-
Executives							
12. Mr. Siva Mahasandana	141,655	212,500	0.1540	269,102	-	0.1170	85,053
13. Mr. Chandana Liyanage	6,264	-	0.0027	4,102	-	0.0018	2,162
14. Mr. Tasporn Chantree	6,320	-	0.0027	4,197	-	0.0018	2,123

Directors' & Executives' Information

Detail of the Board of Directors and Executive Members and their recent experiences, as of 31 December 2014, are as follows:

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
1 Mr. Veraphan Teepsuwan	73	1) Listed Company		
Chairman of the Board of Directors		Nov 2006 - Present	Chairman of the Board of Directors	Siam City Cement Public Company Limited/ Cement Producer
Master Degree: MBA., Northeastern University, USA		Jan 2001 - Nov 2006	Vice Chairman of the Board of Directors	*Appointed as Director since 13 August 1998
		Aug 1998 - Dec 2000	Director	
Bachelor Degree: Economics, Boston University, USA		Jan 2007 - Present	Chairman	Bank of Ayudhya Public Company Limited/ Commercial Bank
		1999 - Present	Chairman	Sri Ayudhya Capital Public Company Limited/ Investment Holding
		2003 - Present	Vice Chairman	Eastern Star Real Estate Public Company Limited/ Real Estate
		1995 - Jan 2011	Chairman	Allianz Ayudhaya Assurance Public Company Limited/ Life Insurance
		2) Non Listed Company		
		1983 - Mar 2014	Director	Bangkok Broadcasting & T.V. Company Limited/ Television Broadcasting
		Sep 2010 - Present	Director	Executive Senior Care International Company Limited

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
Role of Chairman Program (RCP)	2008
2) Others course:	
None	

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
2 Mr. Paul Heinz Hugentobler	65	1) Listed Company		
Vice Chairman of the Board of Directors		Jan 2001 - Present	Vice Chairman of the Board of Directors	Siam City Cement Public Company Limited/ Cement Producer
Certificate: International Senior Management Program, Harvard Business School, USA		Jul 2014 - Present	Chairman of Nomination and Compensation Committee	*Appointed as Director since 13 August 1998
Master Degree: Lic.oec.HSG, Graduate School of Economic and Business of St.Gallen, Switzerland		Jul 2014 - Present	Member of Governance, Risk and Compliance Committee	
		Aug 1998 - Dec 2000	Director	
		1999 - 2000	Managing Director	
Bachelor Degree: B.Sc. in Civil Engineering, Swiss Federal Institute of Technology, Zurich		2000 - Present	Director	Lanna Resources Public Company Limited/ Coal Production & Distribution
		2002 - Feb 2014	Member of the Executive Committee	Holcim Limited/ Cement Producer
		2) Non Listed Company		
		2004 - Jan 2014	Director	Holcim Participation Company Limited/ Holdings Company
		2001 - 2013	Director	Holcim Services (Asia) Company Limited / IT Services
		1998 - Jan 2014	Director	Thai Roc-Cem Company Limited/ Holdings Company
		1998 - Jan 2014	Director	Holcim Capital (Thailand) Company Limited/ Holdings Company
		2001 - Present	Director	Siam City Concrete Company Limited (Subsidiary)/ Ready-mixed concrete and aggregates
		Feb 2012 - Present	Chairman	Conwood Company Limited (Subsidiary)/Construction Material
		2001 - Jan 2012	Director	Conwood Company Limited (Subsidiary)/Construction Material
		Sep 2014 - Present	Director	INSEE Digital Company Limited (Subsidiary)/IT Services

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
None	
2) Others course:	
None	

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
3 Mr. Chachchon Ratanarak	42	1) Listed Company		
Director		Sep 2006 - Present	Director	Siam City Cement Public Company Limited/ Cement Producer
Bachelor Degree: B.Sc. Economics (Honors), University of London, England				*Appointed as Director since 9 September 2006
		2) Non Listed Company		
		2006 - Present	Director	Tonson Property Company Limited/ Property Developer
		2006 - Present	Director	Tonson Group Company Limited/ Investment in property

Training Experience:	
1) Thai Institute of Directors (IOD)'s Course (s)	Year
None	
2) Others course:	
None	

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
4 Mr. Vanchai Tosomboon	65	1) Listed Company		
Director		Jun 2004 - Present	Director	Siam City Cement Public Company Limited/ Cement Producer
Master Degree: MBA, Asian Institute of Management		Jul 2014 - Present	Member of Governance, Risk and Compliance Committee	*Appointed as Director since 14 June 2004
Bachelor Degree: Law, Thammasat University		Jul 2014 - Present	Member of Nomination and Compensation Committee	
		2012 - Present	Advisor to the Company	
		2004 - 2011	Executive Vice President (Saraburi Operations)	
		1999 - Present	Director	Lanna Resources Public Company Limited/ Coal Production & Distribution
		2) Non Listed Company		
		Aug 2014 - Present	Independent Director and Audit Committee	Krungsri Securities Public Company Limited/ Securities Business
		2002 - Present	Director	Conwood Company Limited (Subsidiary)/ Construction Material

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
Director Accreditation Program (DAP)	2004
Director Certification Program (DCP)	2001
2) Others course:	
Training : "Senior Management Program", Institute of Management Development (IMD) , Switzerland	2006
Training : " Breakthrough Program for Senior Executives " Institute of Management Development(IMD) Switzerland	2002
Training : " Managing Corporate Resources ", Institute of Management Development (IMD), Switzerland	2000

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
5 Ms. Nopporn Tirawattanagool	60	1) Listed Company		
Director		Apr 2012 - Present	Director	Siam City Cement Public Company Limited/ Cement Producer
Master Degree: Accounting, Faculty of Commerce and Accountancy, Thammasat University		Jul 2014 - Present	Member of Governance, Risk and Compliance Committee	*Appointed as Director since 23 April 2012
Bachelor Degree: Business Administration (in Accounting), Thammasat University		Jul 2014 - Present	Member of Nomination and Compensation Committee	
		Oct 2014 - Present	Director	Srivichaivejvivat Public Company Limited/Hospital
		2014 -Present	Director (Authorized Signatory)	Bank of Ayudhya Public Company Limited/ Commercial Bank
		2010 - Present	Director, Nomination and Remuneration Committee Member	Bank of Ayudhya Public Company Limited/ Commercial Bank
		May 2013 - Present	Director, Nomination and Remuneration Committee Member	Sri Ayudhya Capital Public Company Limited/ Investment
		2010 - Jan 2012	Independent Director Audit Committee Member	Lanna Resources Public Company Limited/ Coal Production & Distribution
		2) Non Listed Company		
		Dec 2014 - Present	Director	Belle Development Co., Ltd./ Real Estate
		Dec 2014 - Present	Director (Authorized Signatory)	Grand Fortune Co., Ltd./ Real Estate
		Apr 2014 - Present	Director	Bangkok Broadcasting & TV Co., Ltd./ Advertise
		Apr 2014 - Present	Director (Authorized Signatory)	BBTV Satelvision Co., Ltd./Advertise
		Apr 2014 - Present	Director (Authorized Signatory)	GL Asset Co., Ltd./Advertise
		Apr 2014 - Present	Director (Authorized Signatory)	Mahakij Holding Co., Ltd./Advertise
		Apr 2014 - Present	Director (Authorized Signatory)	BBTV Production Co., Ltd./Advertise
		Jan 2014 - Present	Director (Authorized Signatory)	BBTV Alliance Ltd.
		Jan 2014 - Present	Director (Authorized Signatory)	BBTV Bond Street Building Ltd.

August 2012 - Present	Director (Authorized Signatory)	ITBC Business Consultant Group Company Limited/ IT consultant
2011 - Present	Director (Authorized Signatory)	Exclusive Senior Care International Company Limited/ Hospital
2010 - Present	Director (Authorized Signatory)	BBTV International Holding Company Limited/Holding company
2010 - Present	Director (Authorized Signatory)	Sunrise Equity Company Limited/ Investment consultant
2010 - Present	Director (Authorized Signatory)	BBTV Equity Company Limited/ Office rental
May 2010 - Aug 2011	Chairman (Authorized Signatory)	Professional Call Center Co., Ltd./ Setting Call Center
May 2004 - Jan 2011	Director	Dherakupt International Law Office Co., Ltd/ Law services
Nov 2009 - Apr 2010	Director	Total Services Solutions Public Company Limited/ Collection business
Apr 2009 - Apr 2010	Director	Ayudhya Total Solutions Public Company Limited/ Leasing
Apr 2008 - Apr 2010	Director	Ayudhya Capital Auto Lease Public Company Limited/ Leasing
Nov 2003 - Apr 2010	Director	Ayudhya Auto Lease Public Company Limited/
Apr 2008 - Mar 2010	Director	Krungsri Securities Public Company Limited/ Securities business

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
Anti-Corruption for Executive Program (ACEP)	2013
Financial Institution Governance Program (FGP)	2011
Audit Committee Program (ACP)	2010
Director Certificate Program (DCP)	2010
Role of the Compensation Committee (RCC)	2009
Director Accreditation Program (DAP)	2003
2) Others course:	
None	

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
6 Mr. Pongpinit Tejagupta	60	1) Listed Company		
Director Master Degree: MBA, University of Detroit, Michigan, U.S.A. Bachelor Degree: Accounting Chulalongkorn University		Jul 2014 - Present	Director	Siam City Cement Public Company Limited/ Cement Producer
		Jul 2014 - Present	Chairman of Governance, Risk and Compliance Committee	*Appointed as Director since 26 February 2010
		Feb 2010 - Jul 2014	Independent Director	
		Feb 2010 - Apr 2011	Member of the Audit Committee	
		Apr 2011 - Jul 2014	Chairman of the Audit Committee	
		2005 - 2013	Director	Bank of Ayudhya Public Company Limited/ Commercial Bank
		2014 -Present	Advisor to the Board of Directors	
		2) Non Listed Company		
2003 - Present	Director	Allianz Ayudhya Assurance Public Company Limited (Formerly Ayudhya Allianz C.P.Life Public Company Limited)/ Life Insurance		
2014 -Present	Director	Bangkok Broadcasting & T.V. Co., Ltd./ Television Broadcasting		
1996 - 2009	Director	Krungsriayudhya Card Company Limited/ Credit Card		
2001 - 2008	Director	KrungsriAyudhya Asset Management Company Limited/Asset Management		

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
Anti-Corruption for Executive Program (ACEP)	2013
How to Develop a Risk Management Plan (HRP)	2013
Chartered Director Class (CDC)	2013
Role of the Compensation Committee (RCC)	2012
Monitoring the System of Internal Control and Risk Management (MIR)	2012
Monitoring the Quality of Financial Reporting (MFR)	2012
Monitoring Fraud Risk Management (MFM)	2012
Monitoring the internal Audit Function (MIA)	2012
The Board's Roles in Merger & Acquisitions (M&A)	2011
Financial Institutions Governance Program (FGP)	2011
Advanced Audit Committee Program (ACP)	2010
Successful Formulation & Execution of Strategy (SFE)	2010
Role of the Nomination and Governance Committee (RNG)	2010
Director Certification Program (DCP)	2009
Director Accreditation Program (DAP)	2008
2) Others course:	
None	

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
7 Mr. Ian Stuart Thrackway	57	1) Listed Company		
Director M.A. (Hons) in Chemistry, Oxford University		April 2014 - Present	Director	Siam City Cement Public Company Limited/ Cement Producer *Appointed as Director since 10 Apr 2014
		2) Non Listed Company		
		2014 - Present	Director	Holcim Services (Asia) Company Limited/ Services
		2014 -Present	Executive Committee (area of responsibility: the Region East Asia Pacific includes Southeast Asia, East Asia (primarily China) and Oceania)	Holcim Philippines
		2010 - Present	Executive Director	Holcim Philippines
		2006 - 2010	CEO	Holcim Philippines

Training Experience:	
1) Thai Institute of Directors (IOD)'s Course (s)	Year
None	
2) Others course:	
None	

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
8 Mr. Harald Link	59	1) Listed Company		
Independent Director Chairman of the Audit Committee Lic.oe.HSG, University of St. Gallen, Switzerland		Sep 1998 - Present	Independent Director	Siam City Cement Public Company Limited/ Cement Producer
		Jul 2014 - Present	Chairman of the Audit Committee	*Appointed as Director since 24 September 1998
		July 2014 - Present	Member of Nomination and Compensation Committee	
		1998 - 2009	Member of the Audit Committee	
		2010 - Present	Independent Director	True Corporation Public Company Limited/ Telecommunication
		2000 - 2010	Director	
2) Non Listed Company				
		1987 - Present	Chairman	B. Grimm

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
None	
2) Others course:	
Course on Good Corporate Governance at St. Gallen, Switzerland	2003

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
9 Mr. Pradap Pibulsonggram	65	1) Listed Company		
Independent Director Member of the Audit Committee B.A. in Political Studies, Auckland University, New Zealand		April 2011 - Present	Independent Director,	Siam City Cement Public Company Limited/ Cement Producer
		April 2011 - Present	Member of the Audit Committee	*Appointed as Director since 21 April 2011
		2) Non Listed Company		
		Mar 2012 - Present	Expert	PibulsongkramRajabhat University Council/ Educationalinstitution
		Jan 2011 - Present	Thai Representative	ASEAN Connectivity Coordinating Committee
		2014 - Present	Director	TEAM Consulting International Co., Ltd.
		2013 - Present	Director	Monitoring and Evaluation Committee of the integration logistics research project between National Research Council (NRCT) and the Thailand Research Fund (TRF).
		2010 - Apr 2011	Advisor to the Foreign Minister	Ministry of Foreign Affairs
		2010	Thai Representative	High Level Task Force on Master Plan on ASEAN Connectivity
		2008 - 2009	Ambassador	Italy, Cyprus, San Marino, Albania, Sor.Mil. Order of Malta
		2007	Deputy Permanent Secretary	Ministry of Foreign Affairs
		2007	Thai Representatives	High Level Task Force on ASEAN Charter
		2004 - 2006	Ambassador	Switzerland, Vatican City State and Principality of Liechtenstein
		1996 - 2000	Ambassador	Hungary and Croatia

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
How to Measure the Success of Corporate Strategy (HMS)	2014
Anti-Corruption for Executive Program (ACEP)	2013
Monitoring the System of Internal Control and Risk Management (MIR)	2012
Monitoring the Quality of Financial Reporting (MFR)	2012
Monitoring Fraud Risk Management (MFM)	2012
Monitoring the internal Audit Function (MIA)	2012
Audit Committee Program (ACP)	2011
Financial Statements for Directors (FSD)	2011
Director Certification Program (DCP)	2011
2) Others course:	
The National Defense College: the Joint State-Private Sectors Class 7	1994

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
10 Mr. Somboon Phuvoravan	68	1) Listed Company		
Independent Director Member of the Audit Committee		Apr 2013 - Present	Independent Director	Siam City Cement Public Company Limited/ Cement Producer
Master Degree: Master of Business Administration, Thammasat University		Apr 2013 - Present	Member of the Audit Committee	*Appointed as Director since 23 April 2013
Bachelor Degree: Mechanical Engineering , Chulalongkorn University		2) Non Listed Company		
		None		

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
Anti-Corruption for Executive Program (ACEP)	2013
Monitoring Fraud Risk Management (MFM)	2012
Director Certification Program (RE DCP)	2008
Monitoring the Quality of Financial Reporting (MFR)	2008
Monitoring the System of Internal Control and Risk Management (MIR)	2007
Monitoring the internal Audit Function (MIA)	2007
Director Accreditation Program (DAP)	2005
Audit Committee Program (ACP)	2005
Director Certification Program (DCP)	2005
2) Others course:	
None	

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
11 Mr. Vorathep Rangchaikul	53	1) Listed Company		
Director & CEO		2014 - Present	Director & CEO	Siam City Cement Public Company Limited/ Cement Producer
Master Degree: MBA, University of Detroit, USA				*Appointed as Director since 1 January 2014
Bachelor Degree: Mechanic Engineer, Kasetsart University		2) Non Listed Company		
		2014 - Present	Director	Siam City Concrete Company Limited (Subsidiary)/Ready-mixed concrete and aggregates
		2014 - Present	Director	Conwood Company Limited (Subsidiary)/Construction Material
		2014 - Present	Director	INSEE Superblock Company Limited (Subsidiary)/ Light weight Block Producer
		2014 - Present	Chairman	Siam City Power Limited (Subsidiary)/Energy
		2014 - Present	Chairman	Energy and Environmental Services Company Limited (Subsidiary)/ Waste Solution
		Jul 2014 - Present	Director	INSEE Digital Company Limited (Sub- sidiary)/IT Services
		2009 - 2013	CEO/Managing Director	Dutch Mill Company Limited/ Diary product Producer
		2009 - 2013	CEO/Managing Director	Kuiburi Fruit Canning (KFC) Company Limited/Canned fruit Producer
		2002 - 2009	President	Diageo Moet Hennessy (Thailand) Company Limited/Beverages and Alcoholic Distributor

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
Director Certification Program (DCP)	2014
2) Others course:	
None	

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
12 Ms. Chantana Sukumanont	64	1) Listed Company		
Advisor to the Company		2013 - Present	Advisor to the Company	Siam City Cement Public Company Limited/ Cement Producer
Certificate: Advanced Management Program, Harvard Business School, USA		2004 - Dec 2012	Director	*Appointed as Advisor since 21 December 2012
Diploma in Business Studies, The Center for Economic and Political Studies, UK		2006 - Dec 2012	Deputy Chairman of the Executive Committee (Marketing and Sales)	
Certificate: Executive Coaching Institute, UC Berkeley, USA		2004 - 2006	Executive Vice President	
		2010 - Apr 2012	Independent Director and Member of Audit Committee	Minor International Public Company Limited/ Hospitality and leisure
		2) Non Listed Company		
		Present	Vice Chairperson	Thai Cement Manufacture Association/Non-profit Organization
		Present	Director	Thai Listed Companies Association/ Non-profit Organization
		Feb 2012 - Present	Chairperson	Siam City Concrete Company Limited (Subsidiary)/ Ready-mixed concrete and aggregates
		2004 - Jan 2012	Director	
		2002 - Present	Director	Conwood Company Limited (Subsidiary)/Construction Material
		Nov 2012 - Present	Chairperson	INSEE Superblock Company Limited/ (Subsidiary)/ Light weight Block Producer

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)	Year
Director Certification Program (DCP)	2005
2) Others course:	
National Defence College Association of Thailand (NDCAT) - Advanced Security Management Program	2012
Thailand Energy Academy (TEA) - Executive Program	2012

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
13 Mr. Siva Mahasandana	52	1) Listed Company		
Deputy CEO & Senior Vice President (Marketing & Sales)		Feb 2015 - Present	Deputy CEO & Senior Vice President - Marketing & Sales	Siam City Cement Public Company Limited/ Cement Producer
Certificate: Advanced Management Program, Harvard Business School, USA		2012 - Jan 2015	Senior Vice President (Saraburi Operations)	*Appointed as Deputy CEO & Senior Vice President - Marketing & Sales since 1 February 2015
Master Degree: MBA, Finance and Investment (Beta Gamma Sigma), The George Washington University, USA		2009 - 2011	Senior Vice President (RMX & Aggregates)	
		2007 - 2009	Vice President Professional Customers	
Bachelor Degree: Mechanical Engineering Chulalongkorn, University		2) Non Listed Company		
		2004 - Jan 2012	CEO	Siam City Concrete Company Limited (Subsidiary)/ Ready-mixed concrete and aggregates
		2011 -Present	Director	Siam City Power Company Limited (Subsidiary)/Energy
		Aug 2013 - Present	Director	Energy and Environmental Services Company Limited/ Waste Solution

Training Experience:	
1) Thai Institute of Directors (IOD)'s Course (s)	Year
None	
2) Others course:	
by Holcim Limited, Switzerland	
- Senior Leadership Program	2005, 2007

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
14 Mr.Chandana Liyanage	50	1) Listed Company		
Senior Vice President (Finance and Controlling)		2010 - Present	Senior Vice President - Finance and Controlling	Siam City Cement Public Company Limited/ Cement Producer
Associate member, Institute of the Chartered Accountants, Sri Lanka				*Appointed as Senior Vice President - Finance and Controlling since 11 November 2010
Member of the Certified Management Accountants, Australia		2005 - 2010	Regional Controller South Asia/ASEAN	Holcim Group Support Ltd, Switzer- land/ Services Provider for Group Companies
Fellow member of the Society of Certified Management Accountants, Sri Lanka		2002 - 2005	Head of Finance	Holcim Lanka Ltd./ Cement Producer
		1996 - 2002	Finance Manager	Coca Cola Beverages Lanka Ltd./ Food and Beverage, Marketer producer
		1992 - 1996	Senior Accountant	Ernst & Young Dubai/ Accounting and Consulting
		1990 - 1992	Audit Manager	BDO Hathy & Co/ Audit Practice
		2) Non Listed Company		
		2011 - Present	Director	Siam City Power Company Limited (Subsidiary)/ Energy
		Nov 2012 - Present	Director	INSEE Superblock Company Limited/ (Subsidiary)/ Light weight Block Producer
		Aug 2013 - Present	Director	Energy and Environmental Company Limited (Subsidiary)/ Waste Solution
		Jul 2014 - Present	Director	INSEE Digital Company Limited (Subsidiary)/ IT Services

Training Experience:

1) Thai Institute of Directors (IOD)'s Course (s)

Director Certification Program (DCP)

Year

2011

2) Others course:

Institute of Management Development (IMD) , Switzerland
-Senior Management Program

2012

University of St.Gallen, Switzerland
- Executive Management Program

2005

NIBM Sri Lanka
- Design and Development of Computer Systems

1992

Name/Position/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company /Business Type
15 Mr. Tasporn Chantree	48	1) Listed Company		
Senior Vice President People & Organizational Performance (P&OP)		2009 - Present	Senior Vice President People & Organizational Performance (P&OP)	Siam City Cement Public Company Limited/ Cement Producer
Certificate: Advanced Management Program, Harvard Business School, USA				*Appointed as Senior Vice President - People & Organizational Performance (P&OP) since 14 May 2009
Master Degree: Human Resources, National Institute of Development Administration		2007 - 2009	Deputy Regional HR Director	Holcim Group Support Ltd. South Asia & Asean/ Management Services
Master Degree: Master of Art, Communication Research, Thammasat University		2004 - 2007	Learning & Development Manager	Siam City Cement Public Company Limited/ Cement Producer
Bachelor Degree: Bachelor of Social Work-Social Administration, Thammasat University		2) Non Listed Company		
				None

Training Experience:	
1) Thai Institute of Directors (IOD)'s Course (s)	Year
None	
2) Others course:	
by INSEAD, France - Management of People Program	2008
by University of St, Gallen, Switzerland - Executive Management Program	2005

Personnel

As of the end of 2014, the Company (including all other subsidiaries in Thailand and Foreign countries) employed a total of 3,806 persons with the total compensation paid to those employees in aggregation of Baht 2,711 million, given that the compensation will include salary, wages and other employee benefits.

Superblock and Geocycle. For every employee from operations to the first/mid/top management levels, INSEE Academy has built people development roadmap and blended-style learning interventions like the Induction & On-board Program for new joiners, Management & Leadership Development Program, Leadership Competencies Development Program, Operational Performance Improvement & Coaching Program, Technical & Functional Skills Development Program, OH&S and Environmental Program, Business Ethic & Compliance Program and Sustainable Development Program.

People Development Policy

Every member of INSEE Family is the most important element and the foundation of our business. We believe that our success and growth depends on the employees who represent the core values and competencies aligned with our vision, the business direction and future aspiration of the employees. Thus SCCC aims to develop and improve people management and development to achieve the global standards in leadership, knowledge, capabilities and management, transforming our organization to the leader in construction materials in Thailand and Asia. We foster good citizenship, ethics, safety, and environmental and social concern in our employees and also encourage them to take part in managing the organization and driving our business to the competitive edge and sustainable growth of the future society.

With the commitment to nurture employees on awareness, knowledge, ways of working, true understanding of our organization and developing human capitals to address the organizational objectives and expected outcomes, SCCC has a strong passion in modern people development approaches focusing on the learners' needs and 70-20-10 concepts emphasizing learning by experience, on the job coaching, sharing best practices and learned lessons and encouraging continuous learning anywhere anytime and anytime via self-learning, digital learning and the corporate knowledge management platform.

SCCC puts strong focus on building INSEE Leaders to develop our human capital on leadership, knowledge, capability and experience in managing the business so they are able to perform in their current and future positions, and establish career development and succession plan accommodating both individual and organizational needs. Our employee performance evaluation policy provides a solid standard for evaluating employees with capability and potential for higher crucial positions in the organization so that they are ready by the expected time and business needs such as business expansion and management retirement. INSEE Academy works with other human resources and Line Managers in each function to equip our first/mid/senior management employees with

People Development Guideline and Approach

SCCC has established INSEE Academy under the People & Organizational Performance function as a center of both short and long-term people development strategy of SCCC Group which includes Mixed cement, Portland cement, INSEE Mortar, INSEE Concrete, Conwood, INSEE

essential leadership/management and other required competencies by implementing various development programs like Executive Coaching, Employee Exchange Program (EEP), Assessment Center for Development, Corporate Project Assignments, sharing best practices with both domestic and international companies.

Besides the focus on management capability building, SCCC also focuses on operational and front line employees as they are the key in our business operations: manufacturing, marketing and sales, logistics, and other enabling functions. INSEE Academy has been providing fundamental and technical development programs by internal Subject Matter Experts and external institutes, ensuring that every employee has the right knowledge and skills required to perform their work correctly, efficiently and safely at the expected standard so that every product and service is effectively and efficiently delivered to our customers, partners and related parties beyond their expectation.

Not only the business stakeholders, our cares for the community is demonstrated by our knowledge and experience sharing in the business, management, people management, role-modeling, ethics and many other topics to the community intellect's and other leaders including mass media in- and outside Thailand. SCCC is proud of the contribution towards Thailand's prosperity in the level of institute, society and country. Strengthening our relationship with the community and

society, activity is part of our commitment to being a learning organization where knowledge and experience are synergized to expand our thinking and vision in people management.

In 2014, SCCC delivered a variety of learning and development interventions to our employees as follow:

1. Transitional Development Program 5,661.25 hours;
2. Leadership Development Program 16,173.48 hours;
3. Technical/Functional Development Program 101,206.49 hours;
4. On-boarding Program 13,681.81 hours; and
5. OH&S and Sustainable Development Program 36,533.07 hours.

Summary Report

Unit: Hours per person per year

1) Training Hour (Per employee per year)	2012	2013	2014
Employee and management	48.35	44.60	47.42

Unit: Baht

2) Training and Development Investment	2012	2013	2014
Employee and management (per employee per year)	22,066.42	23,383.61	17,625.13
Total Investment *	59,667,611.78	67,181,115.95	64,402,236.66

*Excluding accommodation expenses, travel expenses and miscellaneous disbursements.

Corporate Governance

1. Corporate Governance Policy

The Company's Board of Directors has established a Corporate Governance Policy for Siam City Cement Public Company Limited, and its subsidiaries. The policy reflects the guidelines on how our business is governed, and the role and duty of the Board of Directors who initiated action and took part in the preparation of the Policy by assigning the Governance, Risk and Compliance Committee to consider the relevant matters in details for presentation to Board of Directors for consideration on the approval of such Policy.

The Corporate Governance Policy thoroughly covers matters on the protection of the legitimate interests of our shareholders including institutional shareholders to exercise their rights to cover fundamental rights in accordance with laws and protections of the shareholders even more than their rights provided by laws which, in this respect, all groups of the shareholders are equally treated; and each group of stakeholders impartially treated. We pursue a policy on Corporate Social Responsibility (CSR), information disclosures, transparency and the Board of Directors' responsibility in accordance with good corporate governance principles of the Stock Exchange of Thailand (SET) and ASEAN CG Scorecard.

Prior to the announcement on the implementation of Corporate Governance Policy, the Board of Directors has established Code of Business Conduct in writing to reflect our corporate culture in various aspects such as our care for society, environment and communities, our commitment to communicate in an open and transparent manner, and our commitment to be in compliance with laws, regulations, and good Corporate Governance (CG) principles which is the Policy we are committed to adhere to throughout the period of times.

The Board of Directors stipulates requirements on the deployments of communications and trainings, to enable all personnel in the organization to grasp understanding on the Policy, and activities as well as the channels in order to enhance them to comply with CG Policy and Code of Business Conduct continuously followed by the performance evaluation in compliance with such Policy once a year. In addition, the Code of Business Conduct Manuals are prepared for Directors, Executives and employees in order for all personnel in the organization to have the express and accurate practical guidelines easy to understand to be adhered to. In this respect, such Policy and Manual shall be improved and always kept up-to-date and suitable to the situations at hand. (Details of the Practical Guidelines on the Corporate Governance can be viewed by visiting the Company's website: <http://www.siamcitycement.com>).

Our Code of Business Conduct is described as follows:

1. Corporate Governance

Corporate Governance aims at protecting the legitimate interests of our stakeholders in an appropriate and effective way.

Corporate Governance considerations are consistently reflected in our evolving organizational structure and procedures.

2. Corporate Social Responsibility

We recognize our social responsibility and aim to improve the quality of life of our workforce, their families and the communities around our operations.

We pursue a clear policy dealing with employment practices, occupational health and safety, community involvement as well as customer and supplier relations.

3. Sustainable Environmental Performance

We strive to preserve the environment for future generations by striking a balance between economic growth and continuously improving environmental performance and social responsibility.

4. Compliance

Appropriate measures are put in place to assist in complying with applicable laws and regulations in the businesses and the Kingdom of Thailand. In particular with regard to:

- Fair Competition

We respect the principles and rules of fair competition prohibiting anti-competitive behaviors and the abuse of a dominant market position.

- Bribery and corruption

We will not utilize bribery and corruption in conducting our business. We will not offer or provide, either directly or indirectly, any undue pecuniary or other advantage for the purpose of obtaining, retaining, directing or securing any improper business advantage.

- Insider Trading

Each of us who has access to insider information, likely, to result in substantial movements in the price of the stock or any other financial instruments of an involved company, shall comply with applicable insider trading laws.

5. Use and Protection of Assets and Information

- Each of us, entrusted with property belonging to or controlled by the Group, is responsible for the careful use, protection, expenditure and administration of such assets.

- We use and protect confidential proprietary information, except to the extent we are required to disclose such information in the proper course of our duties.

- We pay particular attention to IT aspects such as data protection and data security.

6. Conflict of Interest

- In situations in which our personal or financial interests may conflict materially with those of Group, we are expected to fully disclose them.

- We shall not take part in any business activities of the Group where we may be influenced by our personal relations that are, or may be, construed as a hindrance to objective decision making.

- If we see ourselves in a potential conflict of interest, we shall seek advice from line management or from our legal counsel so that an appropriate solution can be identified and advised.

7. Gifts and Donations

We are prohibited from offering, soliciting or accepting gifts and donations related to our business. However, entertainment and gifts of insignificant monetary value arising out of ordinary corporate hospitality or appropriate gifts of insignificant monetary value under our culture are acceptable.

Donations for political or social purposes are permitted only within the limits of local laws and in complete transparency.

8. Records and Accounting

All business transactions are recorded in a true, fair and timely fashion.

In accordance with established procedures, appropriate accounting systems, controls and audits, we ensure the reliability and accuracy of our accounts, records and reports.

9. Communication

We have a clear communications policy with our shareholders, employees and other stakeholders. We commit ourselves to open, transparent, impartial and timely information.

10. Responsibility

Each of us is responsible to know the relevant laws and regulations including this Code of Business Conduct.

In all business situations where the requirements of laws or this Code of Business Conduct appears incomplete or unclear, each of us shall use good judgment and common sense, and if needed, seek advice from line management or our legal counsel.

All of us are expected to adhere to this Code of Business Conduct in both the letter and the spirit. Violations against this Code of Business Conduct will not be tolerated and applied with disciplinary sanctions. Non-compliance may be subject to disciplinary actions including up to termination of employment.

Siam City Cement Public Company Limited complies with the principles of good Corporate Governance of the Stock Exchange of Thailand as follows:

Chapter 1: Rights of Shareholders

Siam City Cement is firmly committed to protect the rights and benefits of every group of our shareholders. We are aware of the rights of all groups of our shareholders including the institutional shareholders even more than those provided by laws. Such rights are as follows:

1. Attend and vote at any shareholders' meeting, whether in person or by proxy and to appoint proxies to attend meeting and vote on their behalf;
2. Cast her/his/its vote to make decision on the matter raised at a shareholders' meeting such as election of directors, director's bonuses, appointment of auditor(s);
3. Sufficient information in a timely manner;
4. Information and expressing her/his/its opinions;
5. Dividends; and
6. Buy, sell or transfer shares.

The key actions to ensure Shareholders rights include:

Shareholders' Right	Minimum Law Requirements	Doing Better	Key Points
Delegation of Proxy	Standard proxy form used	We make efforts in calling shareholders as well as Institutional shareholders and encouraging them to attend meetings either in person or by proxy. Each shareholder may appoint any one of our independent directors listed on the proxy form as the proxy of his/her choice, such letters of proxy in Form A, B, and C are provided to shareholders. Institutional shareholders are facilitated in verifying names, number of shares and documents supporting the delegation of proxy before the meeting.	<ul style="list-style-type: none"> – We support and encourage all shareholders to exercise their rights in attending the meetings. – In case where the shareholders cannot attend the meeting, they are facilitated with the option of proxy.
Voting	Shareholders are entitled to cast the votes as provided by law on the principle of one-share-one-vote.	Clear voting procedure is explained in the meeting notice. Digitalized bar-code system is used to ensure the accuracy and expedience of vote counting. An independent legal advisor and volunteer shareholders are engaged to supervise the ballot casting counting. Ballots are collected and counted separately for each agenda item.	<ul style="list-style-type: none"> – Voting is conducted in a transparent manner with the stakeholders being the witnesses on voting slip collections and counting. – Voting opportunity in passing a resolution must not be limited. Voting procedures must not consist of complicated steps.
Right to information	Sufficient information contained in the annual reports, disclosure to SET, and notices of shareholders' meetings.	SCCC's website is an additional channel for shareholders' and the public's access to the information about the Company. Through our website, shareholders can send inquiries, nominations for Directors election, and proposals for the meeting agenda.	Shareholders are able to receive important, full scale and up-to-date information through the Company's website and that the rights of the shareholders in studying information of the Company must not be derogated.
Dividend	Sufficient information about retained earnings and statutory reserve	Despite the Company business requiring high investment capital, the Company has exerted all efforts to provide dividend payments at the maximum rate, higher than that specified under the dividend payment policy over the past several years.	The Company's clear dividend policy facilitates the shareholder's investment decision making.
Share Transfer	Share transfer procedure is set in the Company's Articles of Association	No additional restrictions are imposed by the Company other than those provided by laws that impedes free transfer of the Company's shares. We put emphasis on "Insider Policy" to prevent illegitimate insider trading, which ultimately help safeguard shareholders' interest.	All shareholders are treated equally and have the right to trade and transfer shares without unnecessary restriction imposed by the Company.

Siam City Cement's shareholders' meetings are organized in accordance with laws and good corporate governance principles. The Board of Directors gives direction to ensure that shareholders' meetings are conducted effectively and provide the shareholders with enough information about the meeting (i.e. date and time, agenda, venue, facts and reasons of the matters to be transacted at the meeting), an opportunity to propose matters to be transacted at the meeting, an opportunity to nominate persons for directorship, and to post their questions to be asked at a meeting in advance on the Company's website before the meeting. Notice of the meetings and the meeting procedures as well as the procedure for proposing matters to be transacted at the meeting, and the nomination for directorship, are published on the Company's website in addition to conventional media.

Siam City Cement encourages all shareholders to attend shareholders' meetings. Any shareholder unable to attend at any shareholders' meeting in person may appoint a proxy to attend and vote at on her/his/its behalf at that meeting. Moreover, the meeting is held at a convenient location that is easy to commute to.

Adequate opportunity is always given to shareholders for discussion, suggestions, debate, or asking questions before casting votes on each matter on the agenda. Shareholders' questions, comments and suggestions are responded by the members of the Board and executives officers of the Company. Shareholders' suggestions, opinions and comments are noted for further actions as the Company deems appropriate.

Voting is conducted in strict compliance with laws. Shareholders are free to vote for or against or abstain

from voting on any item on the agenda. In general, the matter in question is decided by a simple majority vote. Each share entitles its holder one vote. In the case of tie votes, the Chairman of the meeting has the casting vote.

The voting procedure and the method of displaying the voting results are well explained to the shareholders before the beginning of the meeting. In the minutes of each meeting, the information about the present and absent members of the Board and the voting results (i.e. the numbers of affirmative votes, negative votes, and the abstain ones) on each matter on the agenda are recorded.

Computerized and Barcode systems are used in the registration of the attending shareholders and in the vote counting to ensure accuracy and efficiency in conducting the shareholders' meeting. Vote counting is performed by independent persons.

Chapter 2: Equitable Treatment to Shareholders

The 30-day Blackout Period has been adopted by the Board of Directors whereby Board members and designated relevant employees are prohibited from trading SCCC shares during the period of 30 days prior to the Company's financial statements being published. This is a measurement to prevent abusive use of inside information in SCCC stock trading. Moreover, the Directors and Executives have a duty to report their and their spouses' and the minor children's holdings in SCCC shares and other interest in the Company. The said reporting is presented at Board meetings for acknowledgement. In addition, such information of Directors' and Executives' holding in SCCC shares is disclosed in the annual reports.

At a shareholders' meeting or a Board of Directors' meeting, the interested director(s) may not be present while the meeting is considering the matter in which that director has interest and may not vote on that matter.

Siam City Cement's treatment to all shareholders is equitable and transparent. This is reflected in the Company's practice of prompt and efficient dissemination of information to shareholders. In 2014, the Company had made 30 disclosures via the SET electronic publication (www.set.or.th). The published information is also available, in both Thai and English, on the Company's website: www.siamcitycement.com.

Chapter 3: Roles of Stakeholders

The Company takes into account and gives importance on the creation of value to all stakeholders continuously by taking into account the rights of the stakeholders in accordance with laws. For such reasons, the Board of Directors, therefore, maps out a suitable and concrete procedural policy as the practical guideline in treating the stakeholders in order to assure all personnel in the organization to firmly adhere to in practicing and participation. SCCC focally aims to improve the quality of life of its workforce, their families and the communities around its operations; promote and continue acceptable relations, and trust in one another with all stakeholders regardless of whether they are shareholders, employees, customers, trading partners, creditors, communities and societies.

In addition, the Company has enhanced the consciousness of the environmental conservation with all stakeholders to the extent the Company has been bestowed the Green Industry Awards Level 5: Green Network that thoroughly covers the supply chain making the Company the first recipient in Thailand to receive the Award fully accounting for all factories.

The Company's actions in accordance with the policy on the practices regarding its stakeholders can be briefly illustrated as follows:

Shareholders: The Company gives importance on the treatments of all shareholders equally and transparently. Shareholders will receive important, full and up-to-date information and conveniences in studying information of the Company and, more importantly, there will be, in the shareholders' meeting, no additions to the meeting agenda or any change in any significant information without notifications first being made to the shareholders in advance.

Employees: The Company aims to place emphasis on fixing suitable and equitable remunerations and welfare for all levels of employees as well as enabling them to consistently make developments and progress in their career path without discrimination, and by respecting their rights in accordance with the Principles of Human Rights and heedfully tending to their safety and occupational health.

Customers: The Company is firmly committed to developing goods and services in response to all demands of its customers.

Trading Partners: The Company follows a Code of Ethics with sellers of goods and services in selecting trading partners by implementing management procedures through the strategic procurement and through ways of creation of sustainable relations with the trading partners. Accordingly, such practices constitute a confidence on equity and a competitive and transparent negotiation process as well as an increase business opportunities and sustainable growth remains for all.

Creditor: The Company places importance on and takes responsibility with honesty of the conditions on debt payments, agreements and related rules and regulations and firmly adheres to honest practices, keeps creditors' secrecy in strict confidence and gives accurate information in an expeditious manner without concealing any information which may cause damage to a creditor.

Community and Society: The Company provides support on community developments for all communities around its business establishments and on social developments in Thailand by reiterating the importance of 3 key aspects: the aspect of learning and educational promotion, the aspect of sustainable development promotion, and the aspect of essential fundamental public utility development through joint community participation and joint workings with related outside organizations.

Chapter 4: Disclosure and Transparency

Siam City Cement made full, timely and transparent disclosure of financial and non-financial information pursuant to the standards and regulations as mandated by the Securities and Exchange Commission (SEC), the Office of SEC and The Stock Exchange of Thailand (SET). In addition to the mandatory disclosure of information under the applicable laws and regulations and the Principles of Good Corporate Governance through the channels of the SET, annual registration statement (Form 56-1), and annual reports, Siam City Cement discloses information, both in Thai and English, via the Company's website www.siamcitycement.com.

Chapter 5: Responsibilities of the Board of Directors

In addition, the Board of Directors has put special attention on the responsibility of managing. The Board has set stringent decision making procedures on certain matters. For example, any capital expenditure in excess of Baht 10 million must be approved by the Board of Directors even though the Articles of Association requires the Board decision in the case of those above the level of Baht 100 million.

According to good governance principles at Siam City Cement, the function of the Chairman of the Board of Directors and CEO are separate, in order to keep balance and transparent management of the Company.

SCCC is proud to present that its initiative on Conflict of Interest Declaration provides good awareness among employees. All personnel in the functions under the supervision of the CEO and the Chief Financial Officer, and personnel holding positions at the level of division managers and above, inclusive of members of the Executive Committee who are employees, are required to submit a Conflict of Interest Declaration twice a year. The report on this exercise is reviewed and discussed by the Executive Committee and the Audit Committee. At the level of the Board, the Board also approved the principles, procedures and reporting format for the "Report on Interest of Directors and Executives" in order to promote the fiduciary duties of the Directors and Executives where they shall make decisions without interest, either directly or indirectly.

The Board of Directors' meetings are held regularly to allow all members of the Board to consider the Board performance and solve any problems that may arise. At the Board Meeting, the CFO shall be present to provide information to the Board. Other Executives will join

when matters relating to them are on the agenda.

The Board of Directors encourages and facilitates trainings for all internal parties related to corporate governance and executive development and succession planning.

2. Committees

The Committees Structure comprises of the Board of Directors and 3 Board Committees which are the Audit Committee, the Governance, Risk and Compliance Committee and the Nomination and Compensation Committee and Executive Committee. (Names of Directors in each group and the Executives are as appearing under the topic of the Management Structure).

Two Board Committees appointed in 2014 are the Governance, Risk and Compliance Committee and the Nomination and Compensation Committee.

There is 1 Executive Director in the Executive Committee assuming duty as the Chairman in order to create a sufficient audit and balancing and that there is a clear delegation of authority between the Board of Directors and the Management.

Both the Board of Directors and Executive Committee are subject to the Organizational Regulations which embrace their roles and responsibilities set forth in the Articles of Association, the laws, and expectation of shareholders as the Charter of their frameworks, while the 3 Committees which are the Audit Committee, the Governance, Risk and Compliance Committee and the Nomination and Compensation Committee each have the Charter as their framework.

1. Board of Directors

Roles and Responsibilities of the Board

The Board of Directors considers and approves important matters concerning the Company's operations. Siam City Cement has specified the policy and regulations of practices, responsibilities and operations of the Board of Directors, Chairman and Vice Chairman and those of the Executive Committee. The duties and responsibilities of the Board and the Management are separated clearly. The Board of Directors has the duty to consider and make decisions on the important issues on the operations of Siam City Cement such as the visions, missions, strategies, goals, plans, financial targets, budgets and risks management, while the Executive Committee has the duty to efficiently carry out the vision, mission and strategies and provide good management and controlling systems so approved by the Board of Directors.

The structure of the Board and management is sufficient for check and balances. It determines to have independent directors, at least one third of the total directorship, but not less than three persons. The Audit Committee, consisting of three independent directors, performs and undertakes in accordance with the Charter of the Audit Committee and SET regulations. Additionally, the authorization of the Board of Directors and Management are clearly segregated.

Balance of Power for Non-Executive Directors

Members of the Board of Directors are appointed by Shareholders' meetings, or by the Board of Directors' meetings, in case of replacement of vacancy other than retirement by rotation. At present, there are 10 non-executive directors among a total of 11 Directors.

Aggregation versus Segregation of Positions

According to good governance principles at Siam City Cement, the function of the Chairman of the Board of Directors and the Chairman of the Executive Committee are separated in order to keep balance and transparent management in the Company.

Main duties of the Chairman and CEO are as follows:

Chairman:

- Being elected among the Board of Directors, serving 3 years for each term, the Chairman shall handle all activities responsible by the Board of Directors, setting meeting agenda, providing information about the Board of Directors, proceeding the meetings at which opportunity is granted for discussion and expression of opinion;
- In making a decision, the Chairman has the deciding or casting vote in the event of a tie vote; and
- The Chairman is not an executive and is not the same person as the Managing Director or the CEO.

Chief Executive Officer (CEO):

- The CEO is appointed by the Board of Directors, and chairs the Executive Committee; and
- The CEO is responsible for management of the Company in general and shall periodically make reports to the Board of Directors.

Performance of the Board:

Putting the utmost effort into its many duties, the Board sets a meeting schedule on a yearly basis. The CEO submits a notice with supporting documentation and agenda in advance and early

enough before each board meeting takes place. There is a clear guideline any such agenda will be proposed or approved by the Executive Committee or by the Audit Committee, or by the Board of Directors, or by the shareholders (as the case may be). Information on the Company's operations is presented so that the Board can make inquiries or express opinions. Every Board member is encouraged to express his/her opinion and comment freely.

2. Audit Committee

The Audit Committee, comprising of 3 independent directors, appointed by the Board of Directors and are selected from independent directors who are not Executives with the approval of the Board of Directors. All of them possess the knowledge and experience in reviewing companies' financial statements and well-versed in the Company's business as well as having management experience with reputable companies in Thailand

Qualification of Audit Committee Members

1. Being an independent director;
2. Not being a director of the parent company or any subsidiary or associated company;
3. Possessing sufficient experience to perform the duty of an Audit Committee member. At least one of the members must have sufficient experience in reviewing financial statements and the reliability thereof; and
4. Possessing the qualifications prescribed by the SET, SEC or the other relevant governing bodies.

Role and Responsibility of Audit committee

Role and duty of the Audit Committee in accordance with the Charter of the Audit Committee are as follows:

1. To review the Company's and its subsidiaries' financial reporting process to ensure its accuracy and adequacy, and coordinating with the external auditors and members of the Executive Committee responsible for preparing the quarterly and yearly financial reports. The Audit Committee may suggest issues to be reviewed or audited by the external auditors during their audit of the Company.
2. To review the internal control systems and internal audit systems to ensure that they are suitable and efficient, and to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the Chief of Internal Audit unit or any other unit in charge of an internal audit.
3. To review compliance with the Securities and Exchange Act, including the rules, notifications, and regulations thereof and the rules and regulations of The Stock Exchange of Thailand ("SET"), The Securities and Exchange Commission ("SEC"), the Good Corporate Governance Charter and applicable laws.
4. To consider, select, nominate and recommend remuneration of the Company's external auditors. To ensure the independence of the external auditor, the Audit Committee shall consider factors such as non-audit services that may conflict with the auditor's independence, efficiency and professionalism. To freely discuss significant issues, the Audit Committee shall meet privately with the external auditor at least once a year, without the Management team present.
5. To review the connected transactions or transactions that may lead to conflicts of interests, including the accuracy and completeness of the Company's disclosure of such information, to ensure that they are in compliance with the laws and the SET's regulations, are reasonable and are for the highest benefit of the Company.
6. To prepare a report on the activities of the Audit Committee for the Company's annual report. The Chairman of the Audit Committee shall sign this report, which consists of at least the following information:
 - opinion on the accuracy, completeness and credibility of Company's financial report and the disclosure of its financial information;
 - an opinion on the adequacy of the Company's internal control systems;
 - an opinion on the suitability of the Company's external auditor and the re-appointment;
 - an opinion on compliance with the Securities and Exchange Act, and the rules, notifications, and regulations thereof including the rules and regulations of the SET, and relevant laws;
 - an opinion on the transactions that may lead to conflicts of interests;
 - the number of audit committee meetings, and the attendance of such meetings by each committee member;
 - other transactions which, according to the audit committee's opinion, should be acknowledged by the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and

- other comments or statements as required by the Securities and Exchange Act, and rules, notifications, and regulations thereof including the rules and regulation of the SET, and applicable laws
7. To perform other duties as required by the Securities and Exchange Act, and the rules, notifications, and regulations thereof including the rules and regulations of the SET, and any other relevant laws.

Audit Committee's Practices

The Audit Committee meets on a regular basis, at least once every quarter before the Board of Directors' meeting. The Audit Committee reports its findings and gives its suggestions to the Board of Directors. The Chairman of the Audit Committee may sometimes call a special meeting of the Audit Committee or invite any management of the Company to join and consider in certain particular financial matters or other matters.

However, under current practice the Audit Committee has met every month. Schedule of the monthly and quarterly meetings are being scheduled in advance for the whole year.

The Audit Committee shall regularly report to the Board of Directors about the performance of their duties and responsibilities as specified in Clause 1 above. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee deems fit:

- a transaction which causes a conflict of interest;

- any fraud, irregularity, or material defect in the internal control system; or
- an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

If the Company's Board of Directors or Management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or the Exchange.

3. Governance, Risk and Compliance Committee

The Governance, Risk and Compliance Committee comprises of 4 Directors of non-Executive nature. All of them possess the knowledge and experience and well-versed in the Company's business as well as having management experiences with leading companies deploying good corporate governance.

Role and Responsibility of the Governance, Risk and Compliance Committee

The role and responsibility of the Governance, Risk and Compliance Committee set forth under the Charter of Governance, Risk and Compliance Committee are as follows:

1. To prescribe the scope of Corporate Governance Practices for use in the Company Group and submit such established Corporate Governance Practices to the Board of Directors for approval and to have the duty to monitor controls and keep surveillance over the practices of the Management;
2. To review the corporate risk management process and corporate risk mitigation measure being

currently practiced by the Management and review corporate business risk and risk compliance assessment plan;

3. To oversee the use of efforts in monitoring controls over the business of the Company Group on the aspect of Group policies, Code of Business Conduct of the Company Group, related laws and regulations applicable to the business and business operations of the Company Group;
4. To oversee the investigation on the practical performance in accordance with the compliance programs of the Company Group and may request for an investigation in the case where there is a non-compliance with the compliance programs; and
5. To perform other duties as assigned by the Board of Directors.

4. Nomination and Compensation Committee

The Nomination and Compensation Committee comprises of 4 Directors of non-Executive nature. All of them possess the knowledge and experience and well-versed in the Company's business as well as having management experiences with leading companies deploying good corporate governance.

Role and Responsibility of the Nomination and Compensation Committee

The role and responsibility of the Nomination and Compensation Committee set forth under the Charter of Nomination and Compensation Committee are as follows:

The NCC has the following responsibilities and duties:

a. Nomination, Composition & Structure

- 1) To annually review the composition of the Board including the structures of all subsidiaries' and/or associate's Boards and Board Committees applicable throughout the Group and submit

for the Board's consideration at least 90 days prior to the AGM.

- 2) To consider, appraise/evaluate and recommend selection of the Board membership candidates for nomination and/or re-appointment as forwarded by shareholder(s), Board member(s) and/or executives for the Board's review and recommendation at least 90 days before passing on to the final shareholders' selection at the AGM or at least 30 days prior to the upcoming Board's meeting in case of the interim vacancy for the replacement by the Board's decision.
- 3) To identify, assess and recommend potential candidates for key positions in the Group such as
 - Chief Executive Officer of the Company;
 - Executive Committee Members of the Company;
 - Chief Executive Officers of Subsidiary Companies;
 - Directors of Subsidiary Companies; and
 - Company Representatives on the Board of Associated Companies.
- 4) To review the Chief Executive Officer's ("CEO") proposals of potential candidates for the Executive Committee of the Company ("EXCO") and the Chief Executive Officer of Subsidiary Companies, and to independently assess these candidates with regard to their respective expertise, skills, experience, well as personal and professional qualifications. Suitable candidates shall be recommended by the Committee to the Board for approval.
- 5) To carry out such other duties as may be delegated to it by the Board.

b. Management Development and Succession**Planning**

- 1) To oversee the talent pipeline, the development process and the individual developmental plans for all Top Management Level ("TML") job holders and candidates for such positions in the Group.
- 2) To annually review the succession plans for the Board and its committee members.
- 3) To annually review the succession plans for board members of Subsidiaries Companies and the Company's representatives on boards of associated companies.
- 4) To half-yearly review with the CEO the succession plans for all TML positions in the Group.
- 5) To participate regularly in meetings with the leadership talents of the Group.
- 6) To carry out such other duties as may be delegated to it by the Board.
- 2) To review and recommend to the Board the compensation of each member of the Board, its Committees and Chairman thereof.
- 3) To review the performance of the CEO and to recommend his/her compensation to the Board for approval.
- 4) To review the performance of the members of the EXCO and the CEOs of the subsidiaries as proposed by the CEO, and to approve their compensation on annual basis.
- 5) To review the annual compensation and salary increases as well as annual bonus procedures for the Company and the subsidiary Companies as proposed by the CEO for approval by the Board.
- 6) To carry out such other duties as may be delegated to it by the Board.

c. Remuneration

- 1) To provide that the compensation policies and programs throughout the Group are designed to enable the Group and its individual companies to recruit, retain and align all employees to its overall aspiration and core values of the Group, and at the same time creating a pay-for-performance linkage.

5. Executive Committee

The Executive Committee comprises of the 4 highest Executives of Marketing and Sale, Saraburi Operations, Finance and Controlling and People & Organizational Performance and 1 Director as the CEO to perform as the Executive Committee Chairman.

The Executive Committee holds the meetings twice a month which may be extended as necessary. The issue brought up to the meeting for consideration by the Committee will be the issue on the aspect of the safety and occupational health, production, business administration, finance and accounting,

risk management, important financial transactions, Company's plan, and Company's budget. The primary consideration will be made and further proposed to the Board of Directors for acknowledgement and/or approval.

The Executive Committee must report the result of performance, as well as clarify and make recommendations to the Board of Directors upon the found or essential issues, including the market development, goals and strategies. Additionally, it is also required to report the Board immediately when the unusual circumstances arise.

The Executive Committee is the key driver that drives the Company to good performance, good corporate governance and to become an attractive company for high potential people. The Executive Committee has aligned all managers who are parts of senior leaders of the Company in collaboration for driving organization to achieve its missions and goals.

3. Nomination of Director and Executive

1. Nomination of Independent Director

By the establishment of the Nomination and Compensation Committee (NCC) in 2014, the selection of the candidates for the post of independent directors is conducted by the Board of Directors through the nomination of NCC, taking into account the qualifications of the candidates, e.g. the relevant knowledge and experience.

"Independent Director" of the Company must have at least the necessary qualifications set by the Stock Exchange of Thailand, the Securities and Exchange Commission, the Capital Market Supervisory Board,

and other relevant regulatory bodies as follows:

1. Holding not over one per cent of the voting shares of the Company or the Company's parent company, subsidiary, associate, major shareholder or controlling person. The shares held by the independent director's related person are counted as if they are held by the independent director;
2. Neither being nor used to be an executive director, employee, staff, paid advisor, or controlling person of the Company or the Company's parent company, subsidiary, associate, same-level subsidiary of common parent, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of filing the application with the Office. Such prohibited characteristics does not apply in the case where the independent director hold or used to hold such position as representative of a government unit which is a major shareholder or controlling person of the Company;
3. Not being, whether by consanguinity or affinity, a parent, spouse, sister, brother, child, the child's spouse, of any executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or the Company's subsidiary;
4. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, the Company's 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 filing an application with the Office.

The term 'business relationship' in the first paragraph includes any normal business transaction, rental or lease of immovable property, transaction related to assets or services or granting or receiving financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other transaction of similar nature, which results in that the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty 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 and the governing rules on connected transactions *mutatis mutandis*. The consideration of such indebtedness includes indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor used to be an auditor of the Company, the Company's parent company, subsidiary, associate, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs the auditors of the Company, the Company's 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 filing an application with the Office;

6. Neither being nor used to be a provider of any professional services, including legal advisor or financial advisor who receives service fees exceeding two million baht per year from the Company, the Company's parent company, subsidiary, associate, major shareholder or controlling person, and not being 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 filing an application with the Office;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder;
8. Not undertaking any business of the same nature and in competition with that of the Company or the Company's subsidiary, or not being a significant partner in a partnership or being an executive director, employee, staff, paid advisor or holding shares over one per cent of the total voting shares of other company which undertakes business of the same nature and in competition with that of the Company or the Company's subsidiary;
9. Not having any other characteristics which causes the inability to express independent opinions with regard to the Company's business operations

2. Nomination of Directors

As similar to the nomination of an independent director, the Nomination and Compensation Committee shall contemplate the potential directors who will be selected from a field of qualified and experienced professionals that benefit the Company's business and be able to manage the Company as a part of the Board of Directors.

The election of each director is made by the majority votes of Shareholders. Every year, the Company invites the Shareholders to propose director nomination for AGM approval.

The nominated directors must meet the qualifications of the Company's AOA, laws, regulations of SET, SEC and Capital Market Supervisory Committee.

Re-election of Directors whose terms are expired by rotation at the AGM has criteria and guidelines as follows:

1. One share, one vote;
2. No cumulative voting. Shareholders shall cast their vote for one director at a time; and
3. If there are more nominations than the vacant positions, those who received highest votes will be directors. I Chairman of the Board shall have a casting vote.

For the case of fulfillment of director vacancy other than retirement, the Board shall select a qualified person at the next meeting by obtaining consent of at least 3/4 from the remaining directors, unless the remaining office is less than 2 months.

If the remaining directors are less than the quorum, such remaining directors can act on behalf of the Board only on calling for Shareholders' meeting to elect replacing directors. The replacing director(s), if elected by the Board, shall be in the office only up to the remaining tenor.

3. Nomination of Executives and Top Management

By the virtue delegated by the Board of Directors, the Nomination and Compensation Committee is authorized to review and justify the nomination proposal of the Managing Director/Chief Executive Officer on potential candidates to the Top Management positions.

For those candidates to complete the body of the Executive Committee, the Nomination and Compensation Committee shall review and recommend the list of potential candidates subject to appropriate qualification and experience to the review and approval of the Board of Directors.

For the candidates in Top Management Level (TML), including the Vice President and the CEO of subsidiaries, the Nomination and Compensation Committee is authorized to approve the proposal of candidacy from the Managing Director/Chief Executive Officer and to report to the Board of Directors as required.

Meanwhile, the Nomination and Compensation Committee shall exercise the knowledge and experience, advising appropriate conducts and practices to line functions and People and Organizational Performance (Human Resource) Function, for managing and developing talents to these high-ranked positions

4. Corporate Governance for Subsidiaries and Associated Company

The Board of Directors meeting shall approve and appoint the Company's representatives to be Directors and high level Executives of its subsidiaries and associate companies including all companies in which the Company has put the investments in order to maintain the benefits on the investment capitals. Such representatives shall oversee and ensure that such particular companies comply with the policy and rules set out by the Company. In this connection, there are processes deployed for making follow-ups and overseeing the operations of its subsidiaries and associate companies including mapping out the policy, guidelines, practical procedures for persons appointed as the Directors and Executives in its subsidiaries and associate companies to strictly comply with which, in this respect, report on the operational result must be submitted to the Board of Directors on a regular basis. In addition, the disclosures of important information of the Company Group must be made in a clear, transparent and within a suitably timely manner.

In undertaking the important transactions between the Company and its subsidiaries and associate companies, the price in accordance with the market price must be fixed and be under the same conditions as those of the general customers. Furthermore, the Articles of Association of all subsidiaries must be complied with; connected transactions, acquisitions or disposals of the assets specified or the undertaking of any other important transactions of such company fully and properly carried out which, in this respect, the rules relating to the disclosures of information and the undertaking of the transactions abovementioned in the same nature as those of the Company must be applied for use. Most importantly, the Company's representatives must keep track in overseeing to

ensure that the Articles of Association are strictly complied with including monitoring controls over the keeping of the information, accounting records of the subsidiaries and associate companies to enable the Company to verify and compile such information in preparing financial statements and various reports for completion in a timely manner with efficiency, as well.

5. Supervision of the use of insider information Use

In order to comply with the principles of good corporate governance on the matter of preventive measures in the case where a Director, an Executive or an employee has used insider information to exploit benefits through abusive self-dealings for their own self or for another person, the Directors and the Executives have given importance on the compliance with the Company's Code of Business Conduct Policy. In this connection, the Board of Directors has implemented the Blackout Period Policy under which the Directors, Executives and employees as well as the persons perceiving the inside information are prohibited trading the Company's shares during the period of 30 days before disseminations of information on financial statements and significant financial information to be assured that there are no exploitations of benefits from the information undisclosed publicly which would lead to the taking of an advantage over outsiders. Directors and Executives must produce and submit a report on the holding of assets in accordance with the requirements of the Office of the Security and Exchange Commission (SEC) under Section 59 of the Security and Exchange Act, B.E. 2535 (1992) within 3 days from the date of the change and that the Company Secretary shall be notified accordingly in order for a summary on the number of the securities of the Directors and Executives individually can be made for submission to the Board of Directors in

their meetings every time and that the information on the holding of such securities shall be disclosed in the Annual Report with a notification on the penalty in the case of a violation or non-compliance with the Policy and such requirements, as well.

The Company Code of Business Conduct being yet another way in preventing the use of inside information that the Board of Directors has prescribed in writing are as follows:

Code of Business Conduct that related to inside information is the following.

Code of Business Conduct No 4: Compliance

Appropriate measures are put in place to assist in complying with applicable laws and regulations in the businesses and the Kingdom of Thailand. In particular with regard to:

Insider Trading

- Employees shall refrain from exploiting benefits from inside information relating to the Company's turnovers which would have an effect on the prices of the shares or securities of the Company.

The Company shall review names of insider persons to suit the current situation, map out the guidelines in safeguarding internal information and notify all personnel within the organization on the aforementioned policies and guidelines to comply with and make follow-ups on the compliance with such policies and guidelines regularly.

Code of Business Conduct No 6:

Conflict of Interest

- In situations in which our personal or financial interests may conflict materially with those of the Group, we are expected to fully disclose them.
- We shall not take part in any business activities of the Group where we may be influenced by our personal relations that are, or maybe, construed as a hindrance to objective decision making.
- If we see ourselves in a potential conflict of interest, we shall seek advice from line management or from our legal counsel so that an appropriate solution can be found.

The Company has implemented an activity on Conflict of Interest Online Declaration, assigning personnel who may be involved in approving a process or procuring a product or service, either by themselves or by their relatives, with the Company or its subsidiaries within the period of 12 months. This activity is taken on a semi-annual basis by electronic media.

The declaration of conflict of interest activity has continuously been active for many years and the Company found that the employee shall take more awareness in transparency declaration.

6. Auditor's Fee

In 2014, EY Office Limited (former name was Ernst & Young Office Limited) received from the Company and its subsidiaries audit fees of Baht 5,195,000 baht and other services fee (non-audit fee) of Baht 300,000.

7. Compliance with SET's Code of best practice

The Company strictly follows the Corporate Governance for registered companies under the guidelines prescribed by the SET. The Company's disclosure and report was prepared by following the self-assessment of SET's Code of best practices.

8. Corporate Social Responsibilities (CSR)

The Company has separately made the Corporate Social Responsibility Report continuously since 1999. It is a part of the "Sustainable Development Report" that has been sent to shareholders together with the Annual Report and the Notice of the AGM. It is also disclosed on the Company website.

9. Anti-Bribery and Corruption

The Anti-Bribery and Corruption Directive has been implemented and enforced in our Company. As a Company policy, SCCC takes a zero-tolerance approach to bribery and corruption, so all directors and employees must observe the policy at all times. To counter bribery effectively, the provision at responsibilities and guidelines in concerned issues or suspicion of malpractices are periodically communicated to all employees through training and on line media and included as part of the induction program for all new hires. Furthermore, SCCC's zero-tolerance approach to bribery and corruption must be likewise shared with our business relationship including suppliers, contractors, vendors and other business counterparts since the initial engagement.

SCCC, as a company, must keep financial records and have appropriate internal controls in place. No accounts must be kept "off-book" to facilitate or conceal improper payments. Accounting and reporting functions of the respective company are responsible to strictly verify the evidence demonstrating a proper business reason prior to making payment to any third parties. Internal audit functions are assigned for establishing regular internal audits to provide assurance that the systems are effective in countering bribery and corruption as well. SCCC coordinate closely with Business Risk Management functions on annual basis to consider in relation to fraud risk management processes and any actual or potential bribery or other corruption offences that potentially have taken place already or in the future. All concerned issues will definitely be repeated for the management to determine further actions.

In 2015, the Company joined the declaration of Collection Action Coalition under the Private Sector Collection Action Coalition Council under the lead of Thai Institute of Directors.

10. Internal Control and Risk Management

The Company provides proper and adequate internal control system in order to monitor controls over the Company's business operations to be carried out in accordance with objectives and goals, related laws and regulations. The internal controls are designed to sustain efficiency and mitigate operational risks assuring corruption prevention. Measures adopted in internal control by the Company include fair and transparent procurement practices and prescribed methods of supplier selection.

The Board of Directors has conducted assessments on the internal control through the Audit Committee. The Audit Committee Report acknowledges 5 key elements of the Company's internal control system, i.e. organizational internal control, risk assessment, operational control, IT system and communication, and monitoring system and in the opinion of the Board of Directors, are proper and adequate. The Company has provided personnel sufficient for carrying out control activities in accordance with the system efficiently as well as employing internal controls over the conduct of the subsidiaries' business operations. Further, the assets of the Company and its subsidiaries are safeguarded from being used through abusive self-dealing or without the authority by a Director or an Executive including review of conflict of interest with connected persons.

The Audit Committee appointed Mrs. Chadaporn Thitisawat to be the Head of Internal Audit of the Company and Secretary to the Audit Committee in 16 January 2010 as she is experienced in internal audit works and well-versed in the operations of the Company and therefore; considered to be suitable to perform such duties. A consideration and an approval for the appointment, removal or transfer of the Head of Internal Audit of the Company must be approved or assented by the Audit Committee.

Duties and responsibilities of the Head of Internal Audit are as follows:

- To develop the Annual Audit Plan which shall be flexible and suitable to the risk level as the determinant which includes any risks or important operational issues as prescribed by the Management or in the Business Planning and Risk Management (BPRM) or others. The Audit Plan is periodically revised and forwarded to the Audit Committee for reviewing and submission to the Board of Directors for approval;
- To coordinate the work with the external auditor, other internal organizations and controlling function for the purpose of the audit efficiency and optimizing expenses;
- To carry out actions in accordance with the approved Annual Audit Plan including works specially assigned or project upon request by the Management and the Audit Committee;
- In each Internal Audit Project, a Report is issued giving the Observations and Recommendations on the operations for submission to the Executive Committee and Audit Committee and that a periodic report summarizing the result of the auditing activities shall be made for submission to the Executive Committee and the Audit Committee, as well;
- To review and check the operations in accordance with the Plan agreed upon and provide assistance to the Management that proper remedial actions are taken; and
- To maintain professional auditors who have adequate knowledge, skills and experiences and have been recognized as competent to attain the requirements set forth under the Charter of the Internal Audit.

The Company has assigned Mr. Wutthipong Songwisit to be the Head of Legal & Compliance to perform duty of overseeing the Company's business operations conducted in accordance with the laws, rules, regulations, policy of the working units including the Code of Business Conduct of the Company and, in 2014 was appointed as the Secretary of Governance Risk and Compliance Committee, taking the vital role in the implementation of a governance structure for the entire group.

Detail of Head of Compliance and Head of Internal Audit, as of 31 December 2014

Name/ Position/ Appointment Date/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company/ Business Type
1 Mr. Wutthipong Songwisit	47	1) Listed Company		
Company Secretary		May 2013 - Present	Company Secretary	Siam City Cement Public Company Limited/Cement Producer
Appointment Date: 9 May 2013		April 2013 - Present	Head of Legal and Compliance	
Barrister-at-law				
Bachelor Degree: Bachelor of Law, Thammasat University				
			2) Non Listed Company	
		Jan 2008 - Mar 2013	Corporate Legal Counsel, Company Secretary & Corporate Compliance Officer	Star Petroleum Refining Public Company Limited/Refinery
		Nov 2005 - Jun 2008	Legal & Compliance Manager - South Pacific	Momentive Performance Materials Company Limited/Silicones Producer (Formally, GE Toshiba Silicones)
		May 2003 - Oct 2005	Legal Manager	Michelin Siam Company Limited/ Tire Industry

Training Experience:

1) Thai Institute of Directors (IOD)'s Course(s)	Year
Company Secretary Program (CSP)	2010
Board Reporting Program (BRP)	2010
Effective Minutes Taking Program (EMT)	2010
2) Others course:	
None	

Name/ Position/ Appointment Date/ Education	Age (Years)	Past 5-Year Work Experience		
		Duration	Position	Organization/Company/ Business Type
2 Ms. Chadaporn Thitisawat	42	1) Listed Company		
Appointment Date: 16 January 2010		Jan 2010 - present	Head of Internal Audit	Siam City Cement Public Company Limited/Cement Producer
MA (Economic Law) Chulalongkorn University		2) Non Listed Company		
MS (Accounting) Thammasat University		Nov 2007 - Dec 2009	Senior Regional Internal Auditor	Panalpina Asia-Pacific Services (Thailand) Co., Ltd
Graduated Diploma in Auditing Thammasat University				
BBA major in Accounting Assumption University				
Bachelor Degree: Bachelor of Law, Thammasat University				

Training Experience:	
1) Thai Institute of Directors (IOD)'s Course(s)	Year
None	
2) Others course:	
Senior Management Program by Holcim Ltd., Switzerland	2012

Stakeholders and ways to foster lasting relationship

SCCC is well aware that the key to success in doing sustainable business is the create value for all stakeholders. Therefore, the Company has set “value creation for stakeholders” as our business goals as we believe that understanding and good relationship with all stakeholders would create major benefits as follow:

- Serves as a solid foundation for a strong business operation
- Allows the business to set effective policies and appropriate work plans
- Uses the suggestions and recommendations of stakeholders to support new innovations and solve certain problems
- Promotes good image for the business and supports our license to operate

We have identified all major stakeholders and analyzed their expectations through our dedicated communication channels which has allowed us to access the stakeholders’ opinions as well as encouraging their involvement policy planning and major projects in order to add more value to all stakeholders and to create lasting relationship, as follow:

Major stakeholders	Our goals	Communication channels, or ways to foster lasting relationships
Customers	Responds to every need to be a part of the customers’ success	<ul style="list-style-type: none"> – Constantly surveys customers’ opinions – Arranges regular small meetings and customers’ visits – Develops communication channels, promotes on-line transactions for increased speed, convenience and effectiveness – Develops more value added products and services for customers and public
Employees	Takes care of the employees’ safety and work environment, promote good livelihood and create opportunities to develop and advance in the work place	<ul style="list-style-type: none"> – Develops leadership capabilities in supervisors to be more attentive to subordinates – Promotes engagement and two-way communications – Develops environment and safety culture in the workplace – Regularly surveys the employees’ opinions
Communities	Implements CSR-in-process by preventing or minimizing operational impact on the communities including creating projects to continuously support the communities’ sustainable development – the so-called CSR-after-process	<ul style="list-style-type: none"> – Regularly surveys the communities’ opinions – Develops communication channels, both official and unofficial – Arranges factory visits for community leaders and the public – Promotes the community’s engagement in various projects and manage major projects in accordance to the Social Engagement Scorecard – Creates the Fund for community development and environment, as well as the advisory panel in relations to community relations

Major stakeholders	Our goals	Communication channels, or ways to foster lasting relationships
Goods & service suppliers	Promotes good cooperation and mutual support to create business opportunities and mutual growth	<ul style="list-style-type: none"> – Announces and implements the Suppliers Code of Conduct – Announces and implements the Sustainable Procurement Policy & Guidelines – Arranges meetings to promote good communications and training programs on various topics – Promotes the creation and activities of the INSEE Green Heart Logistics Club
Shareholders	Carries out business operation with good corporate governance while building sustainable progress for the organization	<ul style="list-style-type: none"> – Organizes the Annual Shareholders Meeting – Regularly communicates and arranges field visits and participations in CSR and environmental projects
Government agencies & independent organizations	Strictly adheres to the laws and provide good cooperation with the government sector and to seek out opportunities to for joint activities and projects which are beneficial to the society and nation	<ul style="list-style-type: none"> – Studies legal implications and controls all aspects of the business to ensure legal compliance – Participates in meetings, seminars and forums with government agencies, as well as supports official exhibitions and seminars – Supports and participates in projects for society and nation as organized by the government sector and organizations such as the Chai Pattana Foundation
Media	To promotes good understanding of the Company's operations among the media, including policies and major projects so that the media would be able to communicate them more accurately and properly to our stakeholders and the general public	<ul style="list-style-type: none"> – Regularly supports the media with information, operational facts and figures, and progress of major projects – Regularly arranges opportunities for the media to meet the senior management, visit factory and participate in CSR activities

“ Effective communications and the promotion of participation by stakeholders is an important foundation of business operation, for mutual support in creating added value to all stakeholders, society and the nation.”





Our responsibility towards the community and society

For the past 45 years that INSEE Cement has been doing business and has grown from strength to strength, we have always carried out our businesses with the utmost concern in regards to our responsibility towards the community, society, as well as the environment, based on full corporate governance and the effort to continuously create value to all our stakeholders, such as customers, business partners, shareholders, employees, community and the general public.

Our basic policies in regards to social responsibility:

- 1. Doing business in accordance to corporate governance** – to ensure transparency and fairness to all stakeholders.
- 2. Care for the employees and respect for human rights** – in accordance with the international declaration on human rights and in strict adherence to Thailand's and international labor laws. We pledge to treat our employees fairly, provide them with good livelihood, safe working conditions and health care while providing regular training to give them the opportunity for advancement.
- 3. Care for the environment and sustainable development** – to carry out our businesses by always aiming to protect and reduce the impact on the environment and community by adhering the highest legal standards. In addition, we have put in place the Sustainable Development Roadmap for 2011-2020 which emphasizes the six sustainable categories conservation. (Please find details in the SCCC Sustainable Development Report)
- 4. Care for customers and suppliers** – we are determined to always seek out the recommendations and needs of the customers through various means so that we can develop the products and services to perfectly suit the needs of the customers and the society. At the same time, we do our best to create a lasting relationship with our suppliers through our sustainable procurement policy which we hope will lead to our warm and long-lasting relationship.
- 5. Care for the community and the societal development** – we support the sustainable development in every community that surrounds our facilities wherever they are. We also support the development of the society and of Thailand in general, by concentrating on three development areas for the community, namely, education for society's future, sustainable community development and infrastructure for liveable communities



6. Controlling and reporting – we constantly report and control every area that is essential to our operations, particularly in regards to society which we routinely report the progress as well as the assessment of the various projects and activities to be disseminated to the general public through various channels. We are also open to suggestions and recommendations from all stakeholders and are willing to bring those up to be considered for implementation on a regular basis.

7. Anti-bribery and Corruption –we have a strict policy to do business in a transparent and ethical manner and to strictly adhere to all official rules and regulations. We regularly communicate to the employees and provide trainings so that employees would understand the work process, while the central committee carry out constant checks and assessments as well as to continuously improve the work process.

SCCC's projects and activities targeted at social responsibility, or the so-called corporate social responsibility (CSR) are carried out under the "Green Heart" concept. In essence, throughout the value chain of our business, we make sure that social responsibility is present in every part and parcel. This "CSR in Process" could mean the prevention of the effect on the community, society or the environment in all our business activities,

SCCC's success in carrying out our activities on social responsibility under the Green Heart concept in the past few years have resulted in our Company being

Thailand's first cement producer to receive the Green Industry – Level 4: Green Culture Award from the Ministry of Industry in 2012. Then again in 2014, SCCC received the highest Green Industry Award – Level 5: Green Network as awarded to all our production facilities.

Major Corporate Social Responsibility projects (CSR after process) in the past few years

Beside many CSR in process SCCC has continuously conducted CSR after process for our communities within 5 kilometers from our plants in Kangkoi District of Saraburi Province as well as for other general public. 'Community Participation and Development' is the core policy and implementing principle that we follow in our community development process. Some key projects are:

- 1. INSEE Green Village:** since 2011, this project was first implemented at Moo 1 in Tabkwang Sub-district through community consultation and need assessment. The activities included tree planting, waste management and garbage bank. Other nearby villages nearby have now replicated to Green Village model under each village's context and needs. Young people have involved more in their community development.
- 2. INSEE Green Park:** 2011 marked the auspicious occasion when Thailand celebrated the 84th anniversary of His Majesty the King. Poon INSEE developed a environmentally-friendly public



park called 'INSEE Green Park' to commemorate the special occasion for Saraburi people as well as the general public. The concept of the Green Park is 'beyond the typical park', as it offers a learning site on energy conservation, the use of alternative products to save the environment and it collects local flora for students general public to visit and learn from. Moreover, the Park offers markets outlets for local vendors to sell their one tumbon one products (OTOP) which helps to generate their income as well.

3. The SCCC Community Development and Environment

Fund: Fund was established and implemented in the form of tri-party committee, where community committee members are elected to manage the fund for their own needs on general community environment and development projects. Poon INSEE contributes financial support annually, the use of which is through the community consensus on development projects. The other two parts of committees come from Poon INSEE and local government.

4. Community Advisor Panel (CAP): SCCC set up CAP which consists of leaders from local authorities, sub-district and village heads, experts from community development, education and public health agencies. This group of people will act as advisors for community development. The CAP will provide advices, give directions, and mobilize resources for community development in this sub-district. They meet every four months to discuss issues related to community development and to review the progress.

5. INSEE Asa: (employees' voluntary projects) gives SCCC's employees to create and implement community projects, mostly related to infrastructure such as check-dam construction, bus stop renovation, community road repair and improving infrastructure and school facilities.

CSR projects for the general public were all conducted under the main theme of "Green Heart". It focuses on building public awareness in responsible and sustainable practices on environmental preservation to all stakeholders in order to create a better environment and society for the new generations to come. Most of the projects are long term of 3-5 years which were continuously conducted for the past few years such as:

1. Integrated Green School: SCCC has collaborated with the Border Patrol Police to build a new Green School at Baan Nam Bor Sapeh, Pang Mapah District, Mae Hong Son Province which is still lack of proper education for under privileged children of more than 240 hill tribal families who live with no electrical and running water system. SCCC expected this school to provide good education for the community and serve as a learning center for best practices on environmental preservation, organic farming, and effective consumption of water resources and alternative energy. The school also was built to honor and commemorate HRH Princess Maha Chakri Sirindhorn's 60 Birthday Anniversary Celebration in 2015.



2. **Green Water Tank:** a collaboration project with the Chaipattana Foundation for three years during 2011-2013 to build 252 soiled-cement water tanks with 20,000 liter capacity each in needed community nationwide under the theme “By community For community with Green Heart”. The project has completed its target and handed-over all water tanks to the General Secretary of Chaipattana Foundation, Dr. Sumet Tantivechakul, in August, 2014.
3. **Green Community:** another collaboration project between SCCC and the Chaipattana Foundation to develop capacity building for community at Baan Ta Pa Poa in Mae Ta District, Lampoon Province. Occupation training on construction with soiled cement block system, organic farming and other environmental –friendly activities will be provided with the objective to build up awareness among community members to effectively utilize all natural resources with

care under the King’s philosophy of sufficient economy. Additional income from various skill training programs will eventually sustainable raise their income and quality of life.

All these CSR projects for the general public that SCCC has collaborated with our partners to various communities nationwide beside our community in Kangkoi District, Saraburi Province has demonstrated our social responsibility beyond our own local community. Without any business benefit, SCCC has utilized its expertise on construction ,personal and other resources together with our strong networking with related public and private organizations to create shared values to all stakeholders and the society at large.

Corporate Social Responsibilities







Earthquake Resistant House

Chiang Rai quake victims get dream homes with peace of mind



Nobody has ever imagined that this could happen in the Land of Happiness.

The unexpected earthquake measuring 6.3 on the Richter scale struck Chiang Rai in the evening of May 5, 2014, followed by more than a thousand of aftershocks.

The earthquake, the biggest ever recorded in the Kingdom, was such a life-changing experience for countless families in this Thai northern province.

Some lost their lives, many saw their dwellings crumbled and a sense of hopelessness pervaded.

The greatest loss was observed in Dongmada and Maelao Districts, the epicenter of the powerful earthquake, where both the government and private buildings sustained extensive damage.

Over 3,500 houses, schools, temples and hospitals in those areas were devastated by the relatively shallow tremor 7 kms deep.

The toll of damage was significant and not all families were able to rebuild and repair their properties by themselves.



SCCC closely monitored the development and has its North Regional Sales and Technical Support engineers teamed up with Hill Area and Community Development Foundation (HADF) and The Mirror Foundation to conduct onsite post-quake inspections.

The Company gathered information and grouped victims into two categories as part of the assistance program.

The first group was identified as self-supported families whose houses were partially damaged but were able to do fixing by themselves and shouldering the costs involved.

The other group was those families who could not bear the burden of the repairs either due to financial reasons or the severity of the damage.

SCCC dispatched its INSEE Technical Support team to provide the first group with professional advice for the repair and how it should be carried out with safety coming first.

For the second group, 20 of households were selected for the restoration and another five for reconstruction.

The restoration process took between 20-30 days to complete with a good support from foundations, organisations and individuals.

Over the three locations in Maelao District, SCCC simultaneously built five new houses to replace those collapsed entirely.

Two of these re-built houses are in Ban Huaysandonchan of Chommokkaew Sub-District; two in Ban Huaysanakha of Pongprhae Sub-District; and one in Dongmada Sub-District.

“The houses which SCCC built for those Chiang Rai victims possess earthquake-resistant qualities whilst incorporating special features.”

The houses which SCCC built for those Chiang Rai victims possess earthquake-resistant qualities whilst incorporating special features which went into the design of flood-enduring house by Professor Bundit Chulasai, former Dean of the School of Architecture at Chulalongkorn University, in 2012.





The outstanding features of SCCC's anti-earthquake houses come in four key components:

The foundation: Using reinforced concrete to provide solid building base to help better resisting earthquakes while the pillar is protected by a cement pipe at the foundation post.

The walls: Fiber cement board was used as it is very lightweight and when collapsed by earthquake would result in minimal harm to people or property within the premises.

The roof: By using a single piece of metal sheet, the roof would not be fallen off into pieces of debris in the event of an earthquake like tiled roof and thus minimising potential injuries.

The structure: A flexible structure allows energy absorption and transfer, thus preventing energy accumulation that can cause fractures and structural collapses.

The total utility space of the earthquake-resistant house is 58 square metres, comprising a bedroom, one bathroom, and one multi-purpose room. The floor of the house is two metres above ground.

This SCCC project is of tremendous benefit to the affected people, returning their homes in a relatively short period of time and allowing them to get back on their feet.

Understanding this urgent need of those affected families, SCCC, along with Bangkok Broadcasting & TV Co, have succeeded in carrying out the mission within three months.

The result was the newly-built houses which are earthquake-resistant, airy and constructed with the hygienic and eco-friendly principles in mind.

These houses will be used by SCCC as a model for other villagers whose habitats were affected by an earthquake.

This successful design can also be used for those who want to re-build houses which can cope with future natural disaster of this kind.

This earthquake-resistant house is one of the successful schemes developed by SCCC to fulfill its commitments towards sustainability and building a better future for the world.

“These houses will be used by SCCC as a model for other villagers whose habitats were affected by an earthquake.”



Green School redefined

Pioneering integrated concept adopted to give profound meaning

After having successfully built and renovated 27 schools in Thai rural and remote areas over the past four years, the CSR (corporate social responsibility) task force trusted to implement SCCC's "Integrated Green School" initiative sat down in 2014 to take a long hard look at what has been achieved with a view for further improvement.

In retrospect, members asked themselves several critical questions and one that stood out was how comprehensive "green" they were as those existing schools did not possess all elements necessary to implement the integrated green concept due to certain limitations.

Then they challenged themselves to build from scratch a "Green School" which is "green" in the truest sense and a model for future establishment.

For a school deserved to be an Integrated Green School, it needs green elements which cover much wider aspects of a school that really embraces the sustainability principle from which SCCC's corporate social responsibility (CSR) was built on.

The greenness will be extended to components like education, activities and facilities which address environmental friendliness and sustainability.

For instance, the water usage management, efficient energy supply, waste management system, food supply chain, farming and communal marketing are incorporated in a self-contained manner.

To ensure their success, these elements need to be guided, conducted and reviewed by experts from their respective fields of specialisation.

Hence, various government and non-government organisation were drawn into this collaboration.

Chiangmai University's Engineering Department deals with education on environmental and sustainability issues; Ministry of Energy's Alternative Energy Development and Efficiency Department provides solar energy supply; Huai Hongkhrai Royal Development Study Centre handles the food supply chain and farming topics; and Ministry of Labour's Skill Development Department is responsible for water supply system and community outreach programmes to create economic opportunity and others.

Consultations were conducted with the Border Patrol Police (BPP) regarding the need for building new schools in strategic locations along its border bases that respond to community requirements as well as matching different demographic and terrain possibilities.

Thus emerges the first newly-built INSEE Integrated Green School at Pang Mapah District of Mae Hong Son as the next generation of SCCC's Integrated Green School that offers more comprehensive and profound meaning.

This school was also built to commemorate HRH Princess Maha Chakri Sirindhorn's 60th Birthday Anniversary Celebration in April 2015.

It will be the first BPP-run school in the northern region to be officially named "Chalerm Prakiert" to mark this significant and auspicious occasion.

The enhanced Integrated Green School, or IGS, concept will serve to cultivate sustainability concept among rural juveniles as young as three and up to 12.



SCCC also wishes to set this school as a role model for the communities to adopt green lifestyle and green economy within their neighbourhood, particularly in areas rich in natural resources.

“This INSEE Integrated Green School is a tough nut to crack, requiring much more thinking, planning and resources than before with everything thrown in,” said Mr Somyos Udomsinklul, CSR manager at SCCC.

“But the good news is the first fully IGS got off to a good start in May 2014 and the project’s first stage is due for up and running in early 2015.”

Mr Somyos Udomsinklul

CSR Manager

“But the good news is the first fully IGS got off to a good start in May 2014 and the project’s first stage is due for up and running in early 2015,” he added.

First green-field school

The launch of IGS, located in Baan Nam Bor Sapeh, the far-flung highland in Pang Mapha district of Mae Hong Son, is the first school built from scratch by SCCC.

It is constructed over a 14-rai land where 240 households, mostly impoverished hill tribe people who make a living by slash-and-burn farming, live with no running water and electricity.

There was no school in close vicinity and the nearest school, run by BPP, is about five kilometres away on a hilly trail.

The closest source of water supply is Nam Sapeh pond a small natural pond from which the village took its name—a good two kilometers’ walk from the village.

Formal education does not exist in Baan Nam Bor Sapeh and access to one was an uphill task, providing ideality for SCCC to put in place the IGS initiative and see the fruit of the endeavour, explained Mr Somyos.

Scheduled for completion in 2015, the facilities, finished partly by SCCC volunteers banded under the INSEE ARSA philanthropic group, can serve up to 180 primary pupils, from kindergarten level to grade 6, and six teachers from BPP.

The Baan Nam Bor Sapeh IGS will serve a pilot project for SCCC, as it strives to spread this concept, totally funded by the Company, in other needed locations in the kingdom.

The Company carries out that task in close consultation with the Office of HRH Princess Maha Chakri Sirindhorn, the kingdom’s prime education patron, and in conjunction with BPP, the champion of school builders in rural Thailand and other strategic partners for their expertise needed by the IGS.

Since the GreenSchool initiative took off in 2010 to the end of 2014, a total of 6,000-7,000 underprivileged pupils at 27 rural locations, from Chiang Rai to Prachuab Khiri Khan, and from Tak to Ubon Ratchathani, have had more decent places to receive formal education while serving as a role model for the communities to adopt eco-friendly lifestyle and green economy.

These numbers, to be multiplied over the years to come as additional schools are built, underscore SCCC’s unwavering commitments in CSR and sustainable development which form the crucial part of corporate policy.

Report of the Governance, Risk and Compliance Committee to the Shareholders

The Board of Directors passed a resolution at its meeting No.123 on 21 July 2014 to establish the Governance, Risk and Compliance Committee or “GRCC” with Mr. Pongpinit Tejagupta as the Chairman and three additional members, namely Ms. Nopporn Tirawattanagool, Mr. Paul Heinz Hugentobler and Mr. Vanchai Tosomboon with the objective of strengthening the Company’s adherence to the principles of good corporate governance, risk management and compliance.

With regard to the initial tasks of the GRCC, the GRCC was assigned to re-define the scope of good corporate governance practices and to ensure that a good oversight and monitoring scheme would be effectively implemented across SCCC and its subsidiaries. The existing business risk management process would be reviewed and leveraged to the next level to also address financial, reputational and strategic risks at the enterprise and industrial level.

Since its formation, the GRCC has conducted two meetings, in November 2014 and January 2015, respectively. At this initial stage, the GRCC has discussed the drafting of the new Corporate Governance Policy, reviewed the existing guidelines related to the SCCC Code of Business Conduct and its Whistleblower Program, and assigned the Management to review business risk management processes to ensure a holistic risk assessment approach. The GRCC has also initiated the preparation of governance-related training programs together with the Thai Institute of Directors for the executives and senior managers of the Company.

The SCCC Code of Business Conduct will be implemented to ensure clear objectives for the entire organization with respect to practices and behaviors expected from the concerned personnel including directors, executives, managers and staff, especially those who are representing SCCC in its activities and transactions. Along with the SCCC Code of Business Conduct, the Whistleblower Program and related processes will be expanded to ensure that open and transparent channels of communication are accessible for all employees and relevant stakeholders.

The Corporate Governance Policy has been endorsed by the GRCC and approved by the Board of Directors. It is based on the principles of Good Corporate Governance by the SET, by the guidelines recommended by the Organisation for Economic Co-operation and Development (OECD), the recommendations made by the World Bank in its Report on the Observance of Standards and Codes related to Thai CG including the criteria of the ASEAN Corporate Governance Scorecard.

The Charter of the GRCC and the Corporate Governance Policy are accessible on the Company’s website at www.siamcitycement.com.



Mr. Pongpinit Tejagupta

Chairman of the Governance,
Risk and Compliance Committee

Report of the Nomination and Compensation Committee

The Board of Directors passed a resolution at its meeting No.123 held on 21 July 2014 to establish the Nomination and Compensation Committee or “NCC” with Mr. Paul Heinz Hugentobler as the Chairman and three additional members, namely Ms. Nopporn Tirawattanagool, Mr. Harald Link and Mr. Vanchai Tosomboon with the objective to strengthen and guide the selection and the succession planning at both the Board of Directors and the Executive Management levels of the Company and its subsidiaries, and to monitor the development and implementation of Human Resources related policies aimed at deploying best practices across the Group.

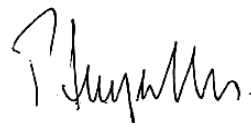
The NCC held two meetings in 2014 to consider the Executive Management appointments and the composition of the Board of Directors. The Executive management appointments as well as changes at the board levels of subsidiary companies were submitted to the Board of Directors for approval. The NCC also reviewed the composition of the Board of Directors and provided its recommendation for the re-election of Directors at the forthcoming Annual General Meeting.

The review of the Company’s compensation framework was another important topic that the NCC was addressing for its adequacy to recruit qualified employees and retain our best talents in today’s competitive

environment. As a basis for its assessment, the NCC has reviewed the overall compensation policy and current practices across the entire Company and all levels to ensure that they will be transparent, fair, attractive and competitive. In order to strengthen the Company’s compensation schemes, the NCC also requested the Management to commission an Employee Engagement Survey so as to specifically address concerns and desires of our employees.

The Board strongly believes that good governance and leadership by the Board and the Executive Management are critical in shaping a strong corporate culture built around engaging core values, an aspirational vision and compelling business strategies. The NCC will continue its role in conducting a rigorous and transparent process to support this evolutionary process to sustain both healthy growth and performance driven by our employees in a most attractive and collaborative working environment.

The Charter of the NCC is accessible on the Company’s website at www.siamcitycement.com.



Mr. Paul Heinz Hugentobler

Chairman of the Nomination and
Compensation Committee

Report of the Board of Directors' Responsibilities for Financial Statements

The financial statements of Siam City Cement Public Company Limited and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543. The Company has chosen with careful consideration its accounting policies, which are proper to its business operations, and has always strictly adhered to these policies in all material respect. All material information has been sufficiently disclosed in the notes to the financial statements.

The Board of Directors of the Company is held accountable for correctness, completeness and timelines of the aforementioned financial statements, including financial data as shown in the annual report. The Board has also adopted effective internal control system which provides a reasonable basis and assurance that the financial data reported are accurate, complete and adequate to protect assets and prevent possible misappropriation including other operational irregularities in the operations of the Company.

The Audit Committee, consisting of three independent directors performing its duties in compliance with The Stock Exchange of Thailand guidelines under the Best Practice Guidelines for Audit Committees, assists the Board of Directors by overseeing internal and external audit matters on its behalf, and operates under a written charter adopted by the Committee and the Board of Directors. The report of the Audit Committee and the report of the independent auditor appear in this annual report.



(Mr. Veraphan Teepsuwan)
Chairman



(Mr. Vorathep Rangchaikul)
Director & CEO



FINANCIAL STATEMENT



Report of the Audit Committee

To the Shareholders of Siam City Cement Public Company Limited

We are pleased to present our report for the financial year ended 31 December 2014.

The Audit Committee comprises 3 independent directors and operates under a written Charter adopted by the Committee and approved by the Board of Directors. In 2014, the Audit Committee held 4 ordinary quarterly meetings. The Committee discussed with the Company's external auditors their plans for audits during the year and discussed the results of their examinations and evaluations of the Company's internal controls, and the quality of financial reporting.

The Management reported to the Committee that the Company's quarterly and annual consolidated financial statements were prepared in accordance with generally accepted accounting principles. The Committee has reviewed and discussed the consolidated financial statements and the separate financial statements of Siam City Cement Public Company Limited, including the disclosure of connected transactions and transactions of conflicts of interest, with management and the external auditors. Based on the reviews and discussions, the Committee reported to the Board of Directors that the audited consolidated financial statements for the year ended 31 December 2014 had been prepared in compliance with generally accepted accounting principles, and reflected the financial performance of the Company and its subsidiaries.

The Committee reviewed the internal auditor's plans to assess internal controls in selected areas of the Company's operations for 2014. The Committee also reviewed the results of these assessments with the internal auditors and management. Where the improvements were required, the Committee was satisfied that management had taken appropriate remedial actions.

The Committee also reviewed and approved the internal audit plan for year 2015 and the budget to support the plan.

Whilst reviewing the quarterly and annual financial statements for 2014, and the above mentioned assessments performed by the external and internal auditors, the Committee did not note non-compliance of the Company's activities with the Securities and Exchange Act and with rules and regulations of the Stock Exchange of Thailand.

As for the Company's external auditors for 2015, the Committee recommends the appointment of Ms. Kamontip Lertwitworatep and/or Mr. Wichart Lokatekrawee and/or Ms. Siriwan Suratepin of EY Office Limited, with the proposed remuneration of 5.54 million baht.

January 28, 2015

For and on behalf of the Audit Committee
Siam City Cement Public Company Limited



Mr. Harald Link

Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of Siam City Cement Public Company Limited

I have audited the accompanying consolidated financial statements of Siam City Cement Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Siam City Cement Public Company Limited for the same period.

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 judgement, 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 referred to above present fairly, in all material respects, the financial position of Siam City Cement Public Company Limited and its subsidiaries and of Siam City Cement Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

EY Office Limited

Bangkok: 3 February 2015

Siam City Cement Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	6, 7	2,757,340,430	3,172,713,658	1,672,950,278	1,735,180,926
Trade and other receivables	6, 8	3,925,355,965	3,943,940,698	3,022,534,803	2,999,109,788
Inventories	9	2,040,251,450	1,967,056,542	1,668,641,353	1,720,700,865
Other current assets		330,462,304	279,362,562	108,357,208	123,079,356
Total current assets		9,053,410,149	9,363,073,460	6,472,483,642	6,578,070,935
Non-current assets					
Investments in subsidiary companies	10	-	-	5,509,999,100	5,479,999,100
Investments in associated companies	11	1,958,446,269	1,797,298,247	577,896,135	483,426,543
Other investment in related company	12	155,000,000	155,000,000	155,000,000	155,000,000
Property, plant and equipment	13	20,800,730,808	18,859,666,765	13,762,008,142	12,638,230,192
Assets not used in operations	14	380,913,795	394,312,291	397,861,196	411,259,693
Intangible assets	15	2,250,446,566	1,975,282,601	2,090,304,904	1,820,865,322
Deferred tax assets	16	611,928,265	532,413,404	499,536,239	440,097,634
Other non-current assets		306,035,399	376,826,423	214,919,556	279,825,848
Total non-current assets		26,463,501,102	24,090,799,731	23,207,525,272	21,708,704,332
Total assets		35,516,911,251	33,453,873,191	29,680,008,914	28,286,775,267

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

Siam City Cement Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from related financial institution	6	140,000,000	45,000,000	-	-
Short-term loans from other financial institutions	17	151,443,109	-	-	-
Trade and other payables	6, 18	2,673,875,264	2,536,604,434	2,116,603,407	1,972,867,872
Current portion of long-term loans from related financial institution	6	335,000,000	220,000,000	-	-
Current portion of long-term loans from other financial institution	19	31,932,933	-	-	-
Current portion of long-term liabilities for concession	20	-	47,976,290	-	47,976,290
Income tax payable		499,122,096	560,300,586	399,301,084	424,069,139
Deferred revenue		757,501,600	615,880,153	734,015,850	601,610,186
Accrued electricity		298,159,132	582,382,561	286,579,395	570,895,578
Other accrued expenses		688,064,034	729,761,301	545,982,965	542,992,341
Other current liabilities		356,082,819	368,084,051	156,840,220	202,673,165
Total current liabilities		5,931,180,987	5,705,989,376	4,239,322,921	4,363,084,571
Non-current liabilities					
Long-term loans from related financial institution - net of current portion	6	1,008,300,000	1,297,500,000	-	-
Long-term loans from other financial institution - net of current portion	19	443,548,437	80,648,221	-	-
Debentures	21	5,990,338,413	5,987,472,820	5,990,338,413	5,987,472,820
Provision for long-term employee benefits	22	1,161,838,296	1,064,098,546	980,069,346	903,230,452
Provision for site restoration and decommissioning costs	23	79,101,001	73,889,882	67,535,697	69,281,163
Total non-current liabilities		8,683,126,147	8,503,609,469	7,037,943,456	6,959,984,435
Total liabilities		14,614,307,134	14,209,598,845	11,277,266,377	11,323,069,006

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

Siam City Cement Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Shareholders' equity					
Share capital					
Registered					
280,000,000 ordinary shares of Baht 10 each		2,800,000,000	2,800,000,000	2,800,000,000	2,800,000,000
Issued and fully paid up					
230,000,000 ordinary shares of Baht 10 each		2,300,000,000	2,300,000,000	2,300,000,000	2,300,000,000
Share premium		10,106,266,730	10,106,266,730	10,106,266,730	10,106,266,730
Retained earnings					
Appropriated - statutory reserve	24	300,000,000	300,000,000	300,000,000	300,000,000
Unappropriated		8,222,939,914	6,590,439,160	5,696,475,807	4,257,439,531
Other components of shareholders' equity		(32,825,242)	(58,654,259)	-	-
Equity attributable to owners of the Company		20,896,381,402	19,238,051,631	18,402,742,537	16,963,706,261
Non-controlling interests of the subsidiaries		6,222,715	6,222,715	-	-
Total shareholders' equity		20,902,604,117	19,244,274,346	18,402,742,537	16,963,706,261
Total liabilities and shareholders' equity		35,516,911,251	33,453,873,191	29,680,008,914	28,286,775,267

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

Siam City Cement Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Revenues					
Net sales		31,862,208,803	29,949,537,695	24,799,055,891	23,219,089,648
Dividend income	10, 11, 12	15,513,492	9,134,615	1,039,867,379	995,520,114
Gain on exchange		41,545,555	-	63,801,796	32,843,699
Other income		90,823,436	86,508,253	108,684,416	72,634,381
Total revenues		32,010,091,286	30,045,180,563	26,011,409,482	24,320,087,842
Expenses					
Production cost of goods sold		17,598,267,954	16,522,252,536	13,607,708,475	12,786,260,927
Selling and distribution expenses		6,695,803,589	6,194,538,079	5,143,957,641	4,715,375,406
Administrative expenses		1,260,439,081	1,236,981,784	1,046,130,926	1,115,078,829
Loss on exchange		-	121,479,197	-	-
Total expenses	25	25,554,510,624	24,075,251,596	19,797,797,042	18,616,715,162
Profit before share of profit from investments in associated companies, finance cost and income tax expenses					
		6,455,580,662	5,969,928,967	6,213,612,440	5,703,372,680
Share of profit from investments in associated companies	11	227,990,563	283,689,217	-	-
Profit before finance cost and income tax expenses					
		6,683,571,225	6,253,618,184	6,213,612,440	5,703,372,680
Finance cost		(373,254,224)	(304,881,891)	(291,166,755)	(271,276,162)
Profit before income tax expenses					
		6,310,317,001	5,948,736,293	5,922,445,685	5,432,096,518
Income tax expenses	16	(1,227,873,297)	(1,152,811,638)	(1,033,466,459)	(928,604,645)
Profit for the year					
		5,082,443,704	4,795,924,655	4,888,979,226	4,503,491,873
Profit attributable to:					
Equity holders of the Company		5,082,443,704	4,795,924,655	4,888,979,226	4,503,491,873
Non-controlling interests of the subsidiaries		-	-		
		5,082,443,704	4,795,924,655		
Basic earnings per share					
Profit attributable to equity holders of the Company	27	22.10	20.85	21.26	19.58
Weighted average number of ordinary shares (shares)		230,000,000	230,000,000	230,000,000	230,000,000

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

Siam City Cement Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit for the year		5,082,443,704	4,795,924,655	4,888,979,226	4,503,491,873
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		5,287,220	1,965,317	-	-
Share of other comprehensive income of associated company		20,541,797	13,880,760	-	-
Other comprehensive income for the year		25,829,017	15,846,077	-	-
Total comprehensive income for the year		5,108,272,721	4,811,770,732	4,888,979,226	4,503,491,873
Total comprehensive income attributable to:					
Equity holders of the Company		5,108,272,721	4,812,028,604	4,888,979,226	4,503,491,873
Non-controlling interests of the subsidiaries		-	(257,872)		
		5,108,272,721	4,811,770,732		

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

Siam City Cement Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements								
	Equity attributable to owners of the Company				Other components of shareholders' equity			
	Issued and paid up share capital	Share premium	Retained earnings		Other comprehensive income - Exchange differences on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2013	2,300,000,000	10,106,266,730	300,000,000	5,014,492,181	(74,758,208)	17,646,000,703	6,480,587	17,652,481,290
Dividend paid (Note 28)	-	-	-	(3,219,977,676)	-	(3,219,977,676)	-	(3,219,977,676)
Total comprehensive income for the year	-	-	-	4,795,924,655	16,103,949	4,812,028,604	(257,872)	4,811,770,732
Balance as at 31 December 2013	2,300,000,000	10,106,266,730	300,000,000	6,590,439,160	(58,654,259)	19,238,051,631	6,222,715	19,244,274,346
Balance as at 1 January 2014	2,300,000,000	10,106,266,730	300,000,000	6,590,439,160	(58,654,259)	19,238,051,631	6,222,715	19,244,274,346
Dividend paid (Note 28)	-	-	-	(3,449,942,950)	-	(3,449,942,950)	-	(3,449,942,950)
Total comprehensive income for the year	-	-	-	5,082,443,704	25,829,017	5,108,272,721	-	5,108,272,721
Balance as at 31 December 2014	2,300,000,000	10,106,266,730	300,000,000	8,222,939,914	(32,825,242)	20,896,381,402	6,222,715	20,902,604,117

(Unit: Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2013	2,300,000,000	10,106,266,730	300,000,000	2,973,925,334	15,680,192,064
Dividend paid (Note 28)	-	-	-	(3,219,977,676)	(3,219,977,676)
Total comprehensive income for the year	-	-	-	4,503,491,873	4,503,491,873
Balance as at 31 December 2013	2,300,000,000	10,106,266,730	300,000,000	4,257,439,531	16,963,706,261
Balance as at 1 January 2014	2,300,000,000	10,106,266,730	300,000,000	4,257,439,531	16,963,706,261
Dividend paid (Note 28)	-	-	-	(3,449,942,950)	(3,449,942,950)
Total comprehensive income for the year	-	-	-	4,888,979,226	4,888,979,226
Balance as at 31 December 2014	2,300,000,000	10,106,266,730	300,000,000	5,696,475,807	18,402,742,537

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

Siam City Cement Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before tax	6,310,317,001	5,948,736,293	5,922,445,685	5,432,096,518
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Share of profit from investments in associated companies	(227,990,563)	(283,689,217)	-	-
Dividend income	(15,513,492)	(9,134,615)	(1,039,867,379)	(995,520,114)
Allowance for diminution in value of investment in subsidiary	-	-	-	77,888,967
Depreciation and amortisation	1,252,630,255	1,165,819,062	873,811,088	815,214,042
Increase (decrease) in allowance for doubtful accounts and reduction of inventory to net realisable value	28,358,549	(14,633,053)	19,762,980	(8,102,440)
Increase (decrease) in allowance for impairment loss on assets not used in operation	(15,951,937)	27,133,190	(15,951,938)	27,133,190
Loss on disposals/write-off of property, plant and equipment and assets not used in operation	161,657,925	98,313,282	157,737,621	100,472,588
Gain on disposals of intangible assets	(5,753)	-	(5,753)	-
Provision for long-term employee benefits and other provisions	131,250,834	232,718,339	106,284,038	209,579,628
Unrealised loss (gain) on exchange	5,812,525	77,776,206	(3,429,247)	(5,528,224)
Interest income	(78,396,590)	(86,508,253)	(48,735,396)	(35,981,119)
Interest expenses	336,912,688	248,865,090	239,508,717	218,345,622
Profit from operating activities before changes in operating assets and liabilities	7,889,081,442	7,405,396,324	6,211,560,416	5,835,598,658
Operating assets (increase) decrease:				
Trade and other receivables	27,926,461	(757,436,590)	(8,919,663)	(468,743,498)
Inventories	(108,059,575)	142,685,916	20,626,790	159,158,370
Other current assets	(50,194,584)	(157,691,872)	15,614,957	(87,656,734)
Other non-current assets	72,016,016	67,247,112	72,016,016	67,247,112
Operating liabilities increase (decrease):				
Trade and other payables	139,892,220	342,789,686	146,356,925	206,527,045
Accrued expenses and other current liabilities	(306,013,947)	374,861,239	(294,023,522)	258,081,905
Provision for long-term employee benefits	(26,849,094)	(26,776,863)	(24,066,102)	(24,465,679)
Provision for site restoration and decommissioning costs	(2,867,671)	(2,184,202)	(2,867,671)	(2,184,202)
Cash from operating activities	7,634,931,268	7,388,890,750	6,136,298,146	5,943,562,977
Cash received from interest income	77,491,432	86,735,987	47,842,587	34,045,061
Cash paid for interest expenses	(334,932,310)	(242,142,752)	(237,600,000)	(213,768,603)
Cash paid for income tax	(1,368,566,648)	(761,474,128)	(1,117,673,119)	(586,146,852)
Net cash from operating activities	6,008,923,742	6,472,009,857	4,828,867,614	5,177,692,583

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

Siam City Cement Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment and assets not used in operation	39,307,193	45,516,554	35,150,578	37,156,648
Proceeds from disposals of intangible assets	3,334,429	-	3,334,429	-
Acquisitions of property, plant and equipment	(3,320,399,447)	(4,969,698,150)	(2,116,116,467)	(2,677,591,887)
Increase in investments in subsidiaries	-	-	(30,000,000)	(621,130,245)
Increase in investment in associated company	(94,469,592)	-	(94,469,592)	-
Increase in intangible assets	(232,850,446)	(69,673,257)	(222,565,105)	(62,427,690)
Decrease (increase) in other non-current assets	(1,224,992)	6,254,163	(7,109,724)	(8,353,168)
Dividend received	197,367,422	170,520,168	1,039,867,379	995,520,114
Net cash used in investing activities	(3,408,935,433)	(4,817,080,522)	(1,391,908,502)	(2,336,826,228)
Cash flows from financing activities				
Increase (decrease) in short-term loans from related financial institution	95,000,000	(250,000,000)	-	(200,000,000)
Increase (decrease) in short-term loans from other financial institutions	151,443,109	(9,233,098)	-	-
Increase in long-term loans from related financial institution	45,800,000	803,000,000	-	-
Increase in long-term loans from other financial institution	394,833,149	80,648,221	-	-
Repayment of long-term loans from related financial institution	(220,000,000)	(52,500,000)	-	-
Cash paid for redemption of debentures	-	(4,000,000,000)	-	(4,000,000,000)
Net cash received from issuance of debentures	-	5,985,967,161	-	5,985,967,161
Payment of long-term liabilities for concession	(47,976,290)	(45,044,266)	(47,976,290)	(45,044,266)
Dividend paid	(3,449,942,950)	(3,219,977,676)	(3,449,942,950)	(3,219,977,676)
Net cash used in financing activities	(3,030,842,982)	(707,139,658)	(3,497,919,240)	(1,479,054,781)
Increase in translation adjustments	16,751,965	64,023,943	-	-
Net increase (decrease) in cash and cash equivalents	(414,102,708)	1,011,813,620	(60,960,128)	1,361,811,574
Cash and cash equivalents at beginning of year	3,172,713,658	2,158,707,116	1,735,180,926	371,176,430
Effect of change in foreign exchange rate on cash at banks	(1,270,520)	2,192,922	(1,270,520)	2,192,922
Cash and cash equivalents at end of year (Note 7)	2,757,340,430	3,172,713,658	1,672,950,278	1,735,180,926
Supplemental disclosures of cash flows information:				
Non-cash related transactions:				
Increase in property, plant and equipment from decommissioning costs	6,802,988	-	-	-
Transferred property, plant and equipment to intangible assets	968,484	-	-	-
Increase in payables from purchases of intangible assets	96,000,000	-	96,000,000	-

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

Siam City Cement Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2014

1. General information

Siam City Cement Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and registered the change of its status to a public limited company under the Public Limited Companies Act on 5 November 1993. The Company operates in Thailand and its principal activity is the manufacture of cement, with the registered office address at 199, 7th - 12th Floor, Column Tower, Ratchadapisek Road, Klongtoey, Bangkok, and its factory address is at 99 Moo 9 and 219 Moo 5, Mitraparp Road Km. 129 - 131, Tabkwang, Kaengkhoi, Saraburi.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in

compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Siam City Cement Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Country of incorporation	Registered capital (Million Baht)		Shareholding percentage (Percent)		Nature of business
		2014	2013	2014	2013	
Held by the Company						
Siam City Concrete Co., Ltd.	Thailand	2,500	2,500	99.99	99.99	Ready-mixed concrete and aggregates
Siam City Power Co., Ltd.	Thailand	2,000	2,000	99.99	99.99	Electricity generation from waste heat
Conwood Co., Ltd.	Thailand	300	300	99.99	99.99	Construction material
INSEE Superblock Co., Ltd.	Thailand	500	500	99.99	99.99	Light-weight concrete products
Energy and Environmental Services Co., Ltd.	Thailand	180	180	100.00	100.00	Industrial waste disposal and alternative fuel and raw material trading
INSEE Digital Co., Ltd.	Thailand	100	-	100.00	-	Technical service and information technology management and development services
Khmer Cement Industry Co., Ltd.	Cambodia	Riel 10,020 million (equivalent to USD 2.505 million)	Riel 10,020 million (equivalent to USD 2.505 million)	100.00	100.00	Cement trading
Held by Conwood Co., Ltd.						
PT. Conwood Indonesia	Indonesia	USD 10 million	USD 10 million	99.98	99.98	Construction material

On 4 August 2011, the Meeting of the Board of Directors of Conwood Company Limited (“a subsidiary”) passed a resolution to incorporate PT Conwood Indonesia in Indonesia, with registered share capital of USD 10 million (100,000 ordinary shares of USD 100 each), principally being engaged in the manufacture and distribution of fiber cement products. The subsidiary holds a 99.98 percent interest in PT Conwood Indonesia. As at 31 December 2014 and 2013, the subsidiary made payment for shares of PT Conwood Indonesia of USD 10 million and USD 8 million, respectively (equivalent to Baht 315.2 million and Baht 250.4 million, respectively) or 100 percent and 80 percent of total registered share capital, respectively. PT Conwood Indonesia has commenced its operation on 19 June 2014.

b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as applied to the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rate. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.

e) Material balances and transactions between the Company and its subsidiaries are eliminated in the preparation of the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries and associated companies under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

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

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
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

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

These accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations do not have any significant impact on the financial statements.

(b) Accounting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of new and revised accounting standards, financial reporting standards and interpretations that are effective for fiscal years beginning on or after 1 January 2015. The management of the Company and its subsidiaries has assessed the effects of the standards and interpretations and believes that in most cases they have not resulted in changes in key principles and they will not have any significant impact on the financial statements. However, some new and revised standards will result in changes to key principles, and the management of the Company and its subsidiaries has evaluated the impact of these to the financial statements in the year in which they are adopted, as follows:

TAS 1 (revised 2014) Presentation of Financial Statements

This revised standard introduces a grouping of items presented in other comprehensive income into group

of items that could be reclassified to profit or loss subsequently and items that will never be reclassified subsequently to profit or loss. This revised standard affects only presentation and has no impact on the Company and its subsidiaries' financial position or performance.

TAS 19 (revised 2014) Employee Benefits

This revised standard includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now immediately recognised in other comprehensive income and eliminated alternative options that were allowed in the past. In addition, this revised standard also required the entity to recognise unvested past service costs immediately in profit or loss when the entity has a plan amendment at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised.

Based on the preliminary analysis performed, the management of the Company and its subsidiaries believes when this revised standard is adopted in 2015, it will necessitate the restatement of the financial statements as at 31 December 2014 and for the year then ended, presented as comparative information. Details of the estimated impact are provided as follows:

(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements
Income statements		
Decrease in employee benefit expenses	8,722	4,634
Increase in income tax expenses	1,744	927
Increase in profit	6,978	3,707
Statements of comprehensive income		
Increase in actuarial loss	6,978	3,707

TFRS 10 Consolidated Financial Statements and TAS 27 (revised 2014) Separate Financial Statements

TFRS 10 replaces the accounting for consolidated financial statements previously addressed in TAS 27 Consolidated and Separate Financial Statements. This standard defines the principle of control, which is that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee, those returns vary as a result of the investee's performance, and the investor has the ability to direct the activities that affect the amount of the investor's returns. The changes will require management to exercise significant judgement to reconsider all entities to determine which entities in the group are controlled by the Company and its subsidiaries.

Based on the preliminary analysis performed, the management of the Company and its subsidiaries believes that these two standards will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements and TAS 28 (revised 2014) Investments in Associates and Joint Ventures

TFRS 11 replaces TAS 31 Interests in Joint Ventures and removes the option to apply proportionate consolidation method of jointly controlled entities. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for as an investment using the equity method.

TAS 28 has been renamed to Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in associates and also with investments in joint ventures.

Based on the preliminary analysis performed, the management of the Company and its subsidiaries believes that these two standards will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard includes all of the disclosures related to an entity's interests in subsidiaries, joint arrangements, associates including structured entities. This standard affects disclosure and presentation only and has no impact on the Company and its subsidiaries' financial position or performance.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and disclosures related with fair value measurements. An entity shall apply the guidance under this standard when an entity is required to measure any assets and liabilities at fair value under relevant standards including disclosures related with such fair value measurement. The prospective recognition of the effect of a change from adoption of this standard shall be applied.

At present, the management of the Company and its subsidiaries is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

a) Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting goods returns, discounts and allowances.

The Company and its subsidiaries establish a loyalty programme which allows customers to accumulate points when they purchase products from the Company and its subsidiaries. The points can then be redeemed for awards in the future.

Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed and the Company and its subsidiaries fulfill their obligations to supply awards.

b) Interest income

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

c) Dividends

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

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the average method) and net realisable value and include all cost of raw materials, labour and factory overhead.

Raw materials and store supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Allowance for diminution in value of inventories and obsolete inventories is made for obsolete or deteriorated inventories.

4.5 Investments

a) Investments in associated companies are accounted for in the consolidated financial statements using the equity method.

b) Investments in subsidiaries and associated companies are accounted for in the separate financial statements using the cost method.

c) Other investment in related company is accounted for using the cost method.

Allowance for diminution in value of investments is made when the net realisable value of investments is lower than the cost of investments.

4.6 Property, plant and equipment and depreciation

Land is stated at cost less allowance for loss on impairment (if any). Mineral reserves and site restoration cost are stated at cost less accumulated depreciation, which are depreciated based on the physical unit-of-production method over their estimated commercial lives, and allowance for loss on impairment (if any).

Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of asset (if any).

Decommissioning costs are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation is calculated on a straight-line basis over the expected period of the decommissioning.

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Building and structures	5 - 35 years
Machinery and equipment	5 - 35 years
Furniture, fixtures and office equipment	3 - 20 years
Motor vehicles	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on such disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets and amortisation

Intangible assets acquired from other than business combination are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives are as follows:

	<u>Useful lives</u>
Mining concession	20 - 25 years
Computer software	3 years

Mining concession and plant license of aggregate business are amortised based on the physical unit-of-production method over their estimated commercial lives.

No amortisation is provided on intangible assets under development.

4.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, and key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.10 Operating lease

Leases not transferring a significant portion of the risks and rewards of its underlying asset's ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss over the period of the lease.

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

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, the subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by the employees, the Company and the subsidiaries. The fund's assets are held in a separate trust fund and the Company and the subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company, the subsidiaries and their employees have jointly established a contributory, unfunded provident fund. The fund is monthly contributed by the employees and by the Company and the subsidiaries.

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and the subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and the subsidiaries provide other long-term employee benefit plans, namely resignation plan and long service awards.

The obligation under the defined benefit plans and other long-term employee benefit plans is determined by a professionally qualified independent actuary, on a regular basis, based on actuarial techniques, using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of defined benefit obligations are recognised when the curtailment or settlement occurs.

Actuarial gains and losses arising from post-employment benefits and other long-term employee benefits are recognised immediately in profit or loss. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bond.

The defined benefit liabilities and other long-term benefit liabilities comprise the present value of the defined benefit obligation less unrecognised past service cost.

4.14 Provision for site restoration

The Company and its subsidiaries recognise a provision for site restoration where an obligation exists. The estimated amount of the eventual costs relating to the restoration of the site is discounted to its present value. The site restoration costs are included in property, plant and equipment and depreciated based on the physical unit-of-production method over their estimated commercial lives. The recognised provision for site restoration is based on future restoration cost estimates and incorporates many assumptions, such as restoration period, future inflation rate and the discount rate.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

The Company and its subsidiaries in Thailand provide income tax in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation. Corporate income tax is calculated at 20 percent for non-promoted operations and is exempted for promoted operations for a subsidiary in Thailand.

Overseas subsidiaries calculate corporate income tax in accordance with tax rate regulated in tax law of those countries. Corporate income tax is at the higher of 20 percent of taxable profits or 1 percent of revenue for Cambodia and at 25 percent of taxable profits for Indonesia.

Deferred tax

Deferred income tax is provided based on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of reporting period, using the tax rates enacted at the end of reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At the end of each reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Financial instruments

Financial instruments presented in the statements of financial position consist of cash and cash equivalents, trade and other receivables, trade and other payables, short-term and long-term loans and debentures. The accounting policy is separately disclosed in the related notes.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either

- 1) a hedge of the fair value of a recognised asset or liability (fair value hedge) or
- 2) a hedge of a particular risk associated with a recognised asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or
- 3) a hedge of a foreign currency risk of a firm commitment (cash flow hedge)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the profit or loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in other comprehensive income. Where the firm commitment results in the recognition of an asset or a liability, the gains or losses previously deferred in other comprehensive income are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in other comprehensive income are transferred to profit or loss and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect profit or loss.

Certain derivative transactions, while providing effective economic hedges under the Company's risk management policies, may not qualify for hedge accounting under the specific rules in International Accounting Standard on the same topic. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under International Accounting Standard on the same topic are recognised immediately in profit or loss.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under International Accounting Standard on the same topic, any cumulative gain or loss existing in equity at that time remains in other comprehensive income until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortised to net profit or loss from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortised by maturity date.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

5. Significant accounting Judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company and its subsidiaries make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the carrying amounts of assets within the next financial year relate primarily to allowance for doubtful accounts, allowance for diminution in inventory value, allowance for impairment of

assets not used in operation, depreciation of plant and equipment, deferred tax assets, provision for site restoration and decommissioning costs and provision for long-term employee benefits at the end of reporting period. The post-employee benefit and other long-term employee benefit liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and staff turnover rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

All other estimates mentioned above are further detailed in the corresponding disclosures.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that the provision made would be sufficient. However, actual results could differ from the estimates.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose

in ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2014	2013	2014	2013	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods	-	-	2,262	2,262	Market price
Dividend income	-	-	843	825	At the declared rate
Other income	-	-	50	42	Cost plus margin
Sales of assets	-	-	-	11	Market price
Purchase of assets	-	-	-	27	Contractual agreed price
Purchase of utility	-	-	712	613	Market price
Selling and distribution expenses and administrative expenses	-	-	4	6	Cost plus margin
Transactions with associated companies					
Purchases of goods	1,846	1,439	1,846	1,439	Market price
Dividend income	-	-	182	161	At the declared rate
Transactions with related companies					
Sales of goods	1,476	476	1,473	475	Market price
Dividend income	16	9	16	9	At the declared rate
Other income	2	2	2	2	Cost plus margin
Service fee expenses	187	216	156	194	Contractual agreed price
Selling and distribution expenses and administrative expenses	233	234	186	196	Cost plus margin
Interest income	4	4	2	2	Market interest rate
Interest expenses	57	60	-	3	Market interest rate

The balances of the accounts as at 31 December 2014 and 2013 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deposits and short-term investments at related financial institution (Note 7)				
Related financial institution (related by common directors)	436,019	1,042,068	115,613	587,231
Total deposits and short-term investments at related financial institution	436,019	1,042,068	115,613	587,231
Trade and other receivables - related parties (Note 8)				
Subsidiaries	-	-	612,507	687,809
Related companies (related by common shareholders and/or common directors)	174,761	156,622	174,061	156,458
Total trade and other receivables - related parties	174,761	156,622	786,568	844,267
Short-term loans from related financial institution				
Related financial institution (related by common directors)	140,000	45,000	-	-
Total short-term loans from related financial institution	140,000	45,000	-	-

As at 31 December 2014, the subsidiaries had short-term loans from related financial institution of Baht 140 million (2013: Baht 45 million) which carry interest at the rate of 2.90 to 3.15 percent per annum (2013: 3.25 percent per annum).

Movements in short-term loans from related financial institution during the year ended 31 December 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Short-term loans from related financial institution		
Balance as at 31 December 2013	45,000	-
Add: Increase during the year	280,000	-
Less: Repayment during the year	(185,000)	-
Balance as at 31 December 2014	140,000	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade and other payables - related parties (Note 18)				
Subsidiaries	-	-	164,157	147,286
Associated company	142,945	168,864	142,945	168,864
Related companies (related by common shareholders and/or common directors)	74,434	95,841	54,184	91,156
Total trade and other payables - related parties	217,379	264,705	361,286	407,306
Long-term loans from related financial institution				
Related financial institution (related by common directors)	1,343,300	1,517,500	-	-
Less: Portion due within one year	(335,000)	(220,000)	-	-
Long-term loans from related financial institution - net of current portion	1,008,300	1,297,500	-	-

Movements in long-term loans from related financial institution during the year ended 31 December 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Long-term loans from related financial institution		
Balance as at 31 December 2013	1,517,500	-
Add: Increase during the year	45,800	-
Less: Repayment during the year	(220,000)	-
Balance as at 31 December 2014	1,343,300	-

On 4 July 2011, a subsidiary entered into a loan agreement with a related financial institution, obtaining loan facilities of Baht 345 million. The loans carry interest at THBFIX 6 months reference rate plus a margin and are repayable in 10 semi-annually installments from December 2013 to June 2018.

On 11 June 2012, the above subsidiary entered into another loan agreement with the related financial institution, obtaining loan facilities of Baht 900 million. The loans carry interest at THBFIX 6 months reference rate plus a margin and are repayable in 10 semi-annually installments from December 2014 to June 2019.

On 3 January 2013, the above subsidiary entered into another loan agreement with the related financial institution, obtaining loan facilities of Baht 100 million. The loans carry interest at THBFIX 6 months reference rate plus a margin and are repayable in 6 semi-annually installments from July 2013 to July 2016.

On 26 February 2013, another subsidiary entered into a loan agreement with the related financial institution, obtaining loan facilities of Baht 350 million. The loans carry interest at THBFIX 3 months reference rate plus a margin and are repayable in 12 semi-annually installments from June 2014 to December 2019.

These loan agreements contain covenants with which the subsidiaries have to comply, pertaining to matters such as maintaining of certain financial ratios, maintaining of percentage of shares held by the major shareholder and negative pledge.

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	97	107	97	107
Post-employment benefits and other long-term employee benefits	7	2	7	2
Total	104	109	104	109

Employee Joint Investment Program (EJIP Program)

On 2 December 2011, the meeting of the Company's Board of Directors passed a resolution approving an Employee Joint Investment Program for the Company. The program runs for a period of 4 years (only the period of the Company's contribution) or 7 years (included silent period) starting from 1 January 2012.

The details and conditions in relation to such program depend on the decision of the Company's Board of Directors. The Company obtained approval from the Securities and Exchange Commission of Thailand on 11 January 2012.

7. Cash and cash equivalents

As at 31 December 2014 and 2013, cash and cash equivalents consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash and bank deposits	1,537,339	1,328,713	1,072,949	715,180
Short-term investments in bills of exchange	1,220,000	1,844,000	600,000	1,020,000
Short-term investments in fixed deposits	1	1	1	1
Total cash and cash equivalents	2,757,340	3,172,714	1,672,950	1,735,181
Of which at related financial institution	436,019	1,042,068	115,613	587,231

As at 31 December 2014, bank deposits in savings account, fixed deposits and bills of exchange carried

interests between 0.05 and 2.45 percent per annum (2013: between 0.05 and 3.05 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade receivables - related parties				
Aged on the basis of due dates:				
Current to 30 days	174,496	156,566	779,186	787,344
Over 30 days to 60 days	-	10	6	479
Over 90 days	-	46	-	46
Total trade receivables - related parties	174,496	156,622	779,192	787,869
Trade receivables - unrelated parties				
Aged on the basis of due dates:				
Current to 30 days	3,612,558	3,673,360	2,120,191	2,079,808
Over 30 days to 60 days	23,964	28,816	2,143	353
Over 60 days to 90 days	4,525	9,670	1,130	2,178
Over 90 days	216,397	220,866	155,863	154,776
Total trade receivable - unrelated parties	3,857,444	3,932,712	2,279,327	2,237,115
Less: Allowance for doubtful accounts	(227,793)	(238,085)	(157,345)	(173,178)
Trade receivables - unrelated parties - net	3,629,651	3,694,627	2,121,982	2,063,937
Total trade receivable - net	3,804,147	3,851,249	2,901,174	2,851,806
Other receivables				
Other receivables - related parties	265	-	7,376	56,398
Other receivables - unrelated parties - net	120,944	92,692	113,985	90,906
Total other receivables - net	121,209	92,692	121,361	147,304
Total trade and other receivables - net	3,925,356	3,943,941	3,022,535	2,999,110

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	706,360	694,136	(1,613)	(3,829)	704,747	690,307
Work in process	137,135	84,312	-	-	137,135	84,312
Raw materials	180,743	148,533	(6,530)	(8,071)	174,213	140,462
Store supplies	1,111,070	1,152,761	(132,478)	(107,974)	978,592	1,044,787
Goods in transit	45,564	7,189	-	-	45,564	7,189
Total	2,180,872	2,086,931	(140,621)	(119,874)	2,040,251	1,967,057

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	576,177	627,566	-	-	576,177	627,566
Work in process	86,745	60,827	-	-	86,745	60,827
Raw materials	96,443	81,480	(6,530)	(8,072)	89,913	73,408
Store supplies	988,606	1,052,983	(118,364)	(99,507)	870,242	953,476
Goods in transit	45,564	5,424	-	-	45,564	5,424
Total	1,793,535	1,828,280	(124,894)	(107,579)	1,668,641	1,720,701

10. Investments in subsidiary companies

Details of investments in subsidiary companies as presented in the separate financial statements are as follows:

Company's name	Nature of business	Type of relation	Shareholding Percentage (%)		Cost (Thousand Baht)		Dividend received during the years (Thousand Baht)	
			2014	2013	2014	2013	2014	2013
Siam City Concrete Co., Ltd.	Ready-mixed concrete and aggregates	Direct holding	99.99	99.99	2,500,000	2,500,000	362,500	425,000
Siam City Power Co., Ltd.	Electricity generation from waste heat	Direct holding	99.99	99.99	2,000,000	2,000,000	480,000	400,000
Conwood Co., Ltd.	Construction material	Direct holding	99.99	99.99	300,000	300,000	-	-
INSEE Superblock Co., Ltd.	Light-weight concrete products	Direct holding	99.99	99.99	499,999	499,999	-	-
Energy and Environmental Services Co., Ltd.	Industrial waste disposal and alternative fuel and raw material trading	Direct holding	100.00	100.00	180,000	180,000	-	-
INSEE Digital Co., Ltd.	Technical services and information technology management and development services	Direct holding	100.00	-	30,000	-	-	-
Khmer Cement Industry Co., Ltd.	Cement trading	Direct holding	100.00	100.00	77,889	77,889	-	-
Total investments in subsidiary companies					5,587,888	5,557,888	842,500	825,000
Less: Allowance for diminution in value of investments					(77,889)	(77,889)		
Investments in subsidiary companies - net					5,509,999	5,479,999		

INSEE Superblock Company Limited

INSEE Superblock Company Limited, a subsidiary, is a limited company incorporated on 27 November 2012 and domiciled in Thailand with registered share capital of Baht 500 million (5,000,000 ordinary shares of Baht 100 each). The Company holds a 99.99 percent interest in this subsidiary. The subsidiary is principally engaged in the manufacture and sales of light-weight concrete products. Its registered address is at 199, 7th - 12th Floor, Column Tower, Ratchadapisek Road, Klongtoey, Bangkok. The subsidiary has commenced its operation on 1 March 2013.

As at 31 December 2012, the subsidiary had issued and paid up share capital of Baht 125 million (5,000,000 ordinary shares of Baht 100 each, paid up at Baht 25 each).

On 14 January 2013, the meeting of the Board of Directors of INSEE Superblock Company Limited approved to call up additional share capital of Baht 175 million (5,000,000 ordinary shares at Baht 35 each). In addition, on 30 October 2013, the meeting of the Board of Directors of the subsidiary approved to call up additional share capital of Baht 200 million (5,000,000 ordinary shares at Baht 40 each). As a result, as at 31 December 2013, the subsidiary had issued and paid up share capital of Baht 500 million (5,000,000 ordinary shares of Baht 100 each, fully paid up).

Energy and Environmental Services Company Limited

Energy and Environmental Services Company Limited, a subsidiary, is a limited company incorporated on 8 August 2013 and domiciled in Thailand with registered share capital of Baht 180 million (1,800,000 ordinary shares of Baht 100 each), in which the Company holds 100 percent interest. The subsidiary is principally engaged in the industrial waste disposal and alternative fuel and raw material trading. Its registered address is at 199, 7th - 12th Floor, Column Tower, Ratchadapisek Road, Klongtoey, Bangkok. The subsidiary has commenced its operation on 14 November 2014.

INSEE Digital Company Limited

On 22 April 2014, the meeting of the Company's Board of Directors passed a resolution to establish DigitalEdge Company Limited, a new subsidiary. The subsidiary registered its establishment with the Ministry of Commerce on 18 July 2014 with registered share capital of Baht 100 million (1,000,000 ordinary shares of Baht 100 each), being already issued and paid up of Baht 30 million (1,000,000 ordinary shares of Baht 30 each), in which the Company holds 100 percent interest. On 9 October 2014, the Company paid for share subscription of Baht 30 million. The subsidiary is principally engaged in the provision of technical service and information technology management and development services. Its registered address is at 199, 7th - 12th Floor, Column Tower, Ratchadapisek Road, Klongtoey, Bangkok. At present, the subsidiary has not yet commenced its operation.

On 15 September 2014, the Extraordinary General Meeting of the shareholders of DigitalEdge Company Limited approved to change the name from "DigitalEdge Company Limited" to "INSEE Digital Company Limited". The subsidiary registered with the Ministry of Commerce for the change of its name on 16 September 2014.

Khmer Cement Industry Co., Ltd.

On 11 July 2013, the Company entered into the share purchase agreement to purchase the ordinary shares of Khmer Cement Industry Co., Ltd. ("a subsidiary") for 25 percent of total shares of the subsidiary from Khmer Cement Trading Ltd. at the total price of USD 1. As a result, the Company holds 100 percent interest in this subsidiary.

On 11 July 2013, the meeting of the Board of Directors of Khmer Cement Industry Co., Ltd. approved to increase the subsidiary's registered ordinary shares from 500 shares to 1,000 shares by changing the par value of the ordinary shares from Riel 3,240,000 per share to Riel 1,620,000 per share. The subsidiary registered the change in number of ordinary shares and the change in par value with the Ministry of Commerce on 23 September 2013.

On 1 November 2013, the meeting of the Board of Directors of Khmer Cement Industry Co., Ltd. approved to increase the subsidiary's share capital from Riel 1,620 million (1,000 ordinary shares of Riel 1,620,000 each) to Riel 10,020 million (1,000 ordinary shares of Riel 10,020,000 each). The subsidiary registered the share capital increase with the Ministry of Commerce on 8 November 2013.

The subsidiary has ceased its operation since May 2013 and is currently in the liquidation process.

During 2013, the Company recorded allowance for diminution in value of investment in Khmer Cement Industry Co., Ltd. of Baht 78 million which was presented as administrative expenses in the separate income statement for the year ended 31 December 2013.

11. Investments in associated companies

11.1 Detail of associated companies:

Company's name	Nature of business	Country of incorporation	Type of relation	Shareholding percentage (%)		Consolidated financial statements		Separate financial statements	
						Carrying amount based on cost method (Thousand Baht)		Carrying amount based on cost method (Thousand Baht)	
				2014	2013	2014	2013	2014	2013
Lanna Resources Public Co., Ltd.	Coal mining	Thailand	Direct holding	44.99	44.99	1,865,781	1,797,298	483,427	483,427
Thai Agro Energy Public Co., Ltd.	Ethanol production and distribution	Thailand	Direct holding	4.72	-	92,665	-	94,469	-
Total						1,958,446	1,797,298	577,896	483,427

On 21 May 2014, the Company purchased 47,234,796 ordinary shares of Thai Agro Energy Public Co., Ltd., a subsidiary of Lanna Resources Public Co., Ltd., at price of Baht 2.0 per share, totaling Baht 94.5 million, representing 4.72 percent holding interest in this company. The Company treated this investment as investment in associated company. Thai Agro Energy Public Co., Ltd. had listed on the Stock Exchange of Thailand on 5 June 2014.

11.2 Share of profit and dividend received

During the years, the Company recognised its share of profit from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associated company during the year		Dividend received during the year	
	2014	2013	2014	2013
Lanna Resources Public Co., Ltd.	225,072	283,689	177,131	161,386
Thai Agro Energy Public Co., Ltd.	2,919	-	4,723	-
Total	227,991	283,689	181,854	161,386

In addition, during 2013 the Company received stock dividend from Lanna Resources Public Co., Ltd. of 78,724,660 ordinary shares at a par value of Baht 1 per share.

11.3 Fair value of investments in listed associated companies

Fair values of investments in associated companies that are listed on the Stock Exchange of Thailand which were based on the closing price as quoted on the Stock Exchange of Thailand are as follows:

(Unit: Million Baht)

	Fair values	
	2014	2013
Lanna Resources Public Co., Ltd.	2,740	2,740
Thai Agro Energy Public Co., Ltd.	177	-
Total	2,917	2,740

11.4 Summarised financial information of associated companies

Financial information of the associated companies are summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Profit for the year ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Lanna Resources Public Co., Ltd.	525	525	8,397	8,440	3,125	3,446	12,246	12,178	475	560
Thai Agro Energy Public Co., Ltd.	1,000	-	3,384	-	1,777	-	2,500	-	217	-

12. Other investment in related company

Cost value (Thousand Baht)

Company's name	Nature of Business	Country of corporation	Type of relation	Paid up share capital (Million Taka)		Shareholding percentage (%)		Consolidated financial statements		Separate financial statements	
				2014	2013	2014	2013	2014	2013	2014	2013
Holcim Cement (Bangladesh) Co., Ltd.	Cement	Bangladesh	Direct holding	270	270	10.42	10.42	381,772	381,772	155,000	155,000
Less: Allowance for diminution in investment value								(226,772)	(226,772)	-	-
Other investment in related company - net								155,000	155,000	155,000	155,000

During 2014, the Company received dividend income from the related company of Baht 16 million (2013: Baht 9 million).

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land, mineral reserve and site restoration	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost:							
1 January 2013	1,846,268	7,451,130	26,392,920	1,500,834	1,667,459	1,642,050	40,500,661
Additions	222,992	82,189	339,236	10,035	-	4,237,232	4,891,684
Disposals and write-off	-	(12,392)	(653,983)	(17,264)	(285,820)	(1,867)	(971,326)
Transfer in (out)	9,423	120,559	952,391	65,086	125,010	(1,299,379)	(26,910)
Capitalised interest and foreign exchange	-	-	-	-	-	78,695	78,695
Translation adjustment	(45,312)	-	-	(261)	-	(16,534)	(62,107)
31 December 2013	2,033,371	7,641,486	27,030,564	1,558,430	1,506,649	4,640,197	44,410,697
Additions	6,632	-	5,845	-	-	3,264,656	3,277,133
Disposals and write-off	(787)	(4,967)	(585,180)	(21,736)	(133,340)	(11,173)	(757,183)
Transfer in (out)	9,996	1,247,147	3,351,573	133,459	152,278	(4,895,421)	(968)
Capitalised interest and foreign exchange	-	-	-	-	-	50,069	50,069
Translation adjustment	3,777	-	-	(18)	-	(14,603)	(10,844)
31 December 2014	2,052,989	8,883,666	29,802,802	1,670,135	1,525,587	3,033,725	46,968,904
Accumulated depreciation:							
1 January 2013	129,172	4,333,315	18,561,861	1,068,710	1,158,491	-	25,251,549
Depreciation for the year	32,928	218,783	700,026	89,872	78,386	-	1,119,995
Disposals and write-off	-	(6,262)	(554,681)	(15,959)	(259,056)	-	(835,958)
Translation adjustment	-	-	-	(48)	-	-	(48)
31 December 2013	162,100	4,545,836	18,707,206	1,142,575	977,821	-	25,535,538
Depreciation for the year	19,799	240,182	759,484	92,877	82,701	-	1,195,043
Disposals and write-off	-	(2,679)	(483,585)	(19,873)	(72,385)	-	(578,522)
Translation adjustment	-	-	-	622	-	-	622
31 December 2014	181,899	4,783,339	18,983,105	1,216,201	988,137	-	26,152,681
Allowance for impairment:							
1 January 2013	-	-	15,054	438	-	-	15,492
31 December 2013	-	-	15,054	438	-	-	15,492
31 December 2014	-	-	15,054	438	-	-	15,492
Net book value:							
31 December 2013	1,871,271	3,095,650	8,308,304	415,417	528,828	4,640,197	18,859,667
31 December 2014	1,871,090	4,100,327	10,804,643	453,496	537,450	3,033,725	20,800,731

Depreciation for the year:

2013 (Baht 1,014 million included in manufacturing cost, and the remaining balance included in selling and distribution expenses and administrative expenses)	1,119,995
2014 (Baht 1,089 million included in manufacturing cost, and the remaining balance included in selling and distribution expenses and administrative expenses)	1,195,043

(Unit: Thousand Baht)

Separate financial statements

	Land, mineral reserve and site restoration	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost:							
1 January 2013	1,152,332	6,425,665	22,505,093	1,333,734	1,592,333	1,391,239	34,400,396
Additions	6,234	-	-	-	-	2,645,681	2,651,915
Disposals and write-off	-	(899)	(646,635)	(12,259)	(267,821)	(1,867)	(929,481)
Transfer in (out)	24,439	88,814	756,684	54,810	119,196	(1,043,943)	-
31 December 2013	1,183,005	6,513,580	22,615,142	1,376,285	1,443,708	2,991,110	36,122,830
Additions	-	-	5,845	-	-	2,110,272	2,116,117
Disposals and write-off	(787)	(3,669)	(579,269)	(20,321)	(124,321)	(11,173)	(739,540)
Transfer in (out)	-	572,068	2,326,351	73,619	152,278	(3,124,316)	-
31 December 2014	1,182,218	7,081,979	24,368,069	1,429,583	1,471,665	1,965,893	37,499,407
Accumulated depreciation:							
1 January 2013	33,254	4,075,235	17,312,064	954,067	1,114,403	-	23,489,023
Depreciation for the year	5,850	170,806	455,245	77,209	71,289	-	780,399
Disposals and write-off	-	(397)	(544,732)	(10,771)	(244,414)	-	(800,314)
31 December 2013	39,104	4,245,644	17,222,577	1,020,505	941,278	-	23,469,108
Depreciation for the year	6,163	177,784	485,059	75,838	76,909	-	821,753
Disposals and write-off	-	(2,221)	(481,641)	(18,922)	(66,170)	-	(568,954)
31 December 2014	45,267	4,421,207	17,225,995	1,077,421	952,017	-	23,721,907
Allowance for impairment:							
1 January 2013	-	-	15,054	438	-	-	15,492
31 December 2013	-	-	15,054	438	-	-	15,492
31 December 2014	-	-	15,054	438	-	-	15,492
Net book value:							
31 December 2013	1,143,901	2,267,936	5,377,511	355,342	502,430	2,991,110	12,638,230
31 December 2014	1,136,951	2,660,772	7,127,020	351,724	519,648	1,965,893	13,762,008

Depreciation for the year:

2013 (Baht 686 million included in manufacturing cost, and the remaining balance included in selling and distribution expenses and administrative expenses)	780,399
2014 (Baht 729 million included in manufacturing cost, and the remaining balance included in selling and distribution expenses and administrative expenses)	821,753

During 2014 and 2013, the subsidiaries capitalised borrowing costs of Baht 50 million and Baht 79 million, respectively, as cost of assets under construction. The capitalisation rate is 3.85 to 11.38 percent per annum (2013: 4.27 to 10.44 percent per annum).

As at 31 December 2014 and 2013, certain plant and equipment items have been fully depreciated but

are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 9,897 million and Baht 8,985 million, respectively (Separate financial statements: Baht 9,124 million and Baht 8,340 million, respectively).

14. Assets not used in operations

(Unit: Thousand Baht)

Consolidated financial statements					
	Land	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Total
Cost:					
1 January 2013	409,644	181,672	327,227	7,343	925,886
Disposals and write-off	-	(27,609)	(1,098)	-	(28,707)
Transfer in	26,910	-	-	-	26,910
31 December 2013	436,554	154,063	326,129	7,343	924,089
Disposals and write-off	(20,732)	(5,898)	-	-	(26,630)
31 December 2014	415,822	148,165	326,129	7,343	897,459
Accumulated depreciation:					
1 January 2013	-	118,161	287,605	3,817	409,583
Depreciation for the year	-	3,608	2,584	730	6,922
Disposals and write-off	-	(19,147)	(1,098)	-	(20,245)
31 December 2013	-	102,622	289,091	4,547	396,260
Depreciation for the year	-	2,948	2,584	730	6,262
Disposals and write-off	-	(3,541)	-	-	(3,541)
31 December 2014	-	102,029	291,675	5,277	398,981
Allowance for impairment:					
1 January 2013	85,547	20,837	-	-	106,384
Increase (decrease) during the year	34,522	(7,389)	-	-	27,133
31 December 2013	120,069	13,448	-	-	133,517
Decrease during the year	(11,987)	(3,966)	-	-	(15,953)
31 December 2014	108,082	9,482	-	-	117,564
Net book value:					
31 December 2013	316,485	37,993	37,038	2,796	394,312
31 December 2014	307,740	36,654	34,454	2,066	380,914
Depreciation for the year:					
2013 (included in administrative expenses)					6,922
2014 (included in administrative expenses)					6,262

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Total
Cost:					
1 January 2013	422,910	181,672	327,227	7,343	939,152
Additions	26,910	-	-	-	26,910
Disposals and write-off	-	(27,609)	(1,098)	-	(28,707)
31 December 2013	449,820	154,063	326,129	7,343	937,355
Disposals and write-off	(20,732)	(5,898)	-	-	(26,630)
31 December 2014	429,088	148,165	326,129	7,343	910,725
Accumulated depreciation:					
1 January 2013	-	118,161	287,605	3,817	409,583
Depreciation for the year	-	3,608	2,584	730	6,922
Disposals and write-off	-	(19,147)	(1,098)	-	(20,245)
31 December 2013	-	102,622	289,091	4,547	396,260
Depreciation for the year	-	2,948	2,584	730	6,262
Disposals and write-off	-	(3,541)	-	-	(3,541)
31 December 2014	-	102,029	291,675	5,277	398,981
Allowance for impairment:					
1 January 2013	81,866	20,836	-	-	102,702
Increase (decrease) during the year	34,522	(7,389)	-	-	27,133
31 December 2013	116,388	13,447	-	-	129,835
Decrease during the year	(11,986)	(3,966)	-	-	(15,952)
31 December 2014	104,402	9,481	-	-	113,883
Net book value:					
31 December 2013	333,432	37,994	37,038	2,796	411,260
31 December 2014	324,686	36,655	34,454	2,066	397,861
Depreciation for the year:					
2013 (included in administrative expenses)					6,922
2014 (included in administrative expenses)					6,262

During 2014, the Company reversed allowance for impairment of assets not used in operations of Baht 16 million (2013: recorded allowance for impairment of Baht 27 million). Such amount has been shown as a part of "Administrative expenses" in the income statements for the years.

Management has assessed the allowance for impairment of assets not used in operations and believes it to be adequate and that such assets are saleable in the future at prices not less than their carrying value.

15. Intangible assets

(Unit: Thousand Baht)

Consolidated financial statements					
	Mining concession	Computer software	Other intangible assets	Intangible assets under development	Total
Cost					
1 January 2013	2,051,116	59,764	257,435	-	2,368,315
Additions	55,974	7,246	6,454	-	69,674
Write-off	-	-	(8,771)	-	(8,771)
31 December 2013	2,107,090	67,010	255,118	-	2,429,218
Additions	23,105	189,988	19,757	96,000	328,850
Disposals	-	-	(3,500)	-	(3,500)
Transfer in	-	968	-	-	968
31 December 2014	2,130,195	257,966	271,375	96,000	2,755,536
Accumulated amortisation					
1 January 2013	223,976	52,474	147,354	-	423,804
Amortisation during the year	25,544	7,808	5,550	-	38,902
Write-off	-	-	(8,771)	-	(8,771)
31 December 2013	249,520	60,282	144,133	-	453,935
Amortisation during the year	22,055	24,770	4,500	-	51,325
Disposals	-	-	(171)	-	(171)
31 December 2014	271,575	85,052	148,462	-	505,089
Net book value					
31 December 2013	1,857,570	6,728	110,985	-	1,975,283
31 December 2014	1,858,620	172,914	122,913	96,000	2,250,447

Amortisation for the year:

2013 (Baht 27 million included in manufacturing cost, and the remaining balance included in selling and distribution expenses and administrative expenses)	38,902
2014 (Baht 24 million included in manufacturing cost, and the remaining balance included in selling and distribution expenses and administrative expenses)	51,325

(Unit: Thousand Baht)

Separate financial statements

	Mining concession	Computer software	Other intangible assets	Intangible assets under development	Total
Cost					
1 January 2013	1,886,944	35,981	248,681	-	2,171,606
Additions	55,974	-	6,454	-	62,428
31 December 2013	1,942,918	35,981	255,135	-	2,234,034
Additions	23,105	183,038	16,422	96,000	318,565
Disposals	-	-	(3,500)	-	(3,500)
31 December 2014	1,966,023	219,019	268,057	96,000	2,549,099
Accumulated amortisation					
1 January 2013	213,582	30,068	141,626	-	385,276
Amortisation during the year	23,193	667	4,033	-	27,893
31 December 2013	236,775	30,735	145,659	-	413,169
Amortisation during the year	20,459	22,349	2,988	-	45,796
Disposals	-	-	(171)	-	(171)
31 December 2014	257,234	53,084	148,476	-	458,794
Net book value					
31 December 2013	1,706,143	5,246	109,476	-	1,820,865
31 December 2014	1,708,789	165,935	119,581	96,000	2,090,305

Amortisation for the year:

2013 (Baht 23 million included in manufacturing cost, and the remaining balance included in selling and distribution expenses and administrative expenses)	27,893
2014 (Baht 21 million included in manufacturing cost, and the remaining balance included in selling and distribution expenses and administrative expenses)	45,796

16. Income tax expenses/deferred tax assets

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

Income statements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current income tax:				
Current income tax charge	1,320,090	1,225,626	1,105,607	990,037
Adjustments in respect of current income tax of previous year	(12,702)	(12,898)	(12,702)	(12,898)
Deferred tax:				
Relating to origination and reversal of temporary differences	(79,515)	(59,916)	(59,439)	(48,534)
Income tax expenses reported in the income statements	1,227,873	1,152,812	1,033,466	928,605

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2014 and 2013 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before tax	6,310,317	5,948,736	5,922,446	5,432,097
Applicable tax rate	20%, 25%	20%, 25%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,300,569	1,189,747	1,184,489	1,086,419
Adjustment in respect of current income tax of previous year	(12,702)	(12,898)	(12,702)	(12,898)
Effects of:				
Promotional privileges (Note 33)	(101,639)	(84,104)	-	-
Utilisation of tax loss carried forward	-	(69)	-	-
Non-deductible expenses	78,515	94,545	67,048	54,517
Income not subject to tax	(36,371)	(32,277)	(204,870)	(197,301)
Additional expense deductions allowed	(499)	(2,132)	(499)	(2,132)
Total	(59,994)	(24,037)	(138,321)	(144,916)
Income tax expenses reported in the income statements	1,227,873	1,152,812	1,033,466	928,605
Effective income tax rate	19.5%	19.4%	17.4%	17.1%

As at 31 December 2014 and 2013, the components of deferred tax assets are as follows:

(Unit: Thousand Baht)

Statements of financial position				
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax assets				
Provision for long-term employee benefits	208,351	191,738	176,340	163,298
Property, plant and equipment and assets not used in operations	130,866	103,449	79,215	57,964
Deferred revenue	151,500	123,176	146,803	120,322
Investment in subsidiary company	-	-	15,578	15,578
Unused tax loss	5,326	327	-	-
Others	115,885	113,723	81,600	82,936
Total	611,928	532,413	499,536	440,098

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. In November 2014, a royal decree was issued to maintain the corporate income tax rate at 20% for the year 2015. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2014, an overseas subsidiary has unused tax losses of Rupiah Indonesia 156,468 million or equivalent to Baht 416 million (2013: Rupiah Indonesia 68,246 million or equivalent to Baht 203 million), on which deferred tax assets have not been recognised.

17. Short-term loans from other financial institutions

As at 31 December 2014, the subsidiaries had obtained short-term loans of Baht 151 million from commercial banks which carry interest at the rate of 3.10 to 11.0 percent per annum.

A portion of short-term loans of Indonesian Rupiah 40,000 million or equivalent to approximately Baht 106 million obtained by an overseas subsidiary is secured by the credit utilisation agreements entered into by a Thai subsidiary with a related financial institution and other financial institution, obtaining standby letter of credit facilities. The credit utilisation agreements contain covenants with which the Thai subsidiary has to comply, pertaining to matters such as maintaining of certain financial ratios, maintaining of percentage of shares held by the major shareholder and negative pledge.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables - related parties	142,945	168,864	142,945	168,864
Trade payables - unrelated parties	2,456,496	2,271,899	1,755,317	1,565,562
Other payables - related parties	74,434	95,841	218,341	238,442
Total trade and other payables	2,673,875	2,536,604	2,116,603	1,972,868

19. Long-term loans from other financial institution

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Long-term loans from other financial institution	475,481	80,648	-	-
Less: Portion due within one year	(31,933)	-	-	-
Long-term loans from other financial institution - net of current portion	443,548	80,648	-	-

On 18 July 2013, an overseas subsidiary entered into a loan agreement with a financial institution, obtaining loan facilities of Indonesian Rupiah 120,000 million. The loans carry interest at Rupiah JIBOR 3 months reference rate plus a margin and are repayable in 20 quarterly installments from September 2015 to June 2021.

On 23 May 2014, the above overseas subsidiary entered into another long-term loan agreement with the financial institution, obtaining loan facilities of Indonesian Rupiah 60,000 million. The loans carry interest at Rupiah JIBOR 3 months reference rate plus a margin and are repayable in 20 quarterly installment from July 2016 to April 2021.

A Thai subsidiary entered into the credit utilisation agreements with a related financial institution, obtaining standby letter of credit facilities to secure these long-term loans. The credit utilisation agreements contain covenants with which the Thai subsidiary has to comply, pertaining to matters such as maintaining of certain financial ratios, maintaining of percentage of shares held by the major shareholder and negative pledge.

As at 31 December 2014, long-term loans from other financial institution amounted to Indonesian Rupiah 178,680 million or equivalent to approximately Baht 475 million (2013: Indonesian Rupiah 30,000 million or equivalent to approximately Baht 81 million).

20. Long-term liabilities for concession

In 2005, the Company entered into various agreements to pay for renewed mining concession which are payable in 8 equal, annual installments commencing from 2007 with interest at the rate of 6.5 percent per annum, to the Department of Primary Industries and Mines, attached to the Ministry of Industry.

21. Debentures

On 10 April 2009, the Annual General Meeting of the Company's shareholders approved the issuance and sale of all types of debentures in the principal amount not exceeding Baht 10,000 million depending upon the market suitability at each time of offering. The Board of Directors were authorised to determine the details, terms and conditions in relation to the issuance and sale of the debentures.

On 16 June 2009, the Company issued unsubordinated, unsecured and no discount debentures with a name-registered debenture certificate for the total number of 4,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 4,000 million. The debenture is 4-year tenor at the coupon rate of 4.5 percent per annum with interest payable semi-annually. The Company redeemed such debentures on 16 June 2013.

On 13 February 2013, the meeting of the Company's Board of Directors approved the issuance and sale of all types of debentures in the principal amount not exceeding Baht 6,000 million depending upon the market suitability at each time of offering.

On 14 June 2013, the Company issued 2 sets of unsubordinated, unsecured and no discount debentures with a name-registered debenture certificate as details below.

- The debenture for the total number of 4,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 4,000 million. The debenture is 4-year tenor, due on 14 June 2017, at the coupon rate of 3.79 percent per annum with interest payable semi-annually.

- The debenture for the total number of 2,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 2,000 million. The debenture is 7-year tenor, due on 14 June 2020, at the coupon rate of 4.30 percent per annum with interest payable semi-annually.

Debenture agreement contains a covenant with which the Company must comply pertaining to maintaining financial ratio.

22. Provision for long-term employee benefits

22.1 Defined contribution plans

The Company, its subsidiaries and their permanent employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. Such fund is monthly contributed by both the employees, the Company and its subsidiaries at rates of 5 - 10 percent of the employees' basic salaries. The fund is managed by Krungsri Asset Management Company Limited. During the year 2014, the Company and its subsidiaries contributed Baht 102 million (2013: Baht 92 million) and the Company contributed Baht 80 million (2013: Baht 72 million) to the fund.

22.2 Defined benefit plans

22.2.1 Provident fund

The Company, the subsidiaries and their permanent employees have jointly established a contributory, unfunded provident fund. Employees who have completed at least 5 years of service are entitled to full benefits, while employees leaving before completing 5 years of service do not receive the contributions made by the Company and the subsidiaries. Under the regulations of the fund, members are required to pay, and the Company and the subsidiaries accrue, monthly contributions to the fund at 5 percent of the members' basic salaries.

22.2.2 Provision for employee retirement benefit under labor law

The Company and its subsidiaries have obligations

in respect of severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as defined benefit plans.

22.2.3 Other long-term employee benefits

The Company and its subsidiaries have provided other long-term employee benefit plans, namely resignation plan and a long service award for employees.

The defined benefit liabilities are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bond. A professionally qualified independent actuary values the defined benefit obligations on a regular basis.

Movements in provision for long-term employee benefits are shown as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
	Provident fund	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total
Balance as at 1 January 2013	554,394	369,373	52,211	975,978
Current service cost	20,255	34,370	6,380	61,005
Interest cost	20,799	13,443	1,852	36,094
Employee contributions	17,799	-	-	17,799
Benefits paid during the year	(4,451)	(12,402)	(9,924)	(26,777)
Balance as at 31 December 2013	608,796	404,784	50,519	1,064,099
Current service cost	19,776	30,555	5,834	56,165
Interest cost	22,337	14,828	1,882	39,047
Employee contributions	18,613	-	-	18,613
Actuarial loss	4,344	4,378	2,041	10,763
Benefits paid during the year	(5,759)	(8,140)	(12,950)	(26,849)
Balance as at 31 December 2014	668,107	446,405	47,326	1,161,838

(Unit: Thousand Baht)

Separate financial statements				
	Provident fund	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total
Balance as at 1 January 2013	475,975	316,822	44,498	837,295
Current service cost	15,716	24,396	4,947	45,059
Interest cost	17,882	11,461	1,590	30,933
Employee contributions	14,409	-	-	14,409
Benefits paid during the year	(3,316)	(12,113)	(9,037)	(24,466)
Balance as at 31 December 2013	520,666	340,566	41,998	903,230
Current service cost	16,222	22,252	4,742	43,216
Interest cost	19,153	12,528	1,627	33,308
Employee contributions	15,130	-	-	15,130
Actuarial loss	1,921	2,713	4,617	9,251
Benefits paid during the year	(3,544)	(7,994)	(12,528)	(24,066)
Balance as at 31 December 2014	569,548	370,065	40,456	980,069

Long-term employee benefit expenses included in the profit or loss are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	56,165	61,005	43,216	45,059
Interest cost	39,047	36,094	33,308	30,933
Actuarial loss	10,763	-	9,251	-
Total expenses recognised in profit or loss	105,975	97,099	85,775	75,992
Line items under which such expenses are included in income statements:				
Production cost of goods sold	66,034	33,038	52,173	20,465
Selling and distribution expenses and administrative expenses	39,941	64,061	33,602	55,527

Principal actuarial assumptions at the valuation date were as follows:

(Unit: % per annum)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Discount rate	4.10	3.80	4.10	3.80
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age)	1.00 - 16.00	3.00 - 9.00	1.00 - 8.00	4.00

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous four periods are as follows:

(Unit: Thousand Baht)

Consolidated financial statements								
Defined benefit obligation					Experience adjustments on the obligation			
Year	Provident fund	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total	Provident fund	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total
2014	668,107	446,405	47,326	1,161,838	26,616	18,736	4,383	49,735
2013	608,796	404,784	50,519	1,064,099	-	-	-	-
2012	554,394	369,373	52,211	975,978	(6,858)	58,693	1,859	53,694
2011	509,696	268,630	48,549	826,875	(7,036)	-	-	(7,036)
2010	522,858	214,604	40,394	777,856	(19,308)	(4,311)	3,975	(19,644)

(Unit: Thousand Baht)

Separate financial statements								
Defined benefit obligation					Experience adjustments on the obligation			
Year	Provident fund	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total	Provident fund	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total
2014	569,548	370,065	40,456	980,069	20,520	16,201	5,309	42,030
2013	520,666	340,566	41,998	903,230	-	-	-	-
2012	475,975	316,822	44,498	837,295	(7,251)	51,604	2,667	47,020
2011	438,782	232,494	40,929	712,205	(5,779)	-	-	(5,779)
2010	448,259	191,540	34,508	674,307	(18,046)	(3,850)	3,265	(18,631)

23. Provision for site restoration and decommissioning costs

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	Provision for site restoration	Provision for decommissioning costs	Total	Provision for site restoration
As at 1 January 2013	72,771	-	72,771	67,765
Increase during the year	3,303	-	3,303	3,700
Utilised during the year	(2,184)	-	(2,184)	(2,184)
As at 31 December 2013	73,890	-	73,890	69,281
Increase during the year	1,276	6,803	8,079	1,123
Utilised during the year	(2,868)	-	(2,868)	(2,868)
As at 31 December 2014	72,298	6,803	79,101	67,536

Provision for site restoration

Provision for site restoration is recognised by areas of operating mining concession at the rate determined by the quarry engineer of the Company and its subsidiary. The rate is based on the estimated cost for site restoration through to the end of the site. Provision for site restoration is discounted to its present value. The Company and its subsidiary review and revise the rate to reflect the actual expenses incurred on a regular basis.

Provision for decommissioning costs

The subsidiary recognises a provision for decommissioning costs associated with machinery and equipment owned by the subsidiary. The subsidiary is committed to decommissioning the machinery and equipment which have been used in the operation after expiry date of land rental agreement.

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, statutory reserve has been set aside exceeding 10 percent of the registered share capital.

25. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Raw materials and supplies used	8,140,922	7,677,880	6,045,596	5,734,745
Change in inventories of finished goods and work in process	(65,047)	98,959	25,471	67,120
Other production expenses	7,835,208	7,161,278	6,815,174	6,277,263
Salary, wages and other employee benefits	3,265,251	2,927,695	2,374,536	2,126,731
Depreciation and amortisation (Note 26)	1,252,630	1,165,819	873,811	815,214
Directors and management's benefits	104,274	109,292	104,274	109,292
Other expenses	5,021,273	4,934,329	3,558,935	3,486,350
Total expenses	25,554,511	24,075,252	19,797,797	18,616,715

26. Summary of depreciation and amortisation

(Unit: Thousand Baht)

Consolidated financial statements						
	2014			2013		
	Manufacturing cost	Selling and distribution expenses and administrative expenses	Total	Manufacturing cost	Selling and distribution expenses and administrative expenses	Total
Property, plant and equipment	1,088,893	106,150	1,195,043	1,013,727	106,268	1,119,995
Assets not used in operations	-	6,262	6,262	-	6,922	6,922
Intangible assets	24,184	27,141	51,325	27,370	11,532	38,902
Total depreciation and amortisation	1,113,077	139,553	1,252,630	1,041,097	124,722	1,165,819

(Unit: Thousand Baht)

Separate financial statements						
	2014			2013		
	Manufacturing cost	Selling and distribution expenses and administrative expenses	Total	Manufacturing cost	Selling and distribution expenses and administrative expenses	Total
Property, plant and equipment	728,796	92,957	821,753	686,096	94,303	780,399
Assets not used in operations	-	6,262	6,262	-	6,922	6,922
Intangible assets	20,827	24,969	45,796	23,497	4,396	27,893
Total depreciation and amortisation	749,623	124,188	873,811	709,593	105,621	815,214

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

28. Dividends

On 23 April 2013, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a final dividend payment for 2012 of Baht 6.0 per share, totaling Baht 1,380 million. Thus, including the interim dividend of Baht 7.0 per share, the total dividend payment for 2012 amounted to Baht 13.0 per share. The Company paid such dividend on 23 May 2013.

On 1 August 2013, the meeting of the Company's Board of Directors approved the payment of an interim dividend from the Company's profit for the six-month period ended 30 June 2013 of Baht 8.0 per share, totaling Baht 1,840 million. The Company paid such interim dividend on 30 August 2013.

On 10 April 2014, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a final dividend payment for 2013 of Baht 7.0 per share, totaling Baht 1,610 million. Thus, including the interim dividend of Baht 8.0 per share, the total dividend payment for 2013 amounted to Baht 15.0 per share. The Company paid such dividend on 9 May 2014.

On 21 July 2014, the meeting of the Company's Board of Directors approved the payment of an interim dividend from the Company's profit for the six-month period ended 30 June 2014 of Baht 8.0 per share, totaling Baht 1,840 million. The Company paid such interim dividend on 21 August 2014.

29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have two reportable segments as follows:

1. The cement segment, which produces and sells cement.
2. The concrete and aggregate segment, which produces and sells ready-mixed concrete and aggregate.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2014 and 2013.

(Unit: Million Baht)

For the years ended 31 December

	Cement		Concrete and aggregates		Others		Total segments		Adjustments and eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	21,712	20,485	8,633	7,929	1,517	1,536	31,862	29,950	-	-	31,862	29,950
Inter-segment revenue	2,925	2,875	265	200	2	-	3,192	3,075	(3,192)	(3,075)	-	-
Interest income	63	50	15	36	-	1	78	87	-	-	78	87
Interest expenses	239	219	17	15	81	15	337	249	-	-	337	249
Depreciation and amortisation	974	891	157	171	122	104	1,253	1,166	-	-	1,253	1,166
Share of profit from investments in associated companies accounted for by the equity method	228	284	-	-	-	-	228	284	-	-	228	284
Income tax expenses	1,034	950	123	134	71	69	1,228	1,153	-	-	1,228	1,153
Material non-cash items other than depreciation and amortisation:												
Increase (decrease) in impairment loss	(16)	27	-	-	-	-	(16)	27	-	-	(16)	27
Segment profit	11,122	10,404	2,510	2,353	632	670	14,264	13,427	-	-	14,264	13,427
Segment total assets	27,929	25,407	5,166	6,112	3,199	2,766	36,294	34,285	(777)	(831)	35,517	33,454
Investments in associated companies accounted for by the equity method	1,958	1,797	-	-	-	-	1,958	1,797	-	-	1,958	1,797
Additions to non-current assets other than financial instruments and deferred tax assets	1,854	2,344	124	534	315	826	2,293	3,704	-	-	2,293	3,704

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	2014	2013
Revenue from external customers		
Thailand	26,113	25,884
Cambodia	2,589	2,229
Myanmar	918	945
Laos	620	410
Malaysia	431	125
Others	1,191	357
Total	31,862	29,950
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	24,416	22,440
Indonesia	1,436	1,118
Total	25,852	23,558

Major customers

For the years 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

30. Bank guarantees

As at 31 December 2014 and 2013, there were outstanding bank guarantees of approximately Baht 74 million and Baht 85 million, respectively (Separate financial statements: Baht 45 million and Baht 48 million, respectively) issued by banks on behalf of the Company and its subsidiaries in respect of electricity usage and other guarantees as required in the normal course of their businesses.

31. Commitments

31.1 As at 31 December 2014, the Company and its subsidiaries had the following significant outstanding commitments:

31.1.1 The Company entered into the general assistance agreement with a related company.

The Company is committed to pay a fee on the basis and at the rate as stipulated in the agreement. The Company is negotiating for the renewal of the agreement with such related company.

31.1.2 The Company and its subsidiaries entered into the agreements with a related company in respect of the Company's and its subsidiaries' computer system for a period of 3 years which is extendable under the terms specified in the agreements. The Company and its subsidiaries are committed to pay an annual fee as stipulated in the agreements. The Company and its subsidiaries are negotiating for the renewal of the agreements with such related company.

31.1.3 The Company and its subsidiaries entered into an agreement with a company in respect of computer system maintenance. The Company and its subsidiaries are committed to pay a fee on the basis and at the rate as stipulated in the agreement.

31.1.4 The Company and its subsidiaries entered into a long-term service agreement regarding temporary employment services with a related company. The Company and its subsidiaries are committed to pay the service fee at the rate as stipulated in the agreement.

31.1.5 The Company and its subsidiaries entered into various agreements with local companies in respect of the lease of land, office building space, motor vehicles and other services for periods ranging from 3 years

to 30 years. As at 31 December 2014 and 2013, the future lease and services fees payable by the Company and its subsidiaries are as follows:

(Unit: Million Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
1 year	218	252	95	163
1 to 5 years	284	366	97	199
More than 5 years	30	15	-	-

31.1.6 The Company and its subsidiaries have commitments in respect of raw materials and fuel purchases, logistic services, lease of equipment, sales contracts as required in the normal course of their businesses.

31.1.7 The Company and its subsidiaries entered into an agreement with a company in respect of accounting software licenses and maintenance. The Company and its subsidiaries are committed to pay a fee on the basis and at the rate as stipulated in the agreement.

31.1.8 The Company entered into an agreement with the third party to acquire land and raw material resources. Subject to certain conditions, the Company will purchase assets at the price as specified in the agreement.

31.1.9 A subsidiary company entered into a technology license agreement with an overseas company for a period of 10 years, commencing 6 March 2002 to 5 March 2012, with an automatic renewal for every 1 year period. The subsidiary is committed to pay licensing fee on the basis and at the rate as stipulated in the agreement.

31.1.10 The Company and its subsidiaries had outstanding capital expenditure and construction commitments of Baht 944 million (the Company only:

Baht 547 million) (2013: Baht 2,289 million and the Company only: Baht 1,317 million).

31.2 The associated companies entered into several lease agreements in respect of the lease of land, office building space, motor vehicles, and other services. Future minimum rentals payable under these lease and service agreements as at 31 December 2014 amounted to approximately Baht 108 million (2013: Baht 74 million).

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, short-term and long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables. The Company and its subsidiaries manage the risk

by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a variety of customer base and large number of customers. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their interest-bearing cash at banks, short-term loans, long-term loans and

debentures. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities that are subject to interest as at 31 December 2014 and 2013 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
	Fixed interest rates					Effective
As at 31 December 2014	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	2,020	-	540	197	2,757	0.05 - 2.45
Total	2,020	-	540	197	2,757	
Financial liabilities						
Short-term loans from related financial institution	140	-	-	-	140	2.90 - 3.15
Short-term loans from other financial institutions	151	-	-	-	151	3.10 - 11.00
Long-term loans from related financial institution	-	-	1,343	-	1,343	THBFIX plus a margin
Long-term loans from other financial institution	-	-	475	-	475	JIBOR plus a margin
Debentures	-	5,990	-	-	5,990	3.79 - 4.30
Total	291	5,990	1,818	-	8,099	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2013	Fixed interest rates				Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing		
Financial assets						
Cash and cash equivalents	1,844	-	1,162	167	3,173	0.05 - 3.05
Total	1,844	-	1,162	167	3,173	
Financial liabilities						
Short-term loans from related financial institution	45	-	-	-	45	3.25
Long-term loans from related financial institution	-	-	1,517	-	1,517	THBFIX plus a margin
Long-term loans from other financial institution	-	-	81	-	81	JIBOR plus a margin
Debentures	-	5,987	-	-	5,987	3.79 - 4.30
Long-term liabilities for concession	48	-	-	-	48	6.5
Total	93	5,987	1,598	-	7,678	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2014	Fixed interest rates				Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing		
Financial assets						
Cash and cash equivalents	1,400	-	168	105	1,673	0.05 - 2.75
Total	1,400	-	168	105	1,673	
Financial liabilities						
Debentures	-	5,990	-	-	5,990	3.79 - 4.30
Total	-	5,990	-	-	5,990	

(Unit: Million Baht)

Separate financial statements						
	Fixed interest rates					Effective
	Within	1-5	Floating	Non-interest		interest rate
As at 31 December 2013	1 year	years	interest rate	bearing	Total	(% p.a.)
Financial assets						
Cash and cash equivalents	1,020	-	640	75	1,735	0.05 - 2.52
Total	1,020	-	640	75	1,735	
Financial liabilities						
Debentures	-	5,987	-	-	5,987	3.79 - 4.30
Long-term liabilities for concession	48	-	-	-	48	6.5
Total	48	5,987	-	-	6,035	

Foreign currency risk

The Company has a foreign currency risk in respect of the sales/purchase transactions in foreign currencies. The Company manages its exposure to foreign currency risk by natural balancing net position of receipt and payment of the foreign currency transactions in each period. The Company seeks to reduce the risk

on net position by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2014 and 2013 are summarised below.

(Unit: Million)

As at 31 December 2014						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December 2014 (Baht per foreign currency unit)	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying rate	Selling rate
US dollar	20	3	20	3	32.8128	33.1132
Euro	-	2	-	2	39.7507	40.3552

(Unit: Million)

As at 31 December 2013						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December 2013 (Baht per foreign currency unit)	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying rate	Selling rate
US dollar	14	2	13	2	32.6778	32.9494
Euro	-	2	-	2	44.7210	45.3223
Swiss Franc	-	1	-	1	36.4022	36.9930
Japanese Yen	-	10	-	-	0.3102	0.3159

Forward exchange contracts outstanding at 31 December 2014 are summarised below.

Foreign currency	Bought amount (Million)	Contractual exchange rate for amount bought (Baht per 1 foreign currency unit)	Contractual maturity date
Euro	1	40.3841 - 41.3509	8 January 2015 - 27 February 2015

As at 31 December 2014, the subsidiary had outstanding cross currency and interest rate swap agreement to swap loan amount of Baht 900 million to USD 29.5 million and swap the interest rate of such loan from the floating rate THBFIX 6 months reference rate plus a margin to a fixed rate of 3.90 percent per annum.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments bear floating interest rates or fixed interest rates which are close to the market rate, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

As at 31 December 2014 and 2013, the fair value of derivatives is as follows:

(Unit: Million Baht)		
	As at 31 December 2014	As at 31 December 2013
	Fair value (loss)	Fair value Gain (loss)
Derivatives		
Forward exchange contracts	-	1
Cross currency and interest rate swap	(92)	(83)

33. Promotional privileges

The Company and its subsidiary have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to the imposed conditions, the significant privileges are as follows:

Descriptions	Privileged details	
	Siam City Cement Plc.	Siam City Power Co., Ltd.
1. Certificate No.	1524(2)/2550	2331(2)/Aor/2554
2. Certificate date	25 May 2007	10 November 2011
3. Promotional privileges for	Industrial waste management	Electric power generator from waste heat of cement production
4. The significant privileges are:		
4.1 Exemption from corporate income tax on income from the promoted operation, but not over 100 percent of investment excluding land and working capital.	8 years	8 years
4.2 Exemption from income tax on dividends paid from the promoted operation on which the corporate income tax is exempted throughout the corporate income tax exemption period.	8 years	8 years
4.3 Exemption from import duty on machinery as approved by the board.	Granted	Granted

During the years ended 31 December 2014 and 2013, the subsidiary had revenue from manufacturing and sales derived from the promoted operations of Baht 710 million and Baht 613 million, respectively, which was wholly sold to the Company.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital position by maintaining an appropriate debt-to-equity ratio. As at 31 December 2014, the Group's debt-to-equity ratio was 0.70:1 (2013: 0.74:1) and the Company's was 0.61:1 (2013: 0.67:1).

35. Events after the reporting period

35.1 Proposed dividends of the Company

On 3 February 2015, the meeting of the Company's Board of Directors approved to pay a final dividend for 2014 of Baht 7.0 per share, totaling Baht 1,610 million. Thus, including the interim dividend of Baht 8.0 per share, the total dividend payment for 2014 amounted to Baht 15.0 per share. The final dividend of Baht 1,610 million will be paid on 6 May 2015. However, such dividend payment is subject to the approval of the Annual General Meeting of the Company's shareholders to be held in April 2015.

35.2 Proposed dividends of the subsidiaries

Siam City Concrete Company Limited

On 2 February 2015, the meeting of the Board of Directors of Siam City Concrete Company Limited ("the subsidiary") approved to pay a final dividend for 2014 of Baht 8.5 per share, totaling Baht 212.5 million. However, such dividend payment is subject to the approval of the Annual General Meeting of the shareholders of the subsidiary to be held in March 2015.

Siam City Power Company Limited

On 2 February 2015, the meeting of the Board of Directors of Siam City Power Company Limited ("the subsidiary") approved to pay a final dividend for 2014 of Baht 6.5 per share, totaling Baht 130 million. However, such dividend payment is subject to the approval of the Annual General Meeting of the shareholders of the subsidiary to be held in March 2015.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 3 February 2015.

Management Discussion and Analysis

Executive Summary

Thailand's economy has averaged a growth rate of 2.9 percent in the recent seven years as compared to the preceding seven years which posted 5.1 percent. Accordingly, the economic growth for the year 2014 continues to expand at a marginal pace of less than 1 percent (2013: 2.9 percent) on slow export momentum and inadequate investments by both government and private sectors. Export growth has been hampered by lack of economic recovery in major trading partners, particularly in Europe, Japan and Asia whose economies remain fragile. Additionally, the on-going political uncertainty has stalled the execution of the announced mega infrastructure projects valued at 3.0 Trillion baht. As announced by the Ministry of Finance, overall cement sales reported a declining rate of 3.2 percent for the year 2014 compared to the prior year. However, the construction industry has remained resilient thanks to strong growth in border markets which was due to the on-going preparatory work ahead of entering into ASEAN Economic Community (AEC) in 2015.

The Cement business posted flat growth despite a decline in the domestic cement market from the slowdown in large scale infrastructure projects and private investment which may have been caused by the political uncertainty. However, border cement sales had strong growth of 15 percent in CLM countries (Cambodia, Laos and Myanmar) as the Company penetrated more on these markets to boost sales volume to compensate for the domestic decline. Clinker sales were also accelerated by 219 percent to optimize capacity utilization after the reactivation of Kiln No.1 in 2014. Consequently, cement manufacturing has operated at optimal capacity with appropriate maintenance plans.

The Ready-mix concrete business benefited from an increase in sales volume from on-going projects and better price realization during the year 2014. While Aggregate business was affected by the slowdown in the infrastructure segment, the demand for building and construction materials was somewhat supported by the continuation of previously started commercial and infrastructure projects. Nevertheless, the Company has initiated new product innovations to better serve its customers such as with INSEE thru Crete.

The Mortar business reported better performance with 6 percent growth in volume sold. The Company continued to develop value-added products and better product sales mix management to serve our customers while optimizing operations and margins.

The Fiber cement business sale revenue of Conwood Thailand reported a recession of 3 percent due to lower market demand and because of new entrants the market. However, its new 1st production line in Indonesia commenced operation in June 2014 and is in the process of building market to establish a foothold.

The Light-weight concrete business was further consolidated with the addition of assets from PCC concrete group which started its operations in the year 2014. This reinforced the Company's Light-Weight Block capacity. However, the results were affected by intense competition in the market. In order to improve performance, the Company has developed a number of initiatives to reduce production costs and optimize logistics. Moreover, INSEE Superblock Panel, which was launched in this year, has high potential and generates millions of calcium silicate hydrate crystalline with reinforced steel which makes the panel more durable while improving safety.

The IT business is a new service under “INSEE Digital Co., Ltd.”, set up to provide IT services for the whole group and will provide digital support services to our customers and suppliers. With the new company, the Group will be able to share all relevant information in real-time across businesses with customers and our employees which will help better customer services and solutions.

The outlook for the industry is yet uncertain as demand growth awaits the announced infrastructure projects to kick-in. The competition is expected to intensify in regard to the increase of production capacity due to the number of producers entering the market. The 2015 GDP outlook is forecasted to be in a range of 2 to 3 percent with main sources of growth coming from Government investment and potential recovery in the demand for export. Private investments are also expected to improve with better visibility in government policy direction on trade and investment. The cement market in the

fourth quarter has been subdued so far with prices trending downwards.

Operating Performance

The Company achieved net sales growth of 6.4 percent and maintained its operating EBITDA margin at 24.5 percent compared to 24.8 percent in 2013 by sustaining the efficiencies of its optimal cost base. Consolidated net profit for this year was a solid 5,082 million baht leading to an earnings per share of 22.1 baht in comparison to 4,796 million baht with earnings per share at 20.9 baht in 2013.

Total net sales posted a 6 percent growth from the year 2013 which was principally derived by placing higher volumes into export markets while expanding key building material businesses domestically. However, the positive factors to sales such as pricing were partially offset by a decrease in domestic cement volumes.

Revenues

(Unit : Million Baht)

	As of December 31			
	2014	2013	+/-	+/- (%)
Net sales	31,862	29,950	1,912	6%
Dividend income	16	9	7	78%
Other income	132	86	46	53%
Total Revenues	32,010	30,045	1,965	7%

Ready-mix and Mortar revenue posted better performance by 664 million baht and 47 million baht, respectively, as a result of back log orders and better selling price. The sales revenue improvement was also achieved through increased production capacity especially with the Kiln No.1 reactivation in 2013, No. of Ready-Mix concrete plants standing at 92 plants in 2014 (2013: 80 plants) and the new production line of Fiber cement business in Indonesia. However, intense competition has led to a slight drop in sales of Fiber cement and Light-weight block revenues in this year.

Production of cost of goods sold has increased by 7 percent from the previous year which was broadly in line with higher volumes, the same trend as sales except for certain cost escalation from electricity and wages inflation. The reactivation of Kiln No. 1 and the new plant expansion of building materials business of subsidiaries were the key factors for cost growth as well as sales in this year. Further, the Company has been affected by a higher electricity tariff rate at an increase of 28 percent or 0.15 baht per unit. Key energy saving initiatives and a decline in coal prices have somewhat cushioned the negative effect, thus providing a constant gross profit margin of 45 percent.

Expenses

(Unit : Million Baht)

	As of December 31			
	2014	2013	+/-	+/- (%)
Production cost of goods sold	17,598	16,522	1,076	7%
Selling and distribution expenses	6,696	6,195	501	8%
Administrative expenses	1,260	1,237	23	2%
Loss on exchange	-	121	(121)	(100%)
Total expenses	25,554	24,075	1,479	6%

Selling, distribution and administrative expenses have increased to support business expansion as reflected in the net sales of 2014, especially transportation to support bulk segment and packing material expenses for bag quality in the cement business. Other increases were attributable to higher promotion and marketing expenses to emphasize customer value proposition and relationship. The Company also spent on specific marketing research and sales planning for fiber cement business to build the market in Indonesia. Lastly, competitive salary adjustments and bonus rates also resulted in higher expenses when compared with the prior year.

Loss on exchange represented the unrealized translation impact in 2013 due to the rapid appreciation of USD currency against IDR currency which affected the revaluation of the loan outstanding at year-end 2013, but in 2014 the Company presented a **gain on exchange** rate under other income.

The Company's net profit after non-controlling interests of the subsidiaries reached 5,082 million baht in 2014 with an improvement of 5.96 percent, compared to 4,796 million baht in the previous year due to the increase of operating EBITDA.

Overall, the company has achieved efficient cash cycle management and better liquidity as it has longer period of payable and higher turnover in inventory sold. Accounts receivable turnover was slightly decreased with the increase in credit sales at year end resulting in the increase of day receivable outstanding from 42 days to 43 days. However, the company was able to maintain the effectiveness in credit as well as debt collecting management. The company has been able to reduce stock carrying by three days with good plant shutdown management and sales operational planning. Accounts payable turnover slightly dropped resulting in a higher number of days payable outstanding by two days as the company effectively paid off its creditors within the granted terms.

Net Working Capital

	Unit	2014	2013
Accounts receivable turnover	Times	8.32	8.64
Days receivable outstanding	Days	43	42
Inventory turnover	Times	8.78	8.13
Days inventory outstanding	Days	41	44
Accounts payable turnover	Times	6.98	7.25
Days payable outstanding	Days	52	50

Property, plant and equipment represented 58 percent of the total assets, and registered an increase of 1,941 million baht or 10 percent which was due to the acquisition of property, plant and equipment totaling 3,277 million baht offset by 1,336 million baht of depreciation and transferred out and disposal of assets during 2014.

Key investments in 2014 are in respect of the followings:

- A new INSEE Poon Keaw separate grinding plant, purchase, replacement and modification for Kiln No. 5 and Kiln No. 6 amounting to 562 million baht;
- A new dry mortar plant (line 3), part of the cost amounting to 355 million baht;

Investments

(Unit : Million Baht)

	As of December 31			
	2014	2013	+/-	+/- (%)
Property, plant and equipment	20,801	18,860	1,941	10%
Intangible assets	2,251	1,975	276	14%
Other non-current assets	306	377	(71)	(19%)

- Installation of new clinker station and biomass feeding system as well as purchase of Kiln support roller for Kiln No. 3 and Kiln No. 4 amounting to 338 million baht;
- A portion of the investment for the Fiber cement business expansion in Indonesia amounting to 324 million baht;
- Implementation of in-plant IT system for logistics and dispatch capacity expansion amounting to 302 million baht;
- Investment in new Aggregate business expansion at Chonburi and Ratchaburi, totaling 286 million baht; and
- Investment in new Ready-mix concrete plants for business expansion amounting to 255 million baht.

Further investments were noted in alternative fuel transfer station, Kiln No. 1 reactivation and Light-weight concrete product's capacity expansion at Singburi and Ratchaburi.

Intangible assets have been increased due to the renewal of concession license and forestry permit at Suphanburi and Saraburi in connection with the Company's quarry activities to secure resources for the Company's operations. Software cost significantly

increased for the new IT project and its licenses acquired in the year.

Other non-current assets were decreased by 71 million baht which was mainly due to recovery of the advance payments to supplier for raw material purchase.

Funding

The Company has healthy cash in hand at the year end to meet operational requirements and major investments. In addition, the Company has secured the following long-term fund sources to finance long term investments:

Outstanding debentures consist of two sets of unsubordinated, unsecured and no discount debentures with a name-registered debenture certificate issued on 14 June 2013 totaling 6,000 million baht as follows;

- Debenture amounting to 4,000 million baht and will be due in 2017; and
- Debenture amounting to 2,000 million baht and will be due in 2020.

Loans from financial institution amounting to 2,110 million baht was for financing of the following long-term projects:

- Investment in Fiber cement business expansion in Indonesia at 1,285 million baht;
- Investment in Light-weight concrete products business and expansion of production capacity at Singburi 291 million baht;
- Investment in Fiber cement business at Saraburi for 3rd production line at 197 million baht; and
- Investment in Fiber cement business at Saraburi for land purchase for 4th production line at 46 million baht.

The remaining amount was related to financing for normal operation.

Dividend

The Company proposed 15 baht per share dividend to the shareholders out of the earnings for the year 2014 which amount was not changed from the previous year. Dividend payout ratio for 2014 is 68 percent of the consolidated financial statements which is higher than the Company's dividend policy of 60 percent. The dividend amount of 15 baht per share represented 8 baht per share of interim which was already paid and 7 baht per share as final dividend to be paid after the approval at Annual General Meeting to be held in April 2015.

Customer Service Center and Distribution Centers

Customer Service Center (CSC)

Customer Service Center of Siam City Cement PCL. (SCCC) has been initiated since September 2001 aiming to become a one-stop service center that can provide superior services to customers. Its unit has been divided into Customer Sales Support and Customer Care. Customer Sales Support has mainly taken care of customers' ordering, tax invoice documentation and cement pick up process; whereas, Customer Care has looked after customers' requests, inquiries and complaint management.

Until now we have integrated Subsidiaries of SCCC; which are, INSEE Cement, INSEE Concrete, INSEE Aggregates, Conwood, Geocycle and INSEE Superblock by using single number 1732 for contacting us to ensure the standard service at the highest level is provided.

On 1st September 2011, we have enhanced our Customer Relationship Management (CRM) system by implementing Salesforce (cloud computing platform), the new CRM business tool to support our service excellent, to follow up and offer instant response since we realize that every single minute is very useful and value to our customers. The system is enabling us to manage our interactions effectively with our customers and also manage all necessary information for customer service agent spend lesser time to support customers.

The Customer Service Center offers 24 hours and 7 days a week service to guarantee customer's satisfaction. All of the activities we support customers will be recorded in Salesforce CRM to facilitate

follow-ups and ensure that all customers' requests are handled punctually. We can also analyze the data from the CRM database to continuously improve our service standard. On 26th May, 2015, we received the "Consumer Protection Thailand Call Center Award 2014" which was arranged by the Office of the Consumer Protection Board (OCPB) and The Management System Certification Institute (Thailand) (MASCI).

Location:

Head Office

Column Tower, 7th Fl.,
199 Ratchadapisek Road,
Klongtoey, Bangkok 10110, Thailand

Saraburi Plant

Customer Service Center Building
99 Moo 9, Mitraparp Road, Km.129 - 131, Tabkwang
Subdistrict, Kaengkhoh District, Saraburi 18260,
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Summary of Specified Items Per Form 56-2

Compared in accordance with Form of Annual Report for a security - issuing company (Form 56-2) issued under notification of the Capital Market Supervisory Board No. Tor Chor. 44/2556 regarding Rules, Condition and Procedures for Disclosure of Information Relating to Financial Status and Operating Result of Issuing Company. (Effective on January 1, 2014)

	Required Items in Guideline for 56-2	Item in this Annual Report	Page
1	Policy and over all business operations	Report of the Board of Directors Report of the Executive Committee Industry Outlook	04 08 34
1.1	Company History, over all of business, corporate policy, mission, vision, objective, goals, and strategy	<ul style="list-style-type: none"> Company History Corporate Vision, Corporate Mission, Core Values and Corporate Fundamental Goals Business Portfolio 	10 11 22-33
1.2	Change and Major developments	<ul style="list-style-type: none"> Growth Strategy Construction Projects & Green Products Green Industry Award Level 5 Major Developments & Initiatives of 2014 	12 14 16 20
1.3	Business Structure	Business Portfolio	22
2	Nature of Business	Business Portfolio	22-23
2.1	Income structure	Business Portfolio	33
2.2	Product and services (in last year)	Business Portfolio	22-23
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