

Annual Report 2016
Siam City Cement Public Company Limited

Building Brighter Futures



Content

Vision Mission and Commitments	04
Message from the Board of Directors	08
Message from Executive Committee	10
Summary of Key Financial Information	12
Company History	16
Building Brighter Futures	18
The Cement Industry's 2017 Outlook	20
Business Growth and Development Plan	21
Risk Factors	22
Internal Control and Risk Management	25
Holding Structure	28
Group Business Portfolio	29
Milestone Changes in Business Operations	41
Major Development and Initiatives in 2016	43
Report of the Nomination and Compensation Committee	50
Management Structure	51
Report of the Governance, Risk and Compliance Committee to the Shareholders	60
Corporate Governance	61
Sustainable Development	92
General Information and Other Important Information	101
Financial Statements	131
Report of the Board of Directors' Responsibilities for Financial Statements	132
Report of the Audit Committee	133
Independent Auditor's Report	135
Financial Statements and Notes to Consolidated Financial Statements	138
Management Discussion and Analysis	201
Related Party Transactions	207
Summary of Specified Items Per Form 56-2	208



Remembering the monumental deeds
and compassion of our beloved Monarch
who will forever remain in our hearts

His Majesty King Bhumibol Adulyadej Rama IX



Board of Directors, Management & Staff of
Siam City Cement Public Company Limited and its Group companies



VISION

We will continue to build on our long heritage of shared loyalty, creating trusting relationships with our business partners, our people and our community. We want to achieve the best value and a sustainable future for all our stakeholders.

MISSION

SCCC provides world-class construction materials and services that are vital to economic growth in Thailand and the wider region.

Combining sustainability and innovation, we strive for operational excellence and to exceed the expectations of all our stakeholders.

Our reputation is built on outstanding performance in the quality of our products and customer service, the dedication and skill of our employees, our respect for the communities in which we operate and our ambition to set the standards for the industry of tomorrow.



COMMITMENTS

Working as a team

One group, one vision, one team united in heart with our business partners for the good of all.

Doing what is right

Staying true to ourselves and each other, maintaining the highest standards of discipline and integrity in everything we say and do.

Challenging conventions

We are imaginative and always open to new ideas. We approach every business challenge with enthusiasm and strive to deliver innovative solutions beyond expectations.

Caring about our future

We are committed to creating a positive future for generations to come. Caring for our people, our environment, our community, our nation.

Board of Directors



1. Mr. Veraphan Teepsuwan
Chairman of the Board of Directors

2. Mr. Paul Heinz Hugentobler
Vice Chairman of the Board of Directors

3. Mr. Chachchon Ratanarak
Director

4. Mr. Vanchai Tosomboon
Director

5. Ms. Nopporn Tirawattanagool
Director

6. Mr. Pongpinit Tejagupta
Director





7. Mr. David Alexander Newbigging
Director

8. Dr.h.c.Harald Link
Independent Director

9. Dr. Sunee Sornchaitanasuk
Independent Director
and Chairperson of Audit Committee

10. Mr. Pradap Pibulsonggram
Independent Director and Member of
the Audit Committee

11. Mr. Charin Satchayan
Independent Director and Member of
the Audit Committee

12. Mr. Siva Mahasandana
Director and Chief Executive Officer



Message from the Board of Directors



A handwritten signature in black ink, appearing to read 'Veraphan Teepsuwan'.

Mr. Veraphan Teepsuwan
Chairman of
the Board of Directors



A handwritten signature in black ink, appearing to read 'P. Hugentobler'.

Mr. Paul Heinz Hugentobler
Vice Chairman of
the Board of Directors

Dear shareholders,

On 13 October 2016 the Thai nation lost its guiding light. His Majesty King Bhumibol Adulyadej, passed away causing immense grief to his people throughout the Kingdom.

We started the year with trepidation and hope. Still hanging over us was the uncertain political direction, commodity prices were low, exports were weak, there were power plays in Europe and the United States and there was a deceleration of the Chinese economy. On the positive side, the government's effort to stimulate the economy through public spending on infrastructure projects have materialized. This together with the low cost of energy, the relatively stable interest rate, the depreciation of the baht and the start of the APEC activities gave hope that the Thai economy could pick up.

However, despite the effort of the government to boost the demand in the construction industry, concerns remained with regards to the oversupply of cement in Thailand due to the completion of new cement plant projects in the region. The surplus volume was expected to put pressure on the domestic market and was likely to intensify local competition.

In addition, the landscape of the domestic cement market has changed dramatically with strong focus on efficiency and productivity and the increasing sophistication of the construction industry. This has caused a significant shift in demand from bag cement to ready-mixed concrete, pre-fabrication concrete products and pre-mixed mortar. The Company has foreseen these new challenges and has executed several prudent moves aimed at sustaining strong operating performance. These moves include:

- Reshaping our strategies to improve our value propositions, including investing in the development of high-performance and application-specific cement, concrete and mortar, and upgrading our production facilities, IT technology and the supply chain to ensure quality and cost competitiveness.
- Expanding our footprint within the region by acquiring companies in Bangladesh, Sri Lanka and Vietnam. These acquisitions have provided us with, not only the immediate access to these growing markets, but also captive channels for our clinker and cement, enabling our factory to be able to continue operating at high capacity utilization. Meanwhile, our joint venture cement factory under construction in Cambodia is expected to be commissioned in 2017.
- Strengthening our other businesses, including spinning-off our alternative fuel and waste management business unit to become a wholly owned subsidiary of INSEE Ecocycle, by acquiring a leading company in industrial cleaning to enhance its value propositions, and by investing in a second line of our aggregate production facility in Suphanburi Province.

On reputation, the Company is responsive to the increasing expectation from stakeholders and has fully adhered to the principles of Good Corporate Governance and Sustainable Development, including strict attention to occupational health safety, and the environment. Our Company is proud to have received several prestigious recognitions, including reaching the 5-Star Level on Corporate Governance Score from the Institution of Directors (IOD) and the Stock Exchange of

Thailand; the Environment, Social, and Governance (ESG100) Award from the Thaipat Institute in partnership with the Global Initiative for Sustainability Rating (GISR), and the Outstanding Workplace for Excellence in OH&S Performance on the National Level for five consecutive years.

With these challenges, our Company continued its commitment to generate strong business performance to sustain its solid financial structure and to provide our shareholders with a satisfactory return. In this regard, the Board of Directors is delighted to propose a full-year dividend of 15 baht per share representing a payout ratio of 88.1 percent. The interim dividend of 8 baht per share has already been paid on 19 August 2016, and subject to the upcoming shareholders' consideration and approval, a final dividend of 7 baht per share will be paid on 28 April 2017.

Looking ahead to 2017, despite the expected recovery of the Thai economy which should fuel cement demand, the competition in the region will be very intense. A further challenge will be from the cost side from the recent increasing trend in the price of coal. Nonetheless, the Board of Directors and the Management believe that we have positioned our Company to overcome these challenges. It is our strong determination to prudently move forward, to assure our shareholders of our business performance, strong financial fundamentals and the growth of revenue and profit.

In ending, the Board of Directors of Siam City Cement Public Company Limited wishes to extend our grateful appreciation for the support of all stakeholders, including our shareholders, customers, business partners, communities, employees and the management.

Message from Executive Committee

Two-thousand and Sixteen has been another year of financial volatility and economic uncertainty. Growth has stalled in developed economies causing a slowdown in China and the rest of Asia. Thailand was trapped in a low-growth trajectory. While government expenditure and tourism played key roles in the economic growth in 2016, the whole-year GDP growth is expected to be around 3 percent - once again not adequate to propel a full-scale recovery.

Demand for cement has continued to contract, with a decline of 3 percent in 2015 and another 2 percent in 2016. On the other hand, we are operating in an oversupplied market with increased competitive intensity from almost 10 million tons of new capacities added to the market in Thailand and bordering countries.

While the selling prices of cement, ready-mixed concrete and other building materials came under severe pressure from lower capacity utilization and demand contraction, the production cost has benefited from lower coal prices and electricity tariff reduction. However, our earlier efforts to invest in best-in-class systems and functional capabilities somewhat increased the fixed cost pausing challenges as we had to reign in cost escalation to mitigate falling earnings.

Going forward, we will focus on a strategy to build competitiveness of the domestic market position while capturing niche growth opportunities in the emerging regional markets.

We will design and launch new go-to-market models to reposition INSEE and capture volume growth, push value added products and solutions, drive cost savings across manufacturing, logistics, sales and administration via selected CAPEX and world-class efficiency programs.

Further, we are preparing 300 next generation leaders through the review of pivotal management positions, setting up academies for capacity building, systemizing external injection to immediately strengthen international experience and global know how.

In continuation of our digital strategy, we will leverage digital technology to improve efficiency and effectiveness of our people, customers and plants.

We have embarked on a decisive M&A strategy with a number of acquisitions in emerging regional markets of Bangladesh, Sri Lanka and Vietnam to build a solid regional asset footprint to enhance competitiveness by utilizing the large-scale low-cost industrial complex in Thailand which will be complemented with a modern cement plant in Cambodia currently under construction. We have earmarked approximately USD1 billion investment to conclude these transactions. We have successfully closed two acquisitions. The first being USD53 million acquisition, closed in May 2016, of a grinding operation of CEMEX Bangladesh together with a cement plant in Thailand. Secondly, we swiftly acquired a market leading hybrid operation in Sri Lanka consisting of a cement plant, a grinding plant and port terminal assets from LafargeHolcim for USD373 million. On top of these, we have already received the investment approval from the Department of Planning and Investment of Vietnam to acquire 65 percent ownership of Holcim (Vietnam) Limited (HVL) which owns a rare asset in the attractive southern Vietnam market which includes a network of grinding plants in Ho Chi Minh City and a solidly built cement plant in Hong Chong with access to raw material resources which are in deficit supply in the southern part of the country.

Our strategy on the above acquisitions is simple-immediate access to cash generating assets, diversification of revenue and profit streams to high growth attractive markets, and provision of captive outlets for SCCC's clinker exports thus assuring high plant capacity utilization in Thailand. These are not designed to add capacity to the industry or to the regional supply system, but rather as a responsible effort on our part to consolidate the existing assets and supply.

Executive Committee

We have already secured a bridge finance facility at attractive terms to immediately execute these acquisitions. Once the acquisitions are complete, we will refinance the bridge facility with long-term debt and equity issuance to strengthen the balance sheet and sustain our ability to pay an adequate dividend yield.

We are confident that our strategy will sustain our position as having one of Asia's top quartile performances on profitability and investment returns - a feat we have achieved in the last five consecutive years.

Looking ahead, we are convinced that SCCC will be an enduring institution providing career growth for our employees, quality products and solutions for our customers and solid financial returns to our shareholders.

The Executive Committee and I would like to express our sincere thanks to our customers, managers, staff, communities, and shareholders across our operations and countries for their continued support and trust in INSEE.



Mr. Siva Mahasandana
Director and
Chief Executive Officer



Mr. Siva Mahasandana
Director and
Chief Executive Officer



Mr. Chandana Liyanage
Senior Vice President
Finance and Controlling



Mr. Tasporn Chantree
Senior Vice President
People & Organizational
Performance



Mr. Somsak Pichetpinyo
Senior Vice President
Saraburi Operations



Mr. Montri Nithikul
Senior Vice President
Marketing & Sales



Mr. Paul Joseph Hayes
Senior Vice President
Logistics

Summary of Key Financial Information

Revenue Structure

Siam City Cement Public Company Limited and its subsidiaries are organized into business units based on their products and services and have three reportable segments as follows:



CEMENT SEGMENT

Produce and sell cement. This segment also includes units handling electricity generation from waste heat. Industrial waste disposal, alternative fuel and raw material trading which support cement production.



CONCRETE AND AGGREGATES SEGMENT

Produce and sell ready-mixed concrete, light-weight concrete products, mortar and aggregates.

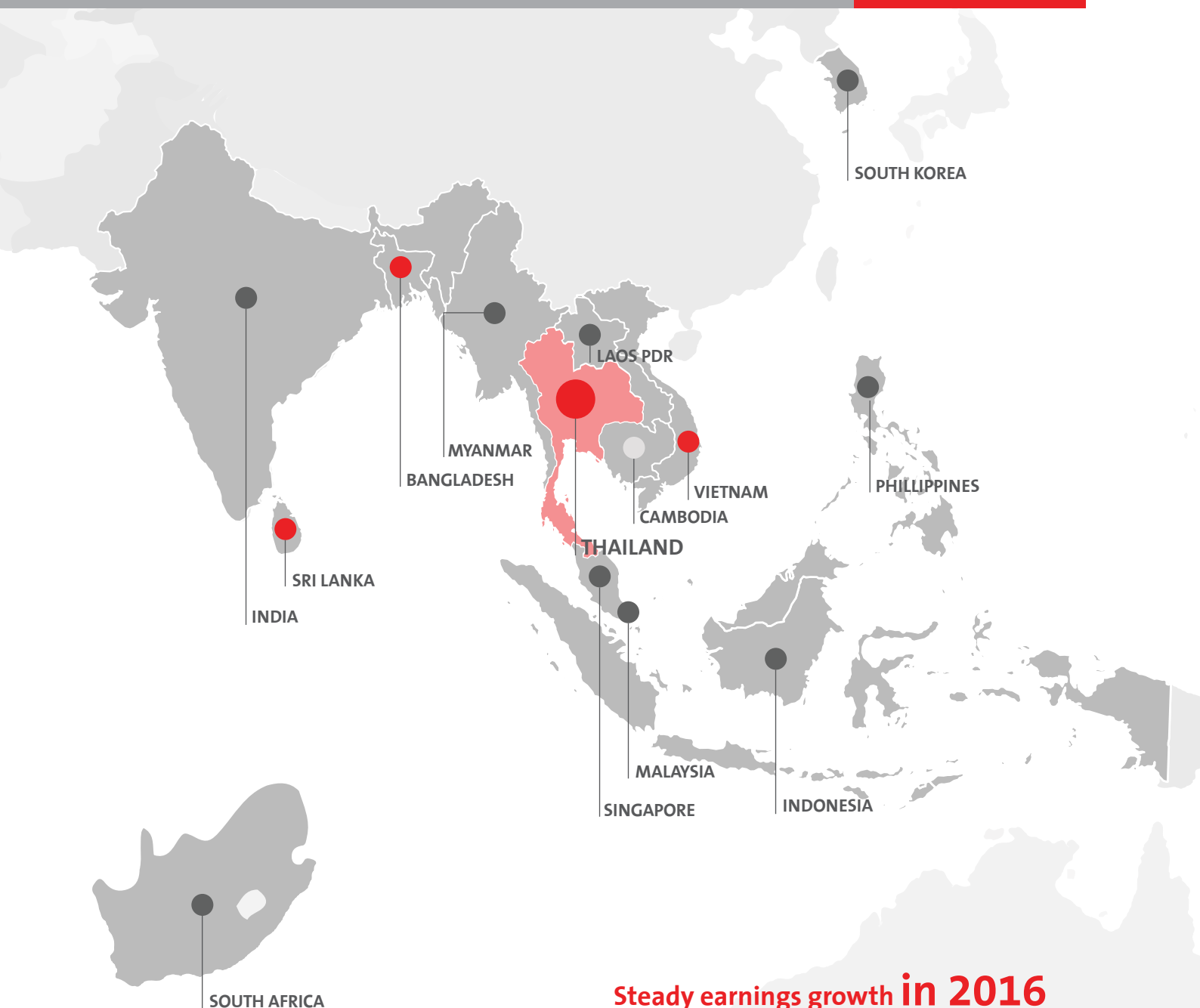


OTHERS

Produce and sell wood replacement products as the architectural decorative materials and provide information technology management and development service business.

Segment	Percentage of shareholding	2016		2015		2014 (Restated)	
		Million Baht	%	Million Baht	%	Million Baht	%
Net Sales							
Cement	-	27,696	73	24,260	71	24,637	71
Concrete and Aggregates	100.00	8,727	23	8,658	25	8,898	25
Others	100.00	1,506	4	1,514	4	1,519	4
Total net sales		37,929	100	34,432	100	35,054	100
Elimination		(3,737)		(3,312)		(3,192)	
Total net sales according to financial statements *		34,192		31,120		31,862	

* Which were eliminated upon consolidation.



Steady earnings growth in 2016

Net sales

34,192 Million Baht

Net profit

3,914 Million Baht

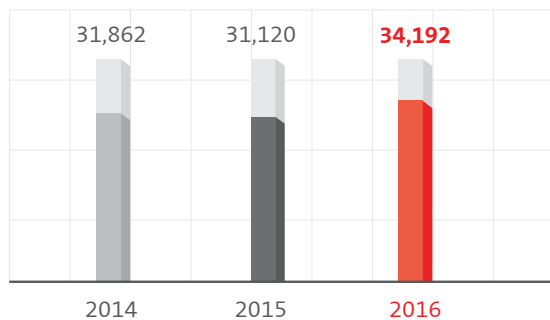
Earnings per share

17.02 Baht

- Countries with acquired units and export
- Export countries
- Joint ventures

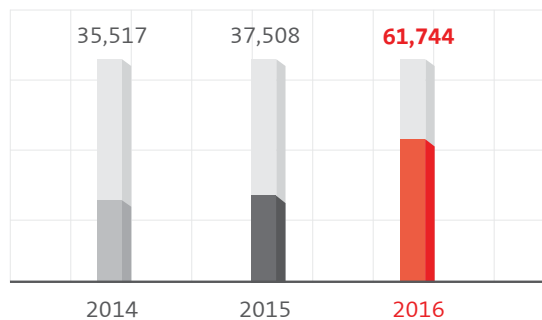
Net sales

(Million Baht)



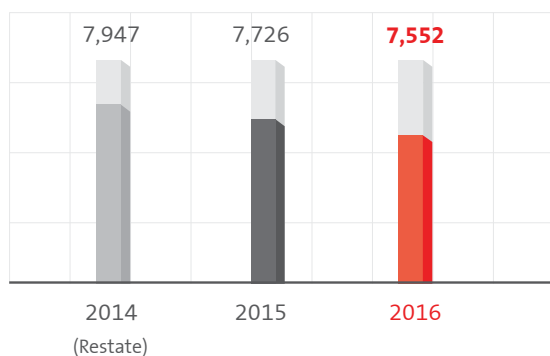
Total assets

(Million Baht)



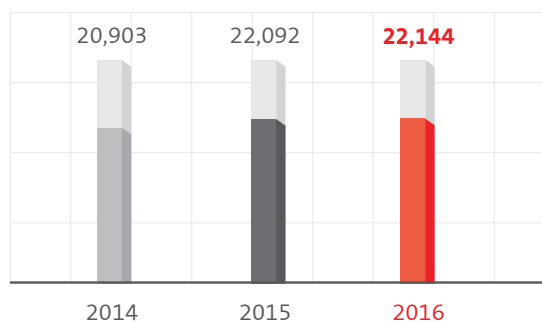
EBITDA

(Million Baht)



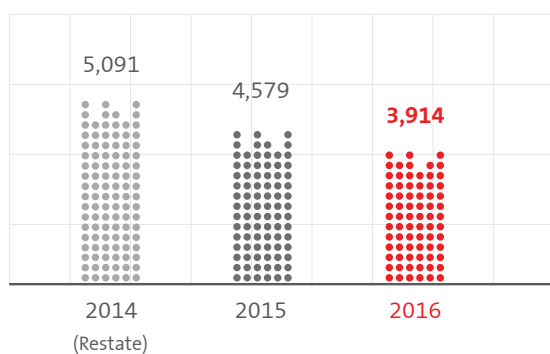
Total shareholders' equity

(Million Baht)



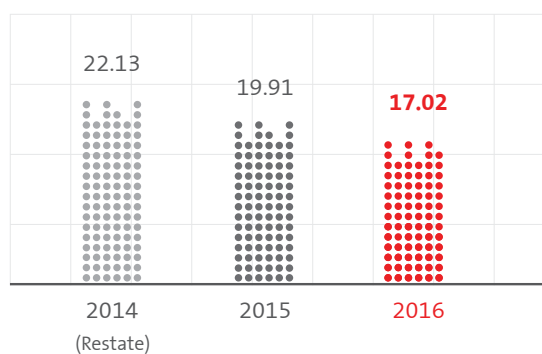
Net profit

(Million Baht)

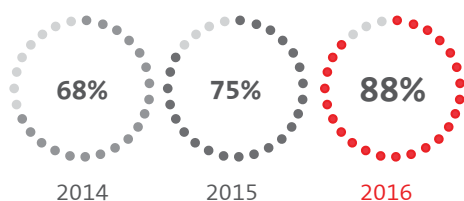


Earnings per share

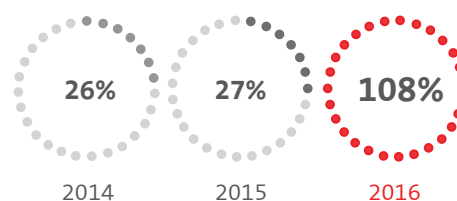
(Baht)



Dividend payout ratio on net profit



Gearing



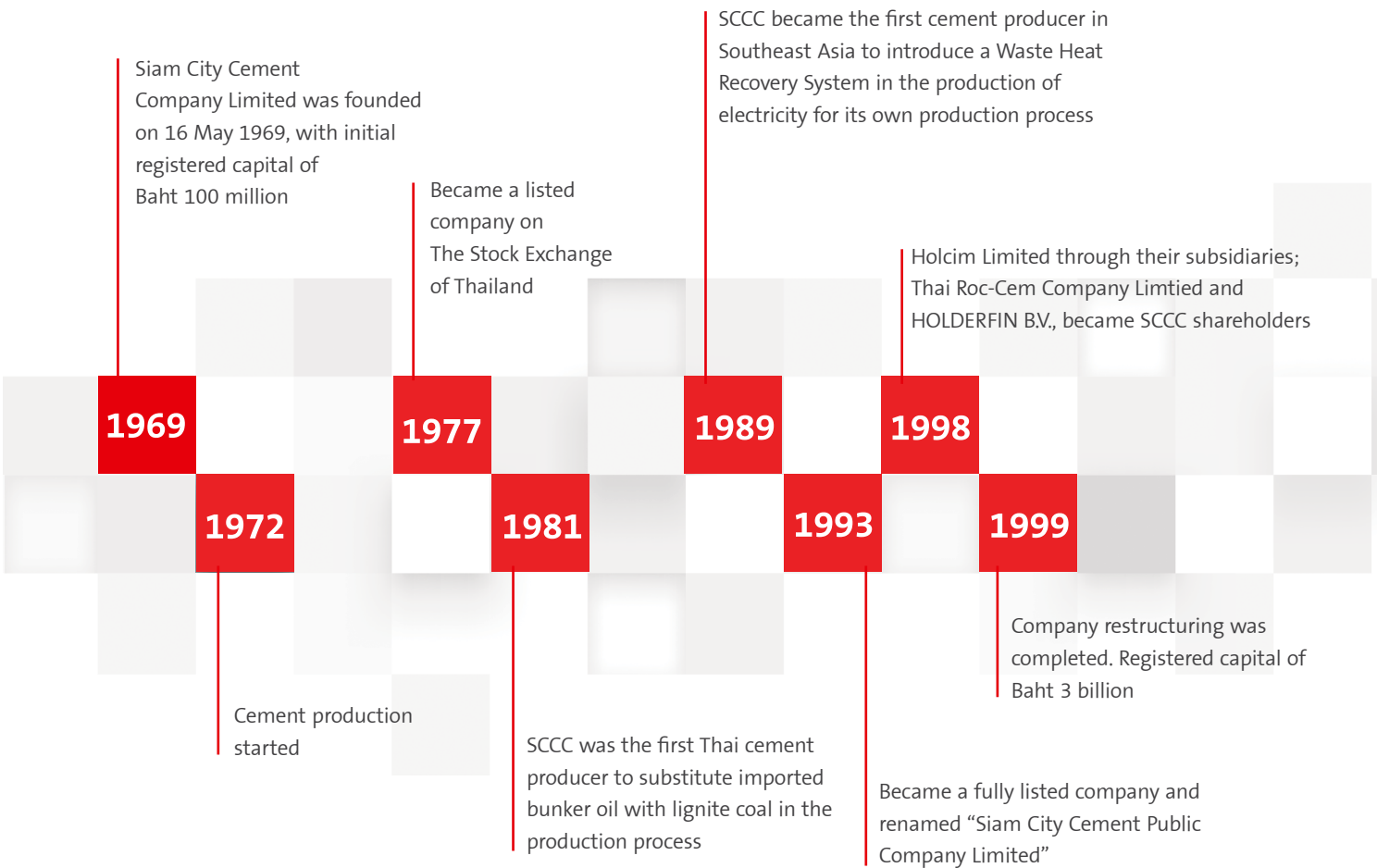
Key Figures

	2016	2015	2014
Production Capacity (Million)			
Clinker (tons)	13.0	12.3	12.3
Cement (tons)	17.7	14.5	14.5
Mortar (tons)	0.8	0.8	0.6
Fiber Cement (tons)	0.2	0.2	0.2
Aggregate (tons)	5.0	4.5	3.5
Million Baht			
Net sales	34,192	31,120	31,862
EBITDA	7,552	7,726	7,947 ²
Operating profit	5,018	5,919	6,317 ²
Net profit	3,914	4,579	5,091 ²
Cash flow from operating activities	5,174	6,362	6,009
Investments in property, plant and equipment - net	3,238	2,105	3,281
Total assets	61,744	37,508	35,517
Net financial debt	23,844	5,991	5,344
Total shareholders' equity	22,144	22,092	20,903
Margin (%)			
EBITDA	22%	25%	25% ²
Operating profit	15%	19%	20% ²
Net profit attributable to equity holders	11%	15%	16% ²
Cash flow from operating activities	15%	20%	19%
Financial Ratios			
Earnings per share (Baht)	17.02	19.91	22.13 ²
Gross dividend per share (Baht)	15.00 ¹	15.00	15.00
Dividend payout ratio on net profit (%)	88%	75%	68%
Gearing (%)	108%	27%	26%
Total liabilities to total assets (%)	64%	41%	41%
Return on assets (%)	11%	17%	19%
Return on shareholders' equity (%)	18%	21%	25%
Owned Personnel (Persons)			
Group	5,059	3,990	3,806
Cement	3,308	2,392	2,299

¹ Proposed by the Board of Directors

² Restated

Company History



Thai Roc-Cem Company Limited and HOLDERFIN B.V. sold their holdings in SCCC to Bangkok Broadcasting & Television Company Limited, a company in the Ratanarak Group, resulting in an increase of the Ratanarak Group's holding in SCCC to 104,360,727 shares or approximately 45.37 percent

- The Company's shareholding structure was adjusted to reflect Jardine Matheson Group's acquisition of 24.9 percent of shares in SCCC through Jardine Cycle & Carriage Ltd., its Singapore-listed subsidiary
- Invested with a 40 percent stake in a joint venture, Chip Mong INSEE Cement Corporation in the Kingdom of Cambodia to build the most modern cement plant in the country

2012

2015

2013-2014

2016

The Company acquired Superblock Company Limited, light-weight block plant in Singburi Province and Prosperity Concrete Company in Ratchaburi Province

- Business expansion in CEMEX (Thailand) Company Limited and CEMEX (Bangladesh) Limited under the name of Globe Cement Company Limited & Siam City Cement (Bangladesh) Limited
- Business expansion in Holcim Lanka Limited under the name of Siam City Cement (Lanka) Limited
- The Company acquired part of assets of Valence Corporation Limited in industrial cleaning service business



Building Brighter Futures



Siam City Cement Public Company Limited and its Group companies (SCCC Group) has shifted from its previous growth strategy of focusing mainly on organic growth of the core business. It has become clear that reliance on organic growth alone could not ensure the brighter future for the Company while the market was facing intense competition and a downturn. Options for inorganic growth emerged as a solution to take SCCC Group to the next level.

In 2016, opportunities arose with many attractive companies becoming available in the acquisition market, including CEMEX (Thailand), CEMEX (Bangladesh) and Holcim (Lanka), which we readily acquired. Meanwhile, SCCC bought some assets in Valence Corporation Limited (Thailand), and specific interests were tabled for the possible acquisition of Holcim (Vietnam). Each of these companies provided a unique opportunity of its own and as well as complimentary to operations of SCCC and its Group companies. Therefore, the Company embarked on a merger & acquisition journey involving business located both overseas and in Thailand.

In recent years, the cement industry in Thailand has begun to exhibit a considerable contraction in growth due to the political environment as well as the stagnant economy. The decline in demand was partly caused by sluggish investment in both government and private sectors due to the uncertain political situation and the

world economic volatility that affected the economy of Thailand's major trading partners. Furthermore, some competitors have increased domestic production capacities and constructed new production plants in neighboring countries leading to market imbalance that directly impacted domestic cement prices.

With the limitations in the domestic market even though SCCC Group could maintain the market share, the competition in oversupply market would affect the long-term revenue generation as well as profit. Therefore, it became imperative for the Company to adjust its business strategy to invest in new markets to maintain its sustainable competitiveness and to strive for growth during the time of slowdown on the domestic front, while focusing on creating desirable return on investment for all stakeholders. The Company then decided to expand its business through merger and acquisition of companies with the condition that they must be able to generate cash immediately and possess apparent potentials for future growth.

SCCC Group strategically targeted businesses within the region, ideally being in markets where the Company had previous or on-going experience. These countries shared similarities of being under-developed markets as determined by the scarcity of basic infrastructure, but with tremendous opportunities for future development. The expansion plan was put in gear with the acquisition of CEMEX (Thailand) Company Limited and CEMEX Cement (Bangladesh) Limited. Both these companies have unique strategic relevance to the Group.

The population of Bangladesh is almost three times larger than Thailand's, while the size of the country is only a quarter to Thailand. With the average GDP growth of 7-8 percent for the past 10 years, this reflects the strong economic growth trend along with potential increase in cement consumption. Moreover, The Company can transfer its technological knowhow and develop a captive clinker channel and protect the production efficiency in Saraburi. Siam City Cement clinker quality is widely accepted across the region. It can help in clinker factor reduction at the Bangladesh operations, thus would be highly beneficial to the competitiveness in the Bangladesh market.

CEMEX (Thailand), acquired in May 2016, was renamed Globe Cement Company Limited to strengthen the Group's market coverage in western Thailand without cannibalizing from existing cement product portfolio due to the difference in positioning of both brands' products. The strategy of these two operations is to maintain the market shares to build the strong foundation for future growth. Clinker will also be supplied from the Group's production facilities in Saraburi Province.

SCCC Group utilized the successful experience in acquiring the business in Bangladesh to execute the acquisitions in two other countries: Sri Lanka and Vietnam, both of which also have high GDP growth rate. In Sri Lanka, Holcim (Lanka) Limited is the market leader with approximately 40 percent market share, possesses high brand equity index and is the only company that has limestone deposit and has access to three strategic sea ports in the country. In addition, the current Sri Lanka operation must import clinker from abroad due to its own limited supply, thus creating an opportunity for SCCC Group to supply clinker to capture the future demand in this country. With the country now politically stable, higher cement demand for infrastructure construction is inevitable.



Working as a team



Doing what is right



Challenging conventions



Caring about our future

For Vietnam, although Holcim (Vietnam) Company Limited is the second largest cement company in the southern Vietnam with 20 percent market share, the cement market in this country is the largest compared to the other CLMV (Cambodia, Laos, Myanmar, Vietnam) countries. Also, Vietnam is the only business in the south owned by foreign investors with one integrated cement production plant, four grinding facilities located around Ho Chi Minh City and seven ready-mixed plants. Clearly, Holcim (Vietnam) can become an excellent captive channel for businesses in the future. The deal closing process for the Vietnam operation is still ongoing with the indication that it will be finalized in early 2017.

All M&A activities are a clear evidence that all SCCC employees are firmly committed to help build a brighter future of all at Siam City Cement Public Company Limited and its Group companies.

Working as a team : The success of M&A activities was a result of highly effective collaboration between management and employees from all related functions.

Doing what is right : When the domestic cement demand has slowdown, SCCC Group had to seek new growth opportunities to expand regionally, which is considered the most appropriate strategy to build the long-term and sustainable growth.

Challenging conventions : We carefully considered all risk factors before confidently confronting the new challenges to align with the clear vision and strategy as outlined by the management.

Caring about our future : SCCC Group has adapted the business strategy and operations to align with the changing business environment. The Company is fully concerned with its responsibility to the community, the society, the environment and all related stakeholders in whichever country we operate.

The Cement Industry's 2017 Outlook

In 2017, Thai economy is expected to recover due to the gradual recovery of the global economy. The economic stability remains sound, inflationary pressure tends to be low in line with global oil and primary commodity prices. This will reduce the need for the tight monetary policy and support domestic economic recovery. Such economic situation will help strengthen export and manufacturing sectors that lead to bolstering private investment. The implementation of government investment in mega-projects, is another factor contributing to Thai economic growth. Nevertheless, the risk still lies with the delayed investment in private sector as the investors are waiting for the progress of key public investment projects. Another risk factor is the slow growth of the export sector, which limit the domestic demand expansion. As a result, the key drivers for the growth of the Thai economy in 2017 are (i) government expenditure and investment, (ii) continuous growth of tourism sector, (iii) the fluctuation of Thai baht, (iv) energy cost and (v) price of agricultural products. Under such conditions, Thai economy is estimated to expand by 3-4 percent.

With respect to domestic cement industry, public infrastructure investment, particularly projects under 2-trillion-baht loan bill, will be a driving factor for domestic cement demand in 2017. Concerning the execution of the government mega-infrastructure plan, the domestic political conflict will have no effect on the projects in progress, including MRT Green line Mochit-Kookod, Jira-Khonkaen Double Track Railway and Pattaya-Mabtapub Motorway. These projects will



stimulate investment in real estate sector in terms of newly-launched condominiums along MRT routes and new detached houses in regional business centers; as well as the growth of construction business in upcountry provinces. For retail sector, both department stores and modern retail stores will continue to expand their businesses in response to the rise in domestic consumption.

The outlook on domestic consumption can be significantly influenced by the capability of the Thai government to continuously establish investors' confidence by eliminating or reducing the bottlenecks that obstruct their investment, and by accelerating the investments in public infrastructure in order to stimulate economic growth and construction demand. The cement demand, however, is projected to expand at 2-3 percent from 2016 along with the Thai economy.



Business Growth and Development Plan

The year 2017 will prove to be another challenging year for SCCC Group. To remain competitive in the market as well as to support growth and create value for our shareholders, The Company have set clearly defined priorities for the up-coming year.

1. Maintaining strength in our core business, reducing production cost and incorporating our acquisitions

Cement production and sales in the domestic market remain our core business and form a large part of our revenue stream and profit. Therefore, we must secure our foothold and ensure that our assets are fully utilized to produce quality cement to satisfy our customers. To generate revenue in a tough environment is not easy. We need to implement strategic changes in market penetration to maintain our market share. Another crucial strategy is to position ourselves more toward growing the bulk cement business apart from the bag products.

The investment in production will focus on the cost reduction factor, such as in the waste heat recovery system and the new-technology grinding units. At the same time, our subsidiaries in the building material businesses, namely Conwood and INSEE Superblock, must receive continued support to grow and to produce solid performances.

While our strategy is to strengthen the domestic front, the year 2017 will see us exerting our effort to further improve the performances of our recent acquisitions in Bangladesh and Sri Lanka. The integration of both units will be a key priority, as well as to make sure that all synergies are captured as planned. The IT system expansion is being rolled out to these units to provide them with state-of-the-art IT platform to support their growing businesses. These diversifications overseas will enable SCCC Group to continue to deliver revenue growth and to generate cash for future investments and higher return for our shareholders.

2. INSEE Brand Alignment and Brand Refresh Project

During the course of the year work has been undertaken to refresh the INSEE brand across SCCC Group. In response to our planned expansion throughout Asia it was felt that more formal brand guidelines were required to enter new markets. The intention is to evolve the brand in order to increase its relevance, performance, reach and scale. It was felt the brand must move ahead while remaining recognisable and retaining key aspects of the brand's heritage and equity. Making the brand work beyond Thailand and expressing a farsighted group promise in a more unified way gives greater strength to our product categories. The changes are subtle and intended to help simplify the way we do business giving greater clarity and meaning to our actions. The revised brand stories across the Group encourage a culture of innovation and futurism. We want to communicate a visionary farsighted company believing in Asia's future.

3. Digital Work Place Transformation

Digital Work Place challenges the conventions of traditional working environment. Siam City Cement Public Company Limited and its Group companies embarked on the Digital Work Place transformation journey to further increase the productivity of its employees and change the way they communicate and collaborate inside and outside the Company. Work gets done from any where and communications are real-time across offices and across countries. Breaking the conventional need to travel for effective meetings and discussions, and removing traditional hierarchies in collaborations, allows SCCC Group working environment to be more productive and agile in support of a solid foot print in the region.

Risk Factors



1. Business Risk

SCCC's key marketing strategy aims to maintain the market share by emphasizing on strengthening and expanding its channels in terms of penetration and network towards segments and end-users. Key channels for the existing product portfolio are traditional cement dealers and direct sales to ready-mixed concrete producers and concrete product manufacturers. In addition to those customers, the Company's subsidiaries become the main growth contributors, which results in the significantly transformed construction market.

The transformation through productivity and efficiency, then, becomes a key driving factor that increases SCCC's commitment in continuously improving end-user product experience and channel efficiency. This strengthens the Company's business partners and capability to distribute products to the market, which will eventually yield more opportunities and competitive advantages into the respective segments.

The new strategies will start from market re-segmentation. SCCC's will be able to offer the solutions that can fulfill market requirements and deliver the best values to the end-users. The developed business models will also capture coming trends and support business partners'

growth. Further, SCCC Group will focus on developing people competencies and capabilities to ensure that the market will properly be responded.

In addition, SCCC's is able to capture the surging cement demand from bordering countries which include Cambodia, Myanmar and Laos. Hence, the key marketing strategy for the export markets is to ensure sufficient supply and reinforce the whole supply chain to forestall competitors' penetration in the market.

2. Environmental and Social Risk

The Environmental and Social topics are the potential dimensions of the sustainable development which is a consequence in doing business. Failure to effectively manage the environmental and social issues can lead to company risks e.g. regulatory compliance, reputation, financial and investors' confidence. In this regard, we have committed to continuously emphasize and develop the environment and community development programs to ensure that the mentioned risks are covered for all stakeholders.

For this year, SCCC Group has maintained the regulatory compliance and extended the "Green Network" the highest level of environmentally-friendly entrepreneurship.

Also, the “ESG100 Award 2016 (Environmental, Social, and Governance)” from Thaipat Institute, the “Thai Rural Reconstruction Movement Under H.M. the King’s Patronage”, and “CSR-DIW Continuous Award 2016 (Corporate Social Responsibility)” from the Department of Industrial Works, Ministry of Industry, are the valued guarantees and the trust that SCCC received nationally.

3. 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. In the first half of Y2016, the coal price was on the downward trend but in the second half of Y2016, the coal price gradually increasing which impacts from fluctuating demand in the world market. However, we are alert and actively look for ways to implement production cost saving projects e.g. Good to Great Wave III as well as the electricity cost was slightly decreased due to base tariff and automatic tariff adjustment (Ft) by the government.

In order to capture downward trend in 2016, we optimized our fuel mix portfolio by consuming variety of fuel for the operation and tried to increase Alternative Fuel (AF). Moreover, Waste Heat Recovery Power Plant can reduce more electricity cost.

Cost of raw materials is one key factor in the cement production cost. Prices of raw materials trend to increase since mid-2016 onwards e.g. gypsum, clay, etc. Thus, the supply of alternative raw materials helps to reduce production costs as well as the quality of the product delivering to the customer must be the same or better.

SCCC Group realized that building a good relationship with the suppliers to collaborate on the development of raw material quality it will help to reduce the risk of cost as well.

- **Health and Safety Risk** In cement manufacturing, health and safety risks such as heavy equipment, dust, hot materials from cement kiln, and trucks are inevitable for our operators. SCCC Group have continuously applied up-to-date OH&S standards and system to ensure our safe workplace environment.

For this year, the new integration of OH&S pyramid was introduced to manufacturing as an assessment tool. System and practices in our operations have been assessed for an effectiveness and the gap for continuous improvement. We have also expanded our training facilities “Safety Garden” to cover emergency health services. The operators and rescue team can enhance knowledge and skills in order to response for the emergency situation.

In addition, the new designs for traffic safety such as traffic controls, segregations, and warning devices were developed to reduce the risk of road accidents in the Saraburi Operations.

Financial Risk

- **Exchange Rate Risk** The Company engages in both export and import activities. A major 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 forward booking, leading and lagging of payments/receipts of foreign currency transactions. In addition, The Company does not have any material foreign currency loans outstanding and all the material financial liabilities are denominated in Thai baht. The Company expects to receive dividend in foreign currencies from its newly acquired companies. The depreciation of local currencies would impact such investment returns. Foreign currency hedging, i.e. forwards, options will be effectively used to mitigate such risks.

- **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. We have maintained an optimal balance between the floating interest rate and the fixed interest rate to mitigate the impact of volatile interest rates. However, since most of the Company and its subsidiaries' financial assets and liabilities bear fixed interest rates or floating interest rates which are close to the market rate, the interest rate risk is expected to be minimal.
- **Credit Risk** The Company and its subsidiaries are exposed to credit risk primarily with respect to the trade receivables. Such risk is managed by adopting appropriate credit control policies and procedures. We use a variety of instruments and methods such as bank guarantees, letters of credit and trade insurance contracts and periodic credit assessment to mitigate the credit risk.
- **Liquidity Risk** The Company can be subject to unforeseen shortfall in cash. Our corporate finance unit actively monitors the liquidity position of the Group and always maintains an adequate level of cash and/or credit lines to meet our financial obligations and to mitigate the effects of fluctuations in cash flows.



Internal Control and Risk Management



SCCC provides proper and adequate internal control system in order to manage the Company's business operations to be in accordance with the objectives, goals, and related laws and regulations. The internal control systems are designed to sustain efficiency and mitigate operational risks assuring corruption prevention. SCCC's Board of Directors; therefore, assigned the Process Operational Risk Management team to monitor the effectiveness of this internal control system.

The Board of Directors has conducted assessments on the internal control system through the Audit Committee. The Audit Committee have approved SCCC's internal control system based on five factors per the internal standard given by the Committee of Sponsoring Organizations of the Treadway Commission or COSO, and the guidelines from the Stock Exchange Commission or SEC.

1. Internal Control within the organization

SCCC has committed to support the internal control within the organization under the internal control structure framework by shaping the policy and working steps, updating working methods, and communicating to all SCCC's staff. Moreover, revision of the internal control is also scheduled to be done constantly.

- **Launching and reviewing the policy, working steps and methods**, updating to serve with the current business plan of the Company, laws and any relevant regulations, and scheduling the regular review. The said policy, working steps and methods shall be approved by the concerned authorities and communicated to all staff for their common understanding thru the effective channel.
- **Building the awareness of staff in the importance of the internal control**, starting from the understanding of the risk in operation, risk assessment and management which the staff themselves can design the internal control to well serve with risks that may occur in their area of work. During 2016, Process and Operational Risk Management team have offered the training courses in risk management which include the identifying, measuring and responding with the risk by setting up the internal control system.

2. **Risk Assessment** Brainstorming and idea sharing among departments were arranged to assess both internal and external risk in term of business and operation. SCCC also sought for opinions from other organizations and invited them to join the risk assessment as mediators. This resulted in a reliable



assessment which cover all aspects of company operations.

The Governance, Risk and Compliance Committee have closely monitored the procedure of risk management, measure to reduce the risk and workplan of the risk assessment. In respect of the risk assessment, the Board of Directors assigned the Business Risk Management (BRM), Strategic Planning and Development team to be responsible for achieving the workplan of risk management and the Company strategic plan.

In assessing the risk, BRM, Strategic Planning and Development team hold operational meetings to assess the risk of SCCC within the year, with the Company's top executives, business units and internal departments to find the risk, sharing opinions, discussing on the risk level and its effects and seeking for the strategies to handle with the risks. The team then collect the information and issue the risk assessment reports of each business units and each internal department, follow up the risk management plan, monitor the timeline and report to the top executives consistently.

3. **Operating Control** It is important that every activity of the Company lead to the targeted operating result. The top executives require all departments to report monthly on their operating summary in dashboard, especially the financial result. Reporting and discussion meetings among the management take place in every two weeks, while the operating

results in the factories or production teams are reported and discussed in sub-group regularly, and reviewed with every department in factories by monthly.

Moreover, check-and-balance method is brought into use, and clear scope of work and responsibility is written, for example, the size limitation of the approval of procurement items. Committee, comprising of staff from various departments, is to be set up to consider the SCCC's procurement of a high value procurement before signing in the contract which is approved by the legal of SCCC.

4. **Follow-up System** Regular follow-up is always conducted, such as analyzing the result from the comparison between the operating result and forecast, so as to develop the process. In regard of the investment projects, the Controller team closely monitor the forecast of the investment, the content in hiring contract especially the trade agreement in the investment project, reimbursement and expense, project closing and assessment of the return on investment. Besides, the Company has launched the IT solution for a better internal controlling which enables the management and relevant staff to be alarmed of improper transaction, to solve the problem and to report to the top executives to issue a preventive measure in time. From the starting point, SCCC has applied this system with an important work process, e.g. procurement.

5. **IT and Communication** Since 2015, the Company has invested in the whole new information processing and reporting system which can keep all data, process and report the updated data all the time, easily access everywhere and anytime, and is secured. It is aimed that the Company is able to plan or make any decision with quicker pace, bringing about the leading in business. Moreover, the system is also designed to serve the digital business and can be developed continually.

In the opinion of the Board of Directors, the Company internal control system is proper and adequate. The Company has provided sufficient personnel to efficiently carry out the controlling of activities in accordance with the system. In addition, the Company establishes internal control system to monitor the conduct of the subsidiaries' business operations. As such, 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. Besides, the system also includes the review on the transactions of potential conflict of interest with connected persons.

There is no deficiency in the internal control system and the risk management is set to promptly handle with any situation.

The Appointment of Head of Internal Audit

The Audit Committee has appointed Mrs. Chadaporn Thitisawat to be the Head of Internal Audit of the Company and Secretary to the Audit Committee since 16 January 2010 as she is experienced in internal audit works and well-versed in the business 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 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 projects upon requested 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;

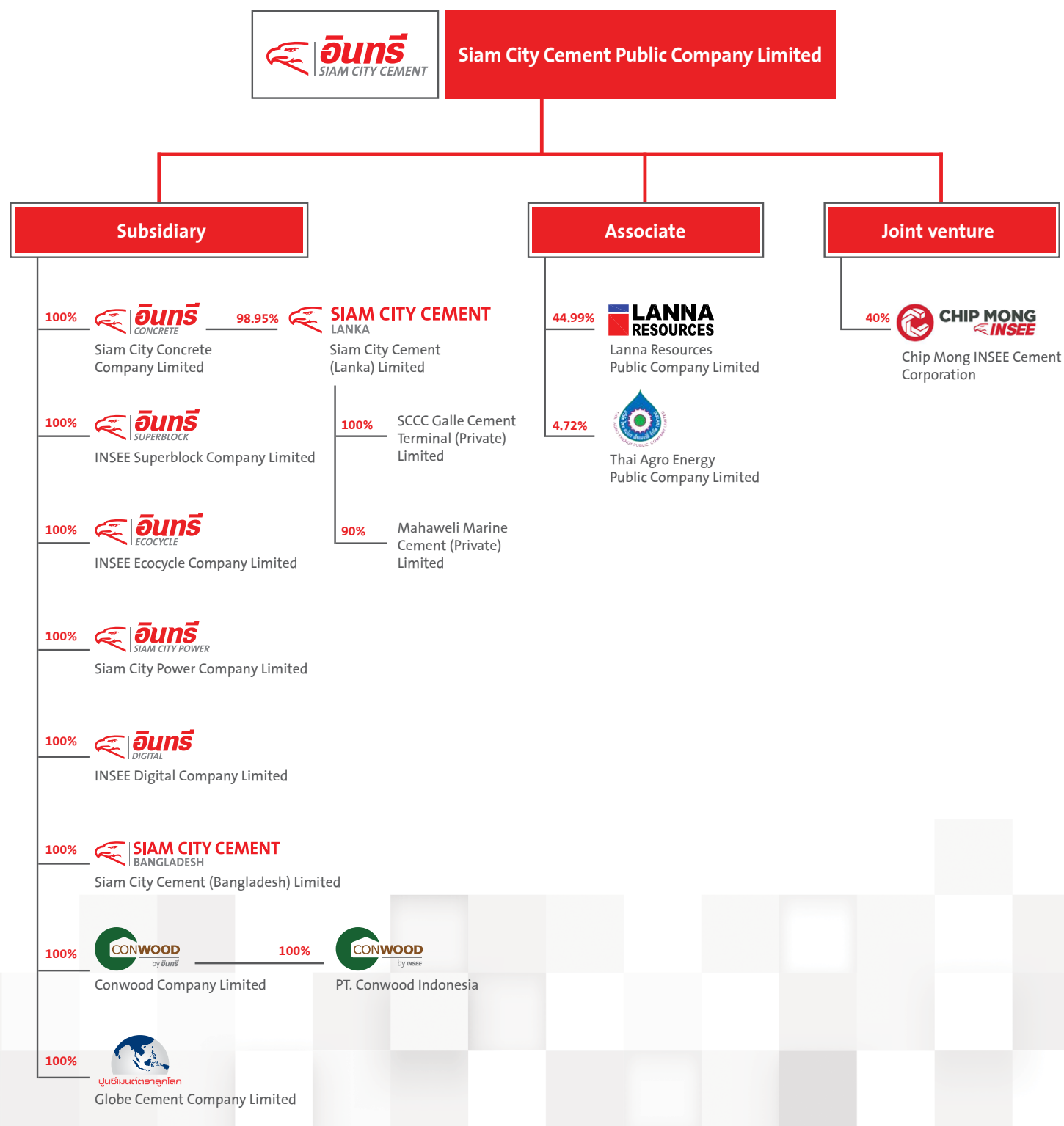
- To review and check the operations in accordance with the Plan agreed upon and provide assistance to the Management to ensure that proper remedial actions are taken; and
- To maintain professional auditors who have adequate knowledge, skills and experiences and have been recognized as competent to attain the requirements set forth under the Charter of the Internal Audit.

The Appointment of the Head of Compliance

The Company has assigned Mr. Prasert Kasikigskulpol to be the Head of Compliance & Group OH&S 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. In 2016, Mr. Prasert 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.

The qualification of head of internal audit appears in the "Details of Company Secretary, Head of Compliance and Head of Internal Audit".

Holding Structure



Group Business Portfolio

Siam City Cement Public Company Limited (SCCC) was registered as a limited company on May 12, 1969 to produce and sell cement products. The production of cement commenced in 1972. The Company listed on the Stock Exchange of Thailand in 1977, and in 1993 was transformed into a public Company with the name Siam City Cement Public Company Limited.

With the determination to continuously develop the businesses, the Company has restructured the business, reformed the operations and the work process. Today, the Company has expanded its businesses so far as to establish affiliated companies and ventures in which the Companies hold shares both directly and indirectly. The SCCC Group was able to develop products and services related to the main business of the Company encompassing operations involving many types of construction and fiber-cement decorative materials for architectural works both domestically and abroad. These include subsidiaries companies within the Group differentiated by products and services including marketing and competitiveness, namely;

Siam City Cement Public Company Limited

Since its founding 47 years ago, Siam City Cement Public Company Limited (SCCC) has placed great value

on commitment to corporate vision in providing foundation for Thailand's future. Consistent with the past to achieve the vision, SCCC has been supporting Thailand's development by offering innovative solutions in cement and other related cement products. As of today, SCCC has three cement plants with six kilns in Kang Koi District, Saraburi Province.

Siam City Cement through its three subsidiaries, Siam City Concrete Company Limited, Conwood Company Limited, and INSEE Superblock Company Limited, is engaged in cement-based building materials, wood replacement products and light-weight concrete blocks.

SCCC, as one of the leading cement producers, currently offers five major types of cement products;

1. **Portland Cement** specially developed for production of high strength reinforced concrete, high quality concrete tiles, and all kind of concrete piles and poles and panels, as well as pre-stressed concrete products.
2. **Hydraulic Cement** developed for equivalent applications as those of Portland cement while being even more environmentally friendly.
3. **Mixed Cement** specially formulated for plastering and bricklaying works, where good workability with smooth and finishing works are required.





4. **Masonry Cement** designed for fine plastering work, where extremely smooth finishing is essential, as well as maintaining excellent plastering workability to ensure masonry quality.
5. **Mortar, also known as “INSEE Mortar,”** fulfills customers’ need for absolute convenience and quality by providing the ready to use cement; namely, INSEE Mortar Max which can be used instantly by mixing with clean water in the appropriate portion. INSEE Mortar Max has currently offered cement for six applications;
 1. Plastering mortar : For general plastering, Fine plastering, Light-weight block plastering, Fine light-weight block plastering, Concrete plastering and Skim Coat.
 2. Brick laying mortar : For normal brick laying and Light-weight block brick laying.
 3. Floor leveling : For both conventional and higher workability floor screeding and eveling.
 4. Tile adhesive : For general, high adhesion, and tile-on-tile application.
 5. Dry concreting : For general small concreting application, promoting more convenient use compared to concrete mixing at job site.
 6. Cast wall mortar : For wall filling application.

Marketing and Competition

In 2016, the Thai economy expanded by 3 percent, improving from 2.8 percent in 2015. The supporting

factors for growth included (1) the increase in government expenditure and the progress of the infrastructure investment plans, especially road and rail projects; (2) the drive from the government’s additional packages launched during September 2015 to April 2016; (3) the increasing number of inbound tourists; (4) the constantly low crude oil price; and (5) the considerable improvement in farm income which was supported by improvements in agricultural production and key agricultural prices. However, the sluggish recovery of the global economy, with the weak global demand also caused a decrease in export values.

The construction sector expanded according to the acceleration in public construction, but private construction significantly contracted. This was in line with the contraction of key indicators, including permitted construction areas. 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 index and the household debt situation. The sales of cement products decreased, while the prices of construction materials continued to drop due to the contraction of the major price index, especially the prices of cement, concrete and wood products

In addition, an increase in the domestic and regional cement production capacities affected the cement market, leading to higher competition among cement producers and distribution channels. Hence, short-term tactical pricing was implemented by both cement producers and dealers to secure their respective customer groups.

However, the long-running competition among cement producers will still focus on delivering superior products and service quality to improve end-user satisfaction and promoting direct product experience through various marketing and media events 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 efficiencies, the Company continuously provided business support programs to ensure the competitiveness and to build a sense of cooperation which reduced native business impact from competitors’ new marketing strategies.

Production

SCCC is one of the leading cement producer in Thailand. The Company has a total of six cement kilns with the clinker capacity of 13 million tons. Currently, five kilns are in operation, with the combined production capacity of 12 million tons.

In term of cement production, the Company runs 12 cement mills with the maximum capacity of 17 million tons. However, cement capacity relies on clinker capacity, limited to 14 million tons. Thailand's cement production capacity is approximately 60 million tons, with most Thai cement plants running at about 60 percent capacity. With its excess capacity, Thailand remains one of the largest cement exporters in the world. Thailand's cement industry was recently buoyed by the country's economic growth policies and government sponsored infrastructure investment.

Siam City Concrete Company Limited

Siam City Concrete is a professional producer of ready-mixed concrete and aggregates, offering reliable conventional products and value-added solutions for concrete works. At present, the Company is comprised of two business units : INSEE Concrete and INSEE Aggregates;

1. INSEE Concrete

As one of leading producers of ready-mixed concrete in Thailand and boasting outstanding experience using world-class technology, INSEE Concrete has sustained its production and service excellence through a process of continuous product development.

Product & Service

INSEE Concrete is a superior quality concrete product that can fulfill every need of every project. This can be general construction work or a project that calls for concrete with special characteristics. In addition, INSEE Concrete has a department that can design and develop concrete products to suit specific and special needs of any project. Where customer service is concerned, INSEE Concrete has set up the **"Customer Service Center-Hotline Concrete Solutions" with 24 hours' service**, from receiving orders, providing dispatch information, delivery and technical consultation by concrete experts.

In 2016, INSEE Concrete produced as many as 4.07 million cubic meters of concrete, which included value-added products-accounting for 20 percent. In addition, INSEE Concrete continues to strive to prevent all environmental impacts by introducing new initiatives such as the building of a cover for the mixing machine to prevent the leakage from the mixture, the adoption of the water-dripping technique on the mortar to minimize the dispersal of dust around the production unit, and the cleaning of cement mixer trucks prior to their departure from the production unit.

Marketing and Competition

Government spending and investment were vital for the growth of the ready-mixed concrete market in 2016 and will continue to be the driver of growth in coming years, as private investment has not yet rebounded. Most property developers, for example, have postponed the launch of new projects due to weakening consumer purchasing power and a serious oversupply situation in the market. Moreover, commercial banks have become more rigid when it comes to loan approvals and that has accordingly slowed down the loan growth.

These factors have also impacted the overall picture and the growth momentum of the ready-mixed concrete market in 2016, when public investment has not been effective in driving the market growth. Consequently, price competition has become fiercer. Such conditions have forced INSEE Concrete to adjust its own strategy and put more emphasis on pushing products with high value into the market in order to make up for the weakening profit outlook of our regular products.

However, the ready-mixed concrete market has benefited from a number of large-scale construction projects from the Department of Rural Roads and the Department of Royal Irrigation, which have given a boost to the aggregates market, particularly in regards to the demand for crushed stone.

Hence, INSEE Concrete's 2016 marketing policy emphasized quality and services to strengthen customer confidence in our brands. We have divided our customers according to different categories, including residence, commerce and industry. These accounts for approximately 80

percent of the total customers of the Company, with the remaining 20 percent comprised of precast concrete and infrastructure customers.

We have also developed our new product and service group-“INSEE Solution”-for a new segment of customers who have higher technical demands-INSEE Floor Solution and INSEE Wall Solution, for instance.

INSEE Concrete’s distribution has been through direct channels and through our distributors, our franchise network and Mini Mix in order to facilitate customers in every possible way.

Our market condition projection for 2016 suggests that INSEE Concrete will see price competition at least during the first half of the year, and we expect private investment to grow markedly, both in the residential property sector and in the commercial property sector, across the country.

Production

Ready-mixed concrete is comprised of two key parts. The first part involves binding materials, which include cement and water-with the former representing 10 to 15 percent of the total mix proportion. All cement used in INSEE Concrete’s production is supplied by Siam City Cement Public Company Limited.

Another important part of the ready-mixed concrete is made up of aggregates, including sand and crushed rocks, which account for the largest portion of the concrete mix-around 60 to 70 percent. In the past year, INSEE Aggregates’ supply represented about 20 percent of aggregates used in the ready-mixed production process.

2. INSEE Aggregates

Established to support the expanding ready-mixed concrete business.

Product & Service

INSEE Aggregates has been providing quality sand and crushed rock through efficient management and logistics to ensure our customers’ maximum success. So far, INSEE Aggregates has responded to our customers’ various needs for concrete product manufacturing, road & infrastructure and other construction purposes.

Marketing and Competition

The 2016 marketing policy of INSEE Aggregates emphasized the preparation of a sufficient supply of quality and reliable products to meet customer demand. The operation was improved in high quality of product and increasing capacity of production. We have divided our customers into three groups: Ready-Mixed Concrete, Concrete Product Material and Road Construction customers. The target customers for Ready-mixed Concrete and Concrete Product Material are INSEE Franchisees, all precast concrete works and concrete entrepreneurs. The sales strategy for these segments is emphasized external customer. For Road Construction segment, the target customers is contractor in government project e.g. road and infrastructure.

INSEE Aggregates’ distribution has been through direct channels, the franchise network and SCCC. The major group of customers of INSEE Concrete, which is INSEE Aggregates’ major product, account for around 45 percent of all customers.

Competition in 2016 has been fierce, but The Company have been able to retain our customers by focusing on the quality and the availability of our products and both pre-and-post-sale services, which include programs such as the technical training and quality development training for all INSEE Aggregates customers.

Also notable is that the western region of Thailand has emerged to take a bigger market share, as a result of improved logistics costs and a quality issue arising from stone sources in the eastern region.



For 2017, we have assessed that market demand for our products should remain at the same level as seen during the second half of 2016, while there may be a positive development in demand for materials for road construction. The Company will continue with strategy of emphasizing the development of products and service quality without engaging in any price competition, while striving to maintain all customers whose primary focus is quality.

“With our years of experience, we genuinely understand the true need of our customers, who are either home owners or contractors. We do not engage ourselves in price competition but put more effort into the development of quality and services to firmly secure customer confidence in our brand.”

Production

In 2016, INSEE Aggregates opened four production units including;

1. INSEE Suphanburi - A crushed stone quarry with a production capacity of 2.5 million tons per year.
2. INSEE Ayudhya - A sand pit with a production capacity of 1.0 million tons per year.
3. INSEE Angthong - A sand pit with a production capacity of 1.0 million tons per year.
4. INSEE Ratchburi - A sand pit with a production capacity of 400,000 tons per year.

In accordance with SCCC’s pledge to be accountable for all environmental impacts, INSEE Aggregates has ensured that canvasses will be used to cover all delivered products to prevent the dispersal of dust. The Company have also been emphasizing the significance of the rehabilitation of any quarry that is no longer in use by filling it with soil and planting trees in order to restore it to its original, natural condition. INSEE Aggregates has also designated a zone to take care of all animals living on the Company premises.



(Autoclaved Aerated Concrete: AAC) under “INSEE Superblock” brand, certified by ISO 9001:2008 to ensure product quality which suitable for all high-rise and low-rise buildings.

A wide range of high quality products has been introduced by INSEE Superblock including standard products (Block) and value-added products (Panel, lintel, kitchen counter, flower pot, and garden bench). Moreover, INSEE Superblock also launched **“Superblock Plus”** into the market in June 2016 to enhance customer selection.

Marketing and competition

High competition in domestic light-weight concrete market continuing from the previous year as a result of projects delay from both public and private segment as well as lower than expected response from government stimulation programs. Moreover, oversupply situation in light-weight concrete market pressure price competition and lead to significant price drop. Nonetheless, the Company still believes that there is an opportunity to capture new demand from customers shifting from traditional material to Autoclaved Aerated Concrete: AAC which have lower total construction cost and time, also customers changing from Cellular Lightweight Concrete : CLC due to higher compressive strength.

Business direction

INSEE Superblock has continually focused on R&D to enhance the adhesive quality of block and taken further step to develop value added product such as wall panel and lintel to cater to all customer demand while simplifying the installation process as the Company foresee a positive market growth

INSEE Superblock Company Limited

INSEE Superblock Company Limited is a professional manufacturer of light-weight concrete product

in 2017. Additionally, INSEE Superblock simultaneously exploring decorative market such as kitchen counters and green wall and also co-developing new product with Conwood Company Limited initially launched “Garden bench” and aiming to develop more decorative products in 2017. Apart from product development, the company also focuses on sales strategy for value added products by provoking market knowledge on INSEE Superblock product and increasing a number of technicians to ensure customer service satisfaction. Furthermore, INSEE Superblock also preparing to serve boarder markets as it presents the company with an opportunity for regional business growth.

INSEE Ecocycle Company Limited

INSEE Ecocycle Company Limited is a subsidiary of SCCC Group offering industrial waste management services. In 2016, INSEE Ecocycle acquired part of assets in industrial services business from Valence Corporation Limited. With this acquisition, Ecocycle can today provide both waste management and specialist chemical cleaning services for industrial applications. We are now well positioned to offer a seamless industrial cleaning and waste management service to various industry sectors. We continue to work towards becoming the leading environmental services business in Thailand.

Sourcing and Services

INSEE Ecocycle offers its waste management services across Thailand and specialist industrial cleaning services specifically for the oil & gas, chemical and power generation sectors both domestically and internationally.

Siam City Cement Public Company Limited has been granted waste management licenses (co-processing of waste in cement kilns) and INSEE Ecocycle has been granted waste blending licenses (alternative fuel and raw material blending facilities) including storage and sorting of waste for co-processing. INSEE Ecocycle offers waste management services via two waste pre-processing platforms located in Saraburi and Chonburi. Both SCCC and IECO have been certified with ISO 9001:2008 ISO 14001:2004 and OHSAS 18001:2007 certifications. In 2016, Chonburi platform received Thailand Energy Awards from Ministry of Energy.



Our services include:

- 1. Consulting and field services** Our team of experts has a wide range of experience in the waste management industry. We assist waste generators in identifying the most efficient and effective solutions to meet their needs.
- 2. Waste analysis and evaluation services** We have skilled personnel and state-of-the-art laboratories equipped for analyzing the physical and chemical properties of waste materials.
- 3. Waste transportation service** We provide transportation in a variety of containers for non-hazardous and hazardous wastes. Our trucks are equipped with GPS for real-time vehicle tracking efficiency.
- 4. Waste pre-processing and co-processing services** We currently operate high standard, licensed pre-processing facilities and equipment. Our waste pre-processing facilities include a liquid blending unit, solid blending unit, and several automatic feeding systems at our cement kilns.
- 5. Industrial services** We offers specialist industrial cleaning services such as industrial chemical cleaning, decontamination, tank cleaning, high pressure pulse cleaning, foam cleaning to a wide range of customers.

Marketing and Competition

INSEE Ecocycle’s customers include leading companies in oil & gas exploration and production, petrochemicals, automotive, electricity generation and various other industry sectors. These industries generate waste from their operations. The companies who are concerned in protecting their reputation engage us to provide safe,

environmentally sound and sustainable solutions that meet their own internal requirements while adhering to all regulatory requirements.

The Company's goal is to make a real difference for our customers, their stakeholders and the environment. Most of our customers are aware of and emphasize on environmentally sound waste management. As specialist in sustainability, we partner with our customers and stakeholders to develop and deliver "peace-of-mind" environmental management solutions. We provide best practices sustainable environmental management solutions within true collaborative partnerships. **Our task is to earn respect and trust through safeguarding our customers' reputations.**

Trusted Partner

The Company's are aware that our responsibility is more than in managing our customers' waste. We are responsible to care and protect our customers' reputation. Just as important are our other stakeholders. We are mindful of the concerns of our stakeholders. We take pride in being the trusted partner for our customers and stakeholders. Especially important to us is the trust given to us by the Department of Industrial Works (DIW). This year, we participated in two important pilot projects involving waste transportation and the issuance of E-license; both these projects were led by the Department of industrial works to improve industrial wastemanagement in Thailand.

Siam City Power Company Limited

Siam City Power is a subsidiary of SCCC, which generates electricity from waste heat arising from cement production and offers the good saving to SCCC for the electrical energy cost.

With the Waste Heat Recovery (WHR) technology, the Company has received Board of Investment (BOI) promotional privileges that receive the exemption



of import duty on machinery and granted corporate income tax for a period of eight years as Promotion Certificate No.2331(2)/Aor/2554 plus three years of Promotion Certificate No. 59-1306-1-00-1-0. Moreover, the Company seeks to increase its capacity by planning of alternative power generation such as solar energy project in soon.

Our waste heat recovery plant has directly eased our environmental impact by reducing the amount of duct and lowering the temperature of waste heat before it is released to atmosphere. We can also reduce carbon dioxide, which is primary greenhouse gas and help alleviate global warming.

INSEE Digital Company Limited

INSEE Digital Company Limited is a subsidiary of SCCC that was established in 2013 to offer complete information and digital technology services to all SCCC and its Group companies within Thailand and outside Thailand such as Chip Mong INSEE Cement Corporation, Siam City Cement (Bangladesh) Limited, Siam City Cement (Lanka) Limited. In the future, INSEE Digital Company Limited is expected to expand its services to other customers outside the Company, particularly our business partners.

With the Digital Technology Services and Enterprise Software Development, INSEE Digital Company Limited has received Board of Investment (BOI) promotional privileges that receive the exemption of import duty on machinery and five-year corporate tax until 2021.

Services

INSEE Digital is an industrial partner for all businesses, helping them to apply IT and digital technology in their operations in order to create business differentiation and a competitive edge in the cement industry and the construction materials business.

Marketing and Competition

INSEE Digital Company Limited is determined to be a credible and trusted partner who can offer IT and digital technology services to help create smart organization systems and connect our business with customers and business partners in a real time fashion. The Company's goal is to enhance the potential and the efficiency of the organization while creating a competitive advantage for all SCCC subsidiaries and related parties by;

1. **Being a digital technology expert** with thorough understanding of all components of information technology and digital technology so that it may be applied with maximum use for all SCCC subsidiaries and related parties in order to boost their competitiveness and create new business opportunities.
2. **Offering excellence in IT services** to oversee and offer complete IT and digital technology services with exceptional quality and world-class standards for maximum satisfaction of service recipients.
3. **Creating a smart insight driven organization** by introducing the systems that will help connect all elements, from the start to the end, in order to offer the best experience and business intelligence to enhance the capacity and capability of users.
4. **Representing the strength of SCCC** by leveraging the intellectual property of SCCC to become a leader in information technology and digital technology with the best operations in order to attain sustainable development.
5. **Being the regional hub of in IT and Digital Technology Services** by transform, expand and strengthen our people and organization capabilities to become the regional services hub in order to support the regional growth of SCCC Group.

At present, the Thai government promotes a digital economic policies and Thailand 4.0 policies. Markets and business models are changing rapidly with advancement of digital system. All subsidiaries of Siam City Cement Public Company Limited have recognized its importance and begun a process of transformation that steers the respective organizations toward adopting the appropriate digital technology to improve their business operations and also move toward ready for Industrial 4.0 era.

Siam City Cement (Bangladesh) Limited

Siam City Cement (Bangladesh) Limited is one subsidiaries of SCCC located in Dhaka, Bangladesh. It was renamed in June 2016 in order to expand business operations to Bangladesh after an acquisition from CEMEX. This expansion has helped enhancing SCCC Group business potential to become a sustainable regional leader in cement industry and building material under “INSEE” trademark. Presently, the Company is producing two types of cement product;

Ordinary Portland Cement (OPC) and Portland Composite Cement (PCC), which delivered a high quality and products and premium services with BSTI standard (Bangladesh Standards and Testing Institution) to many customer sectors such as distributors, contractors, homeowners and developers. Siam City Cement (Bangladesh) Limited remains committed to improving quality and type of products and services in order to meet the needs of customers in Bangladesh continually.

Marketing and Competition

Siam City Cement (Bangladesh) Limited has focused on quality products and services with distribution in domestic markets through channels such as business partners, project owners, contractors and developers, mainly in Dhaka and Chittagong, since their cement demand is increasing from their local state of development and requirement for housing and infrastructure. With densely population of 158 million, Bangladesh has cement market size at 24 million tons per year and growing at 8-9 percent, in other words, cement consumption per capita is approximately 100 kg per person which is relatively low with room to grow. Political turmoil is identified as one of the key risk factor that impacts the growth of the economy which in turn affects the cement demand. However, cement demand is forecasted to continuously growth at 8 percent per year, owing to improve political stability as well as a challenging business environment of 35 players, both local and international companies.

Providing and Production

Plant of Siam City Cement (Bangladesh) Limited is located nearby Shitalakshya River in Narayanganj, 34 km South from Dhaka, a capital city. It has one production line with annual capacity of 550,000 tons, divided into 95 percent of PCC and 5 percent of OPC from 100 percent import clinkers from Siam City Cement Public Company Limited. The Company also have planned to increase the production capacity to 1.2 million tons cement per annum in next two years to meet the strategic business growth and development.

Conwood Company Limited and PT. Conwood Indonesia

Conwood is the manufacturer of architectural decorative materials made from high-quality Portland cement and cellulose fibers under the brand “Conwood”. Produced



through advanced and environmentally-friendly technology from Switzerland, all products are of a unique quality combining beauty, durability and other appealing attributes such as being weatherproof, termite-resistant, non-combustible, and perfect for use like real wood.

Product and Service

A wide range of Conwood products has been developed to meet all types of demands and is suitable for both exterior and interior decorative works as well as for landscape architectural use. The products are mainly divided into four groups based on their applications floor, wall, eaves and ceiling, and general decoration, all of which can be easily applied to serve the various decoration demands and imagination.

In 2016, Conwood continuously developed its products and expanded its organization base to align with the expansion to new markets. The Company set up Product and Solution Development unit to create innovations, improved solution systems to support products and value-added products. The product highlights that were launched in 2016 include CONWOOD Decorative Panel Rhythm and CONWOOD Decorative Panel Array, the groove wall panels adding more dimensional beauty to residence with its light-reflection attributes. The new products have been warmly welcomed by leading property developers, architectures as well as house owners.

The operational results in 2016 reported net sales of 1.5 billion baht, which slightly decreased 1 percent from 2015 registering 97 percent from local sales and 3 percent from exports.

Marketing and Competition in Thailand

In the past year, the competition in fiber cement market was fierce during to the economic slowdown, the entering of various alternative materials and the decline of consumer purchasing power and investor confidence. This brought Conwood a new challenge of maintaining market share. As Conwood has always emphasized on quality improvement, the Company set up Product and Solution Development unit to develop high competitive products. The new unit not only Created products of high quality, but also developed the application system that was in compliance with customers' needs, both of which will enhance the potential to compete at regional level.

Regarding the business direction in 2017, Conwood will maintain its key strategy by focusing on key target which is low rise residential projects, as well as expand and strengthen its customer base covering architectures, interior designers, contractors and house owners. Conwood will also add values to products by developing the solution system that serve the markets' demands and integrate a wider range of services into the One Stop Service Solution under the name CONWOOD i-SERVICE. Customers purchasing Conwood products can receive installation service and product warranty which will increase customer confidence in both of products and services quality. Conwood's key overseas markets have been the CLMV but in 2017, under the Select Market Strategy, the Company shifted its focus to new potential markets like Russia and South Korea as well as retained its customer base in the CLMV especially Vietnam.

The production process of all Conwood wood products has been implemented under an environmental conservation policy. The Company has received the

environmental management standard ISO 14001:2004 certification, the quality standard ISO 9001:2008 certification, and the occupational health and safety management standard OHSAS 18001:2007, while all products have also been endorsed as eco-friendly construction materials by the Singapore Green Label.

Marketing and Competition in Indonesia

Despite Thailand's economic slowdown, the regional market conditions have been favorable for Conwood to penetrate the market and grow. Conwood was the first to establish fiber cement plant in Indonesia. The Company has been marketing products through a network of distributors across Indonesia's main islands and significant areas since 2014. This has helped the Company to advance to regional market and create a platform for exports.

Conwood is innovative decorative products that looks like real wood, making them one of firstly chosen materials for many famous architectural projects. The brand has gained trust from key property developers, hotel networks and international restaurant chains. In 2016, "CONWOOD" continuously developed products and technology to differentiate its products from those of other brands. The Company also organized training workshops to teach local contractors about carving and making wood crafts out of Conwood products, leading to a variety of products with various usability. The products were also used for furniture building or applied to home decorations, adding charmingly unique to the place.

Products under the brand "Conwood" have been impressively welcomed since its introduction in 2012 as demonstrated by a number of reader's choice awards and architectural awards. The Company aims to succeed through the Conwood brand awareness, the experience the brand provides and the loyalty to the brand. Conwood products have also been favored by overseas designers, proven by the Best booth Design Award, Open Structure Category, from Archidex 2016 recently organized in Malaysia.

Procurement and Production

The Conwood plant was opened in June 2014 with the capacity to accommodate five production lines and an annual production capacity of 180,000 tons to meet growing domestic demand in Indonesia and the export market.

The production process of Conwood is guided by strict environmental protection policies such as the environmental management standard ISO 14001:2015

certification, the quality standard ISO 9001:2008 certification, and the occupational health and safety management standard OHSAS 18001: 2007. In addition, it has been certified by the Singapore Green Label for its eco-friendly construction materials.

Globe Cement Company Limited

Globe Cement Company Limited is a subsidiary of SCCC Group since May 2016 after acquisition of 100 percent share from CEMEX Asia Pacific. Globe Cement Company Limited is the producer of Portland cement with global standard quality and widely accepted by world class research institutions. The company distributes its products via over 300 authorized dealers around the country.

Characteristic of products/services

Currently, Globe Cement Company Limited produces and distributes main products as follows;

1. **Hydraulic Cement, Blue Globe** For heavy construction which requires high compressive strength or/ resistance, such as concrete structures, buildings, dams and bridges. It meets applicable requirements of TIS 2594-2556.
2. **Masonry, Green Globe** Used for plastering, brickwork and basic construction with light loads. It is mixed from Type I Portland cement and fine limestone-fine mixture procedure easy plastering and bricklaying with appropriate setting time that is perfect for housing construction.
3. **Mixed Cement, Super Globe** Multi-purpose masonry cement use for plastering brickwork, and forming shapes in basic construction without heavy load. It is packed in 40-kg bag and exceeds the TIS standard 80-2550.



Marketing and competition

In 2016, Globe Cement Company Limited generates its operating income primarily from Portland cement sales. The key marketing policy for products and services is to provide a wide range of products at competitive price together with fast delivery service. Characteristic of our target customer group are lower premium group. The Company distributes the products through distributors and retailers of approximately 90 percent, modern trade of approximately six percent of total sales. The Company focuses on competing in high quality product market which competition is very intense from numbers of competitors. Cement sales and distribution channel are operated through customer one stop service center. Globe Cement Company Limited offer online web services (e-Selling) and order system through mobile phone (m-Selling) to customers which is available 24 hours a day; customers can place orders via website or mobile phones with ready access to important information from anytime and anywhere regarding orders and new products and service, delivery status, etc.

Increased intense competitive conditions within the cement industry in recent years have affected on the pricing mechanism. Besides, political instability is another factor that makes investments in large infrastructure projects of public and private sector slowdown which resulting in decline of demand for cement consumption.

However, the Company's key success factors are the quality and value of products with fast responsive services to customers. This is vital to the Company to maintain its competitiveness among the strong competition in the industry.

Procurement and production

Globe Cement plant is located at Chaloem Phra Kiat district, Saraburi province with an annual cement production capacity of 844,000 metric tons. It has three cement mills currently in operation while two kilns currently under permanent shut down. The Company purchases clinker which is the key raw material to supply its production line from Siam City Cement Public Company Limited, while other raw materials are purchased from Mae Moh.

Siam City Cement Lanka Limited



On 10 August 2016, SCCCC completed the acquisition of 98.95 percent of Holcim Lanka Ltd. from the LafargeHolcim Group. The Company is the leading cement player in Sri Lanka with positions covering the entire country. Siam City Cement (Lanka) limited is the only cement player operating an integrated cement plant producing cement locally while having grinding and packing positions in key ports of Sri Lanka Island. Most of cement in Sri Lanka is otherwise imported.

Product and Service

Siam City Cement (Lanka) Limited is the sole cement dealer in Sri Lanka that operates an integrated cement production plant in the country, with clinker grinding and packaging facilities located at all major Sri Lankan sea ports. The Company also provide housing solutions to customers at a very reasonable cost.

Marketing and Competition

Driven by post war (that ended in 2009) reconstruction and economic development, the country's cement market has seen a healthy growth. The construction growth is benefitting from favorable economic environment with the country GDP growing an average above six percent, strong tourism sector boom, large infrastructure related investments for the next decade and the emergence of demand for high rise building apartments in big cities and affordable housing programs.

The management is convinced that the cement market will continue to grow strongly both in the retail and B2B businesses.

Siam City Cement (Lanka) Limited has very strong and trusted brands, Sanstha and Marine Mahaweli, both in the market for decades and viewed as local products. The company will continue to implement his commercial strategies around three axes;

A unique cement product portfolio that takes into account performance, and environmental concerns. The Company is the leader in promoting application based blended cement in the country with each product presenting unique features depending on the segment served. The green agenda is very important to us and every step in the value chain is carefully and continuously reviewed to ensure that our carbon footprint is reduced. For instance, We have launched Ship-to-Ship operations or hybrid train-truck transportation to reduce our impact in distribution, and our products have received the green labels.

Siam City Cement (Lanka) Limited will continue to take advantage of the regional expertise of the Group to develop localized new solutions that bring additional benefits to our customers. In 2016, Siam City Cement (Lanka) has launched successfully a full solution for the affordable housing. Leverage SCCC Group various products beyond cement and make them available in Sri Lanka.

Last, we want to continue to enhance our commercial response and be viewed by our customers as trusted partner, who is easy to do business with and deliver what he promised.

Chip Mong INSEE Cement Corporation

On the past decade, Cambodia construction market is expanding while SCCC has been one of the biggest cement provider in Cambodia market. While so, the competition with local cement producer has increased coupled with increasing cost of logistics, it is the right time to invest in a manufacturing point where it will be closer to the high consumption centers of Cambodia. Chip Mong INSEE Cement Corporation is a 60/40 joint venture between the Chip Mong Group of Cambodia and Siam City Cement (SCCC), where it combines the local expertise on market and distribution of CMG (Chip Mong Group) with best in cement technology know-how (SCCC). This JV will build Cambodia's most modern state-of-the-art cement plant in Kampot province, 125 km south of the Capital Phnom Penh. First Commissioning will commence in August 2017 and first clinker and cement production is expected during Q4/2017.

On 5 December 2015, Chip Mong INSEE Cement Corporation had signed an EPC contract with CITIC heavy industries of China, where the cement plant was designed to top international standards of operation quality and energy efficiency, using top rank equipment imported from China and Europe. Overall progress achievement as of December, 2016 is 60.81 percent, while the current headcount of CMIC employee is at 63 persons. Currently CMIC has established and designed EVE program with cooperation with National Polytechnic Institute of Cambodia (NPIC), in order to develop local workforce to equip with knowledge to be able to operate cement plant. CMIC is expected to have approximately 400 personnel during the operation phase in Q4 of 2017.



Milestone Changes in Business Operations



Siam City Cement has committed itself to deliver the highest value to the stakeholders. To deliver such a commitment, it is almost important for us to have a clear business growth strategy along with the effective execution plan.

Domestic and border markets have always been Siam City Cement's main focus as they have contributed tremendous value. However, changes in the economic and the competition landscapes have put great pressure on these markets, which in turn led us to explore other opportunities to secure the much-needed growth story.

Strategic approaches were put in place so that our group will continue to be successful in creating value to stakeholders. In 2016, Siam City Cement has invested in a series of strategic investment to ensure that our group continues to grow both in revenue and profit. At the same time, we still protect our assets and safeguard the efficiency and productivity of our core operations in Thailand. These strategic investments will assure that SCCC can maintain our competitiveness and can deliver sustainable growth.

The overall economic growth in 2016 was sluggish due to delays in government and private investments along with the slow recovery of the world economy.

The situation has impacted the overall construction market, and is indicative that the reliance on core business alone is not sufficient to generate sustainable growth. With that in mind, SCCC's pursuit of strategy to diversify risks and to enhance growth has become crucial. The first regional greenfield expansion was in Cambodia towards the end of 2015 with a joint venture partnership to build a 1.5 MTC (million-ton cement) plant in Kampot Province. This project will give us the competitive position in the growing Cambodian market.

To take another step, we continued our investment in acquiring cement plants in Bangladesh and Sri Lanka. This geographical expansion will ensure that we leverage our core competency as a cement manufacturer and optimize our resources across the region. The Bangladeshi and Sri Lankan markets are still in emerging stages and will provide SCCC with the growth opportunity in both core cement businesses as well as other business lines. Moreover, this expansion enhances the competitiveness in terms of cost of our domestic production as they provide captive outlets for our clinker, enable our company to maintain high kiln utilization. The Company will also benefit from cost sharing of R&D, and technology transfer among SCCC Group, as well as providing career opportunities for our employees.

On the domestic front, Siam City Cement continues to optimize the core business with projects to revamp domestic operations including Cement, Ready-Mixed Concrete, and Mortar. These development plans included improvement in production cost competitiveness, leveraging of R&D, enhancement of distribution channel/network and the strengthening of sales and marketing function by involving world-class consultants as well as introducing the latest information technology platform, namely SAP HANA. These significant investments allow Siam City Cement to be a leading player in both Thailand and other significant markets.

While pushing both core domestic businesses and geographical expansion, existing building materials portfolio including INSEE Aggregate, Conwood by INSEE, and INSEE Superblock are still part of our growth opportunity which will give us the solid were also strengthened. With the vast amount of reserve that we have at INSEE Aggregate, we have done series investments to introduce the aggregate business to the local markets, focusing on bringing high value rock products to our customers.

Conwood group is positioned to be the producer of premium wood replacement products in both outdoor architectural applications as well as indoor aesthetic interior design. Their multi-purpose applications do not only benefit the construction business but also the environment through the reduction in the use of natural wood. With two technologically advanced production facilities in Thailand and Indonesia and export network throughout the region, Conwood group can expand its foothold across the region effectively.

Although the Light Weight Block market continues to face challenges from price, INSEE Superblock continues with its strategy to offer building solutions to customers. A new range of products include panel and wall solutions, while the competitive cost is maintained. We believe that these building material groups will continue to be a major part of our group's development plan.

As part of our effort to diversify the business, we have expanded our existing waste management operation previously operated under cement production at our Saraburi facility. With the volatility in energy prices, we would like to ensure that Siam City Cement maintain its access to cheap and reliable sources of fuels. INSEE Ecocycle was hence established in 2016 as a standalone business unit focusing on total waste management solutions. These solutions included co-processing of multiple wastes to be part of alternative fuels for kiln consumption, to keep our production cost low and to generate new revenue stream from full waste management solution services for our customers. To further strengthen the Company, INSEE Ecocycle acquired assets of Valence Corporation Limited, a leading industrial waste cleaning company, and established a business line serving heavy-industry customers such as oil and gas businesses. This will secure for us the pipeline of both incoming alternative fuels as well as revenue stream from service fees.

With all those activities, it is very clear that human resources will play a major role in driving the success of our group. Highly effective talents and organizational structures are the keys to support the sustaining of the business growth. Siam City Cement has implemented projects for organizational and employee development, such as the reorganization of the marketing and sales teams, the assurance of talent pipelines of both leadership and technical experts, the restructuring of development program for all level of management and many more. These also include the collaboration with world-class educational institutes on Executive Education and Leadership development programs and Harvard Business School.

Major Development and Initiatives in 2016



People & Organizational Performance

- **Senior Management Development Program (Cohort#2)** - Senior Management Development Program (SMDP), classroom and action-learning integrated executive development series focusing on both business acumen and leadership to strengthen senior managers' competence as global leaders. This is to fill current gap and enhance capability of senior management leaders, to enhance networking, collaboration and resourcefulness among SCCC Leaders.
- **INSEE Leaders meet Executives** - The Leaders meet Executives workshop is a unique opportunity for SCCC leaders to meet and interact with the executives i.e. Chairman and Vice Chairman of the Board of Directors and members of the Nomination and Compensation Committee. The programs are designed to help inspire and equip key SCCC leaders to be better able to challenge conventions across their entire business model by taking the output of the first Leaders meet Executives workshop and using it as the starting "raw materials" for the second program (Challenging Conventions in Action Program). This program provides the opportunity for SCCC executives and potential leaders to share and exchange views with them in regards to the current performance and future of the Company.
- **Challenging Conventions in Action** - A global-standard development program for top executives and senior managers to drive in brand-new business initiative and innovative culture. This is to develop familiarity with the dynamics of innovative change and culture within SCCC's industry sectors and an appreciation of what would be necessary to increase the innovative leadership capabilities of the executives and the innovative culture in business units that they are responsible for.
- **Leadership Development Program for MML and FML** - A flagship leadership transitional development series, Leadership Development Program (LDP), to prepare INSEE leaders in mid-management and first-management level for future leadership roles and career growth. This is to equip and develop

participants on both business acumen and leadership competencies to fortify their readiness in the leadership transition opportunity to their future career growth, and to enhance networking and collaboration among SCCC emerging leaders.

- **Advanced Business Leadership Program** - An advanced Business Leadership Programme (ABLP) to develop passionate leaders at senior mid-management level to drive business and functional performance. This program provides executives with an opportunity to deepen their understanding and sense of connection with international colleagues and peers from around the business. The overriding goal of the ABLP is to provide executives with the concepts, practices, and tools they need to manage successfully in a volatile, uncertain, complex and often ambiguous business environment.
- **New Induction Program** - A continuation in delivering new employee orientation programs in two concurrent streams to address unique needs of both employees and executives. This is a new SCCC Onboarding Program for New Hires aimed at accelerating new hires' productivity, boost their performance to support the business objectives and ultimately to enhance their engagement and retention.
- **INSEE English Hub & English On-Tour** - An English proficiency development program and INSEE English Hub aimed to provide learning coverage and access to customized English class by proficiency levels,



one-on-one tutoring sessions, online learning, English library and other learning materials. As English is a passport to the growth of the company and an individual's career, an INSEE Academy's mission is to enhance learning channels and accessibility to develop English proficiency of all employees.

- **Cement Manufacturing Course Plus 2016** - The Cement Manufacturing Course for new engineers, the ATD global award-winning program, where new engineers can develop both technical and leadership capability and demonstrate them through project assignments supporting operation cost saving and/or operational excellence. This course will help to enhance both technical and leadership competency of new engineers in cement operations to complete challenging project assignment, to be able to manage and perform in their key roles and responsibilities.
- **Supervisory Leadership Development for New Section Heads Program** - A new intensive leadership development program for new section heads in cement operations to improve employee engagement in supervisory aspect and achieve the expected individual and team performance. This course will help to develop supervisory leadership skills for new section heads to establish trust and credibility as well as to energize and lead the team to achieve both individual and team performances.
- **Leadership in Operational Performance Excellence** - The leadership development and performance excellence integrated program to enhance operational team collaboration and empowerment to reach operational performance target. This is to enhance operational team collaboration, team empowerment and team strength to achieve performance improvement of Saraburi Operations.
- **INSEE Trainers** - The INSEE trainer management and development program, including recognition campaign for all internal trainers supporting people development interventions by the INSEE Academy. This is to develop the capability of "INSEE Trainer" on training design and delivery capabilities that will enable them to deliver effective knowledge, skills and mentoring as required by the standard of SCCC and its Group companies.
- **Functional Academy & OPI Coach** - The continuing implementation of Functional Academy and Operational Performance Improvement (OPI) Coach in cement operations, concrete operations, aggregates operations, mortar production, light-weight block

production, commercial, procurement, finance, and logistics. This is expected to result in the long-term employees' capability building and functional performance for functional excellence. Functional Academy & OPI Coach concept is designed to serve SCCC Group's business needs through integrated framework to enhance capability and performance of all functions.

- **Knowledge Management** - The continuing implementation of knowledge management culture and system, or INSEE Wisdom, provided with the platform for exchanging, sharing and storing all critical knowledge, social collaboration tools for mutual interest and experts within the organization for the utmost utilization. This is to encourage continuous learning anywhere and anytime via self-learning tools and KM platform, to drive SCCC to become the Learning Organization and enhances the sustainability of the organization.

Marketing and Sales

1. Cement Product

To serve increasing demand on performance, SCCC strives to maintain its focus on continuous enhancement of its products and solutions. Under structural application, the use of Portland Composite Cement (PCC) has been expanded rather significantly from last year (2015). PCC was further formulated to sustain high-level performance comparable to Ordinary Portland Cement (OPC), while increasing environmental-friendly impact by reducing clinker factor, leading to even more CO₂ reduction. In plastering application, our fine plastering cement, INSEE Tong, was specially re-formulated for best performance and launched to market.

2. Ready-mixed Concrete Product/Solution

During this year, The Company emphasize on two main applications; Industrial Floor and Highrise building. On the industrial floor application, we have developed steel fiber-reinforced concrete by collaboration with fiber supplier/designer and university partner, as alternative to conventional steel-reinforced concrete floor for fast installation. This concrete will be a key added solution of INSEE Floor Solution in 2017. For highrise application, we have developed the high performance concrete and light-weight concrete with aim to reduce structure & weight, by working with international consultant and partner.



3. INSEE Mortar Product/Solution

During the first quarter, INSEE Dry concrete product family has been successfully launched, together with easy-floor screeding mortar that has shown via several demonstrations at customers to have the benefits in high quality finishing, faster installation, and better total cost overall. Premium light-weight block plastering mortar for very fine/smooth surface and crack reduction has been developed and under test at selected customer sites.

Legal

- **“Excellent” recognition level of Corporate Governance Performance of Thai Listed Companies in 2016**, rated by Thai Institute of Directors Association (IOD).

Outbound Logistics

- **New strategic warehouse** - Outbound Logistics have set up a strategic warehouse in Khon Kaen Province to enhance service and capture market share by using it as a competitive tool to improve “last mile” delivery service to sub-dealers in central Khon Kaen. The new warehouse will provide small-lot shipments, shorten delivery lead time and reduce dealers' inventory costs. The new facility will lead to improved customer satisfaction and more market penetration.

Saraburi Operations

- **Good to Great Wave III** - This project saw executives and employees join forces in brainstorming sessions to lay down the strategy to develop technical and personnel processes, to strengthen production cost leadership, to improve morale through the effective dialogue process, to create career opportunities and self-development. Targeted is the cost saving of around six percent or at least 500 million baht by 2016 as well as the better efficiency improvement of human resources.
- **Membership in Cement Sustainability Initiative (CSI)** - CSI is a global effort by 26 major cement producers in over 100 countries in the pursuit of sustainable development. SCCC has been a CSI member since October 2015. CSI, as championed by the World Business Council for Sustainable Development (WBCSD), has been impressed with SCCC's Sustainable Development management standards, in accordance with the CSI charter which is to provide for operational standardized, collaboration, social responsibilities, and create standard reports in many dimensions.
- **Digitally Connected Plants (R2)** – This project is the IT connection and support for reliability drive at the three plants, consisting of maintenance war room, digital asset maintenance execution, digital contractor management, and IT-OT integration. The aim is to earn higher net income by boosting productivity and reducing production loss.
- **OHS Pyramid** - OHS Green Pyramid assessment is implemented to ensure the 19 important elements of OHS management system are in place for sustainable OH&S performance. The assessment involves the review of the old version of the pyramid, integrate elements into the new version of the OHS pyramid.
- **INSEE Power** - INSEE Power focuses on three dimensions : 1 Production costs and performance improvement; 2 Enhance and develop people from first management level (FML) to be middle management level (MML) and boost new leadership to support expansion projects; 3 Develop INSEE Power team for shop floor employees. INSEE Power has collaborated with INSEE Academy to create the Leadership in Operational Performance Excellence project. The main aim is to develop performance and accept recommendations from shop floor employees to drive projects and initiatives.
- **Safety Garden Phase II** - The Safety Garden Phase II is a success story for OH&S training by imparting safety knowledge, skills and awareness to newcomers. Currently, Safety Garden has 12 training stations and is offering up to 30 courses. In Phase II this includes chemical safety station and emergency health service station. The aim is to be the OH&S knowledge for current and new employees.
- **GNR (Getting the Numbers Right) membership** - SCCC became a GNR member in 2Q/2016. The GNR system is a sector-wide global information database that provides accurate, verifiable data on the cement industry's CO₂ emissions and energy performance. Cembureau, the European Cement Association, collects information from non-CSI cement plants mainly in Europe, ensuring nearly complete coverage of all cement installations. The aim of the membership is to enhance transparency and our position to save the environment and use the environment data for global reference and create company direction.
- **Green and Clean Area Awards 2016** - The Environment & Standard System Development Department created the environmental assessment standard and gave the summary report with recommendation to improve the environment to the area owners. SCCC employees participate in the project to improve and develop their areas to correspond with Green and Clean Area Standard 2016.



Finance & Controlling

- **Financial Policies** - Rolled out Group financial policies across Group entities to streamline internal processes and to ensure good governance compliance.
- **Bol Approval for Kiln** - Obtained Bol approval on the investment of Kiln No. 3 and waste heat recovery.
- **Bol Approval for INSEE Digital** - Obtained Bol approval on the investment of INSEE SMART project under INSEE Digital Company Limited.
- **Debenture Successful** - Successfully raised fund through debenture issuance at competitive rates in a total amount of four billion baht.
- **Insurance Optimization** - Implemented Insurance Optimization program to procure all-risk insurance that covers all the conceivable risks to the business with improved terms.
- **Support for M&A** – Actively supported M&A activities including but not limited to financial due diligence and securing bridge facilities for the transactions.
- **Finance Service Desk** - Launched Finance Service Desk to provide finance related services and consultation across the organization.
- **Competency Matrix** - Implemented Finance and Controlling (F&C) Technical competency matrix and development program to enhance team skills and capabilities.
- **Cost Reduction Program** - Jointly initiated a cost reduction program across the organization aiming to counter adverse economic situation resulting from intense market competition.
- **BPC Project** - Implemented BPC Project (Business

Planning and Consolidation) as part of INSEE SMART project for financial projection support based on selected key drivers to support the management's decision making.

- **Procurement Excellence Program** - Implemented Procurement Excellent program to continue transforming procurement into world-class category management unit.
- **SAP GRC** - Implemented SAP GRC (Governance, Risk and Compliance) Process Control for continuous control monitoring for the areas of Vendor Master, Account Payable, Payment and Procurement.

INSEE Concrete

- **Reorganization** - Reorganized the Sales Department to merge the INSEE Concrete and INSEE Concrete Franchise teams into one, in bid to achieve business excellence and targeting and to create strength to take on fiercer challenges and to ensure a unified INSEE Concrete, expand the network to cover Thailand and to build brand loyalty for INSEE Concrete.
- **Information technology development** - The project to develop and modernize the information technology applicable to the business in order to develop the quality and service to fulfill the needs of the customers. These systems include RMX Express which is a part of the INSEE SMART project developed for use in the concrete dispatching system. This is linked up the SAP system and involves COMMAND batch production control, COMMAND quality control, SFDC customer database, GPS tracking and reporting of the status of concrete mixer trucks.





- **On-line process** - The development of the on-line quotation and price approval (Sales on-line solution) system to enable INSEE Concrete sales representatives to request discounts, and open the customer accounts that is linked to the SAP system.

INSEE Aggregates

- **Improvement** - Improved technology and production process at Suphanburi Rock Quarry to increase production effectiveness and quality to fulfill customers' requirement for high quality aggregates.
- **Restructuring** - Restructured the Marketing and Customer Service Technical Department to support the changing trend of the market and customer to be able to satisfy the customers better and quicker.
- **Training** - Continuously trained the employees in both theory and in practice at the intermediate level to improve the knowledge and skills of the employees, thus improving efficiency.

INSEE Superblock

- **Superblock Plus** - INSEE Superblock has developed a new product, INSEE Superblock Plus, to target the expansion of customer base in the market.
- **Value-added products** - INSEE Superblock cooperated with Conwood by INSEE to develop value-added products, such as benches and lawn furniture. These new products were launched in November 2016 at the Home & Garden Fair.

INSEE Ecocycle

- **Acquisition of part of assets in industrial service business** - INSEE Ecocycle Company Limited successfully acquired part of assets of Valence Corporation Limited in a bid to grow the Company's business. With this acquisition, we are able to provide sophisticated industrial services related to environmental and waste management needs. Ecocycle has now alongside the industrial waste recovery business possessing the capability to provide highly specialized industrial cleaning service in the petrochemical, oil and gas exploration and product as well as the power generation sectors.
- **Merger of Alternative Fuel and Raw Materials Preparation Platform in Saraburi** - SCCC has transferred the Alternative Fuel and Raw Materials Preparation Platform to INSEE Ecocycle so that Ecocycle becomes a one-stop industrial waste management and alternative fuel preparation platform.

INSEE Digital

- **Customer Panel - Align Business and IT Priorities for Strategic Digital Transformation** - To embrace co-innovation throughout the business to enable digital transformation. Hear customers discuss how IT and lines of business are working together to transform business processes and models. This panel discussion helps the business to understand how new innovations like SAP S/4HANA software are helping to run live business and making an impact to the bottom line.
- **Experience Sharing - Organizational Transformation** - At present, Thailand is moving into Thailand 4.0 through digital technology to drive the country and to rapidly effect organizational changes. Therefore, organizational transformation is crucial to the strategic thinking of SCCC executives to understand the changes and the competition in the world.
- **SAP Shaping 2020 - Asian Innovators Summit** - The summit brought together business leaders and industry experts who shared valuable insights on what it takes to reimagine your business in the digital economy. Participants heard about the key strategies for success, implementation lessons learnt and how SAP S/4HANA and SAP Cloud Solutions are the key enablers for digital transformation.

- **Panel discussion - Logistics 4.0 Strategic Ideas for Private Enterprises** - In this panel discussion, audience benefited from hearing top management of leading companies in the world, including Thailand, that are innovators and strategic thinkers who have already taken important steps to transform their companies to face the Logistics 4.0 challenges.
- **Reinventing IT as a Business Driver - How Thick is Your Cloud?** - To bring out inspiration as we embarked on the journey of technology (HR technology/ Cloud in general) for SAP and POIT participants and to expand more knowledge on cloud technology.
- **Human Centric Innovation - Driving Digital Transformation** - This is to help customers and partners understand the digital innovations that are taking place and to help them better position their organizations to take advantage of digital transformation.
- **Winning Culture** - This was a program to develop the winning culture at INSEE Digital, in order to overcome challenges, to working as a team, to be able to differentiate, and to learn to “ask for forgiveness, not permission”.
- **Functional Development** - This program aimed to find employee gap and employee development. It was a strategic plan for INSEE Digital as it changed to INDG. It focused on employee development as the Company embarked on the new direction.

Conwood

- **New product launches** - Three new products launched to provide new design choices for



customers. These are: 1) CONWOOD Decorative Panel Rhythm, 2) CONWOOD Decorative Panel Array, and 3) CONWOOD Lap Siding G-Series/G5.

- **Production and Solution Development Unit established** - CONWOOD set up the Product and Solution Development Unit to develop highly competitive products. The new unit will also develop an application system that will comply with customers' needs.
- **CONWOOD i-Service expansion** - A wide range of services were integrated into a one-stop Service Solution Center. Customers can purchase CONWOOD Products and installation service with 1 year warranty which will increase customer confidence in both product and service quality.



Report of the Nomination and Compensation Committee

The Board of Directors appointed the Nomination and Compensation Committee at the 123th Board of Directors Meeting on the 21 July 2014 with Mr. Paul Heinz Hugentobler as Chairman. It composes also four additional Board members which are Ms. Nopporn Tirawattanagool, Dr.h.c.Harald Link, Mr. Vanchai Tosomboon and Mr. David Alexander Newbigging.

In 2016, the Nomination and Compensation Committee has continued its duties and responsibilities according to the Committee Charter with a total of six meetings conducted. In addition to the supervision of the implementation of nomination and compensation policies aiming at creating superior and value for our shareholders and for the delivery of the SCCC Group's strategic objectives, the Committee particularly focused on shaping the organization to sustain the Company's competitive edge in the domestic markets and in building capabilities to support our geographical expansion into selected Asian countries.

The Committee endorsed the nomination of executive appointments and establishment of Board of Directors of Siam City Cement Public Company Limited and its Group companies e.g. Senior Vice President Marketing & Sales, Senior Vice President Logistics, Chief Executive Officer of Siam City Cement (Bangladesh) Limited, Chief Executive Officer of Siam City Cement (Lanka) Limited etc..

The Nomination and Compensation Committee is also responsible for considering the Company's succession plans for the Management, taking into account the challenge and opportunities facing the Company and what skills and expertise are therefore needed. The Nomination and Compensation Committee Plus is part of the effort to accelerate the development and readiness of potential successors by providing them an unique opportunity to meet and interact with executives i.e. directors and management. This year, the two-day-forum was held during 25-26 August 2016 under the theme of "Challenging Conventions" with 35 leaders from the SCCC Group across geographies attending. theme of "Challenging Conventions" with 35 leaders from the SCCC Group across geographies attending.



Paul Heinz Hugentobler
Chairman of the Nomination
and Compensation Committee

Management Structure

1. Board of Directors

Structure of the Board of Directors

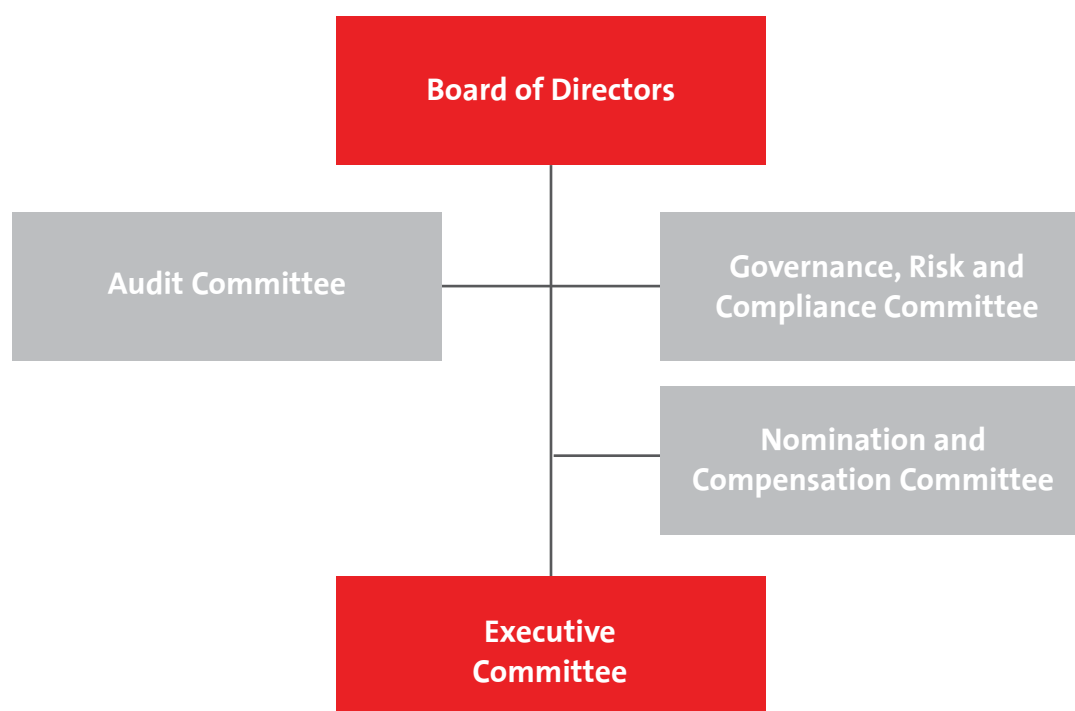
As of 31 December 2016, the Management structure of Siam City Cement Public Company Limited (“SCCC”) consists of the Board of Directors and three Committees, appointed by the Board of Directors. Said three Committees are the Audit Committee, the Governance, Risk and Compliance Committee, and the Nomination and Compensation Committee.

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

As of 31 December 2016, the Company’s Board of Directors consists of 12 members, including

- 11 non-executive directors
 - Four directors being independent directors representing 36 percent of the Board of Directors
 - Three independent directors being members of the Audit Committee
 - Four directors being members of the Governance, Risk and Compliance Committee
 - Five directors being members of the Nomination and Compensation Committee
- One executive director, i.e. the Chief Executive Officer
- Names and 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. Siva Mahasandana, 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. David Alexander Newbigging | Director |
| 8. | Dr.h.c. Harald Link | Independent Director |
| 9. | Dr. Sunee Sornchaitanasuk | Independent Director |
| 10. | Mr. Pradap Pibulsonggram | Independent Director |
| 11. | Mr. Charin Satchayan | Independent Director |

Executive Director

- | | | |
|-----|----------------------|----------------|
| 12. | Mr. Siva Mahasandana | Director & CEO |
|-----|----------------------|----------------|

Board Committees

Audit Committee (AC)

- | | | |
|----|---------------------------|-------------|
| 1. | Dr. Sunee Sornchaitanasuk | Chairperson |
| 2. | Mr. Pradap Pibulsonggram | Member |
| 3. | Mr. Charin Satchayan | Member |

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 |

Nomination and Compensation Committee (NCC)

- | | | |
|----|--------------------------------|----------|
| 1. | Mr. Paul Heinz Hugentobler | Chairman |
| 2. | Dr.h.c. Harald Link | Member |
| 3. | Ms. Nopporn Tirawattanagool | Member |
| 4. | Mr. Vanchai Tosomboon | Member |
| 5. | Mr. David Alexander Newbigging | Member |

Total attendances of Board Meetings and Committee Meetings in 2016

Director/Executive Officers	Total Attendances/Total Meetings				Remarks
	Board Meeting	Audit Committee Meeting	Governance, Risk and Compliance Committee	Nomination and Compensation Committee	
Non-Executive Directors					
Mr. Veraphan Teepsuwan	10/10	-	-	-	-
Mr. Paul Heinz Hugentobler	10/10	-	5/5	6/6	-
Mr. Chachchon Ratanarak	7/10	-	-	-	-
Mr. Vanchai Tosomboon	10/10	-	4/5	6/6	-
Ms. Nopporn Tirawattanagool	10/10	-	5/5	5/6	-
Mr. Pongpinit Tejagupta	10/10	-	5/5	-	-
Mr. David Alexander Newbigging	7/10	-	-	5/6	-
Dr.h.c. Harald Link	4/10	-	-	4/6	-
Dr. Sunee Sornchaitanasuk	10/10	19/19	-	-	-
Mr. Pradap Pibulsonggram	9/10	18/19	-	-	-
Mr. Charin Satchayan	8/8	15/15	-	-	Mr. Charin Satchayan was appointed in replacement of Mr. Somboon Phuvoravan pursuant to the resolution of the Annual General Meeting of Shareholders No. 23 on 7 April 2016
Executive Director					
Mr. Siva Mahasandana	7/8	-	-	-	Mr. Siva Mahasandana was appointed in replacement of Mr. Vorathep Rangchaikul pursuant to the resolution of the Annual General Meeting of Shareholders No. 23 on 7 April 2016



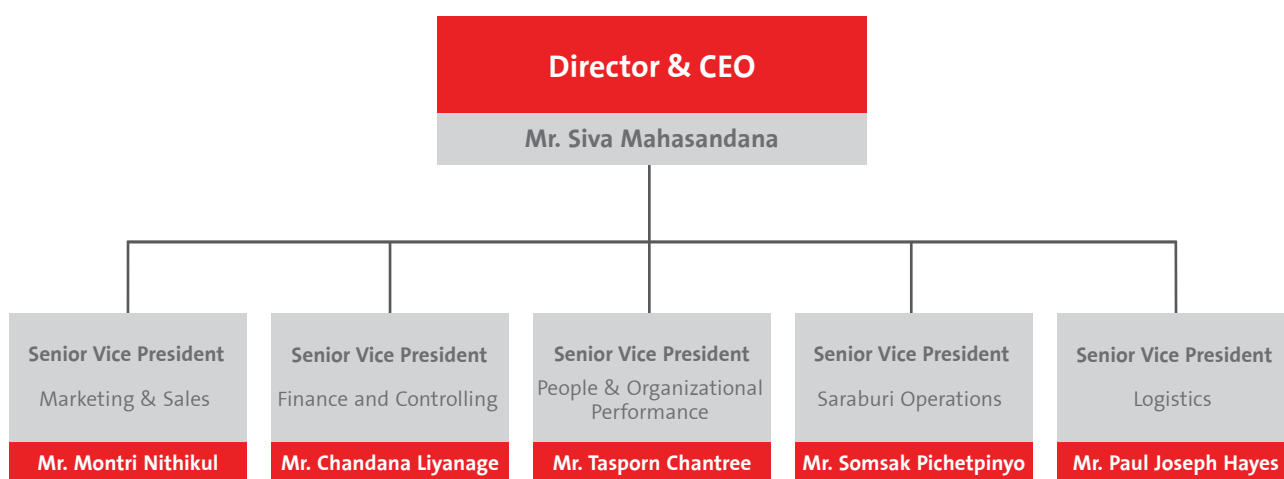
2. Executive Committee

As of 31 December 2016, there have been six members on the Executive Committee, as follows

Executive Committee

1. Mr. Siva Mahasandana Director & CEO
2. Mr. Montri Nithikul Senior Vice President (Marketing & Sales) (Appointed on 11 February 2016)
3. Mr. Chandana Liyanage Senior Vice President (Finance and Controlling)
4. Mr. Tasporn Chantree Senior Vice President (People & Organizational Performance)
5. Mr. Somsak Pichetpinyo Senior Vice President (Saraburi Operations)
6. Mr. Paul Joseph Hayes Senior Vice President (Logistics) (Appointed on 16 August 2016)

Executive Committee structure



Total Attendances at the Executive Committee Meetings in 2016

Executive Committee	Position	Total Attendances/ Total Meetings
Mr. Siva Mahasandana	Director & CEO	19/20
Mr. Montri Nithikul	Senior Vice President - Marketing & Sales	19/20
Mr. Chandana Liyanage	Senior Vice President - Finance and Controlling	19/20
Mr. Tasporn Chantree	Senior Vice President - People & Organizational Performance	20/20
Mr. Somsak Pichetpinyo	Senior Vice President - Saraburi Operations	20/20
Mr. Paul Joseph Hayes	Senior Vice President - Logistics	8/8

3. Company Secretary

The Board of Directors' Meeting has appointed Mr. Wutthipong Songwisit, Head of Legal, Legal & Corporate Affairs Department, to serve as the Company Secretary to perform duties as defined in the Securities and Exchange Act (No. 4) B. E. 2551 with responsibility, deliberation and integrity, and in compliance with the laws and regulations, the Company's objectives, Articles of Associations, resolutions of the Board of Directors' Meeting as well as resolutions of Shareholders' Meeting.

In addition, the Company Secretary has the duty in providing legal advice and related rules and good practices to the Board in monitoring its controls over the carrying out of activities to be in accordance with the laws; making arrangements of the Board of Directors' Meeting and the Shareholders' Meeting; coordinating with other departments within the Company to ensure the compliance with the resolutions of the Board of Directors and the Shareholders; coordinating with regulatory agencies such as the Securities and Exchange Commission and the Stock Exchange of Thailand; monitoring controls over the disclosure and reporting of information to the regulatory agencies and the public properly and fully in accordance with the law as well as conducting new director orientations and performing other duties as assigned by the Board of Directors.

Details of the Company Secretary and related training record are as appearing in "Details of Company Secretary, Head of Internal Audit and Head of Compliance".

4. Remuneration of the Board of Directors and the Executives

In determining the remuneration of the Board of Directors of the Company and the subcommittees, the Nomination

and Compensation Committee ("NCC") will take into account various factors, including, among others, the Company's business and performance, the market and industry norms, the current economic situation and the duties and responsibilities of the Board of Directors and the subcommittees. The NCC will consider the remuneration of directors and propose to the Board of Directors' and shareholders' meetings for consideration and approval on an annual basis. The payments of remunerations to Board members are made in accordance with the new Principle of Company Board of Directors Remuneration Payment approved at the Annual General Meeting of Shareholders No. 23 on 7 April 2016 as follows;

"Remunerations of Directors consist of director fees payable on a monthly basis and bonuses where the payments of which shall be made in accordance with the following principles from the date of the approval until the Shareholders' meeting has resolved otherwise.

Director's Fees The Board Members shall receive the director fees on monthly basis, at the aggregated amount of not more than the annual budget of 30 million baht. The Chairman and the Vice Chairman of the Board shall jointly make considerations on the allocations accordingly.

Director's Bonuses The Board shall receive the annual bonuses at the aggregated amount not exceeding 7 million baht. The Chairman and the Vice Chairman of the Board shall jointly make considerations on the allocations accordingly.

The provisions of the foregoing paragraphs shall not deprive of the right of any officers or employees of the Company who are elected and appointed Directors in receiving remunerations and benefits paid to Directors."



Remuneration in Cash

Directors' remuneration in cash for the Board Members for 2016 including Monthly Director fees and bonus are as follows

List of Directors	Total of Monthly Director Fee Paid in 2016				Bonus for 2015 Paid in 2016	Total Amount Paid in 2016
	Board of Directors	Audit Committee	Governance, Risk & Compliance Committee	Nomination & Compensation Committee		
	(Baht)	(Baht)	(Baht)	(Baht)	(Baht)	(Baht)
Non-Executive Directors						
1 Mr. Veraphan Teepsuwan	200,000	-	-	-	610,500	3,010,500
2 Mr. Paul Heinz Hugentobler	150,000	-	50,000	70,000	500,500	3,740,500
3 Mr. Chachchon Ratanarak	100,000	-	-	-	407,000	1,607,000
4 Mr. Vanchai Tosomboon	100,000	-	50,000	50,000	407,000	2,807,000
5 Ms. Nopporn Tirawattanagool	100,000	-	50,000	50,000	407,000	2,807,000
6 Mr. Pongpinit Tejagupta	100,000	-	70,000	-	423,500	2,463,500
7 Mr. David Alexander Newbigging	100,000	-	-	50,000	271,000	2,071,000
Independent Directors						
8 Dr.h.c. Harald Link	100,000	-	-	50,000	407,000	2,207,000
9 Dr. Sunee Sornchaitanasuk	100,000	70,000	-	-	237,000	2,277,000
10 Mr. Pradap Pibulsonggram	100,000	50,000	-	-	418,000	2,218,000
11 Mr. Somboon Phuvoravan ¹	100,000	50,000	-	-	407,000	892,000
12 *Mr. Charin Satchayan ²	100,000	50,000	-	-	-	1,320,000
Executive Director						
13 *Mr. Vorathep Rangchaikul ³	100,000	-	-	-	407,000	730,333
14 *Mr. Siva Mahasandana ⁴	100,000	-	-	-	-	880,000
Total					4,902,500	29,030,833

* Tenure of directorship is less than one full year

Remarks

1. Mr. Somboon Phuvoravan completed his term at AGM2016
2. Mr. Charin Satchayan was appointed as a Director in replacement of Mr. Somboon Phuvoravan at AGM 2016
3. Mr. Vorathep Rangchaikul resigned from Director & CEO, effective on 7 April 2016
4. Mr. Siva Mahasandana was appointed as Director & CEO in replacement of Mr. Vorathep Rangchaikul at AGM 2016

Remuneration for six members of the Company's Executive Committee was 93 million baht, including salary and bonus paid in 2016.

Other Remunerations

For Directors: None

For Executives:

- Contributions to Provident Fund of total 4.6 million baht;
- Contributions to Employee Joint Investment Program (EJIP) for its executives was 5.8 million baht; and
- Company cars provided for the members of the Executive Committee to use in performing his/her duty.

5. Personnel

As at the end of 2016, the Company (including its subsidiaries both in country and overseas) accounted for a total 5,059 employees. The total payment of remunerations to employees was at 4,054 million baht, such as salary, wage and other employee benefits.

Number of employees as at the end of 2016

Company Group	Number of employees as at the end of 2014 (persons)	Number of employees as at the end of 2015 (persons)	Number of employees as at the end of 2016 (persons)
Production Line	2,566	2,575	3,202
Logistics	444	433	492
Marketing and Sales	438	456	640
Finance and Controlling	156	166	258
Others	202	360	467
Total	3,806	3,990	5,059

Number of employees and employee costs as at the end of 2016

Company Group	Consolidated financial statements		
	2014	2015	2016
Number of employees as at end of year (persons)	3,806	3,990	5,059
Salary, wage and other employee benefits (Baht)	3,259,633,022.78	3,545,950,247.96	4,053,673,347.22

People Development Policy

Every member of Siam City Cement Public Company Limited is the most important element and the foundation of our business. We strongly believe that

our success and growth depends on the employees who represent the core values and competencies aligned with our vision, regional business direction and career growth of the employees. Thus, SCCC aims to develop and improve people management and development to achieve the global standards in leadership, knowledge,

capabilities, operational skills and management, to serve the work at hand and prepare for future promotion. This shall transform our organization to be the leader in construction materials in Thailand and Asia.

We encourage the good teamwork and 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.

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 Siam City Cement and its Group companies which includes Mixed cement, Portland cement, INSEE Mortar, INSEE Concrete, Conwood for architectural decorative materials, INSEE Superblock for light-weight concrete block, INSEE Ecocycle for total waste management, and INSEE Digital.

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 for employees of all levels, Coach Performance Improvement Program, Technical & Functional Skills Development Program, OH&S and Sustainable Development Program, English Proficiency Development Program, Code of Business Conduct & Compliance Program.

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/sharing best practices (70), on the job coaching (20), classroom and self-learning (10), and encouraging continuous learning anywhere and anytime via self-learning, digital learning under the corporate knowledge management system, or Knowledge Management, provided with platform for exchanging, sharing and storing all



critical knowledge within the organization for the utmost utilization. This is the foundation in driving us to become the Learning Organization and also enhances the sustainability of the organization.

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. In order to plot out the Individual Development Plan (IDP), 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 of each function to arrange Senior Management Development Program, Challenging Conventions in Action for senior managerial level employees, Advanced Business Leadership Program for middle managerial level employees, Leadership Development Program (LDP) for first/middle managerial level employees, to be equipped with essential leadership/management skills. Besides, number of projects is developed with domestic and international educational institutes; such as, Duke Corporate Education, INSEAD, Sasin and IMD. For

other required competencies, they are supported by various development programs like Executive Coaching, Operational Performance Improvement (OPI) Coach, 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 cooperated with the executives of business functions in establishing the Functional Academy 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 inside 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 2016, SCCC delivered a variety of learning and development interventions to our employees as follows;

1. Transitional Development Program 9,513.50 hours;
2. Leadership Development Program 13,989.70 hours;
3. Technical/Functional Development Program 135,373.81 hours;
4. On-boarding Program 14,198.25 hours;
5. OH&S and Sustainable Development Program 21,602.80 hours; and
6. English Proficiency Development Program 1,559.00 hours.

Summary Report of People Development

Unit : Hours per person per year

Training Hour (Per employee per year)	2014	2015	2016
Employee and management	47.42	49.02	49.51

Unit : Baht

Training and Development Investment	2014	2015	2016
Employee and management (per employee per year)	17,625.13	23,165.09	20,350.61
Total Investment *	64,402,236.66	88,560,129.80	80,303,499.16

*Excluding accommodation expenses, travel expenses and miscellaneous disbursements.

*Excluding PT. Conwood Indonesia, Globe Cement Company Limited, Siam City Cement (Bangladesh) Limited and Siam City Cement (Lanka) Limited

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

The Governance, Risk and Compliance Committee (GRCC) is responsible for the continuous development of Siam City Cement Public Company Limited (SCCC) and its Group companies' corporate governance and compliance framework. It works to ensure adherence to laws and regulations in all countries where SCCC and its Group companies' operate and to adopt internationally accepted best practices.

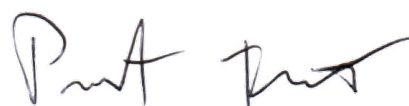
The Committee is chaired by Mr. Pongpinit Tejagupta. He is supported by three other Directors, namely, Mr. Paul Heinz Hugentobler, Mr. Vanchai Tosomboon and Ms. Nopporn Tirawattnagool.

In 2016, the GRCC held five meetings to review progress on the implementation of the Company's Code of Business Conduct and its related policies as approved by the Board of Directors in 2015. The GRCC also finalized nine additional policies during the year - Finance Policy, Treasury Policy, Credit Control Policy, Accounts Receivable Collection Policy, Tax Policy, Operational Risk and Internal Control Policy, Document Control Policy, Business Continuity Management Policy, and Export and Trading Policy. With this development, the Company has now established a comprehensive governance and compliance framework which will be applicable for SCCC and its Group companies.

The GRCC also reviewed the complaints from employees raised through the INSEE Speak Up Line which is available to our employees and our suppliers. A systematic review and investigation process is now supporting Management in its endeavors to create an open and transparent corporate and team culture. Most of the complaints raised were related to management and human resources matters, and only minor events of fraud were reported, on which appropriate disciplinary actions were taken.

Management and GRCC also reviewed SCCC and its Group companies' business risks on a half-yearly basis. This also includes risk mitigation measures taken by Management to adjust business processes and structures to new legal requirements and the challenge of an increasingly competitive business environment in Thailand and abroad.

The GRCC is pleased to report that The Corporate Governance Report of Thai Listed Companies 2016 produced by the Thai Institute of Directors Association (IOD) with the support from The Stock Exchange of Thailand (SET) ranked the Company in the Top 80 Companies with the highest recognition level of 5 Stars as 'Excellent'. It is our objective to maintain this ranking in the future.



Mr. Pongpinit Tejagupta
Chairman of the Governance,
Risk and Compliance Committee

Corporate Governance

Corporate Governance Policy

Siam City Cement Public Company Limited (“SCCC”) is aware of the importance on the concrete and sustainable compliance with the principles of good corporate governance. The Company enhances business governance to be arisen in all organizational levels ranging from the Company’s Board of Directors, Executive Committee down to operational level perpetually and that in order to maintain the status of being a sustainable corporate governance company and elevate the Company’s Corporate Governance in high standard, the Company’s Board of Directors has mapped out the Company’s Corporate Governance Policy depicting guidelines on Corporate Governance, roles and responsibilities of the Company’s Board of Directors. In this respect, the Company’s Board of Directors is the initiator and the party taking part in prescribing the management framework as well as assigning the Governance, Risk and Compliance Committee to review the details of such Policy before being submitted to the Company’s Board of Directors for further approval.

The Company is confident that the Corporate Governance Policy will be an instrument to express that it has an efficient, transparent and verifiable management system which can build up confidence in all shareholders, investors and stakeholders and can lead the Company to prosperity and progress as well as can enhance the sustainable growth of the Company. This Corporate Governance Policy applies to all members of the Board, Executives and employees of the Company and all its subsidiaries, as well.

The SCCC’s Corporate Governance Policy has thoroughly covered the matters on shareholders’ rights protection, equitable treatments to all groups of shareholders, stakeholders’ roles and responsibilities, information disclosures and transparency and Board of Directors’ responsibilities which are adherent to the Principles of Good Corporate Governance for a listed company prescribed by Stock Exchange of Thailand (SET), the Principles of Corporate Governance of The Organization for Economic Co-Operation and Development (OECD), World Bank Recommendations derived from the project participation on Corporate Governance – Reports on

the Observance of Standards and Codes (CG-ROSC) and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) Rules.

Other than the aforementioned Corporate Governance Policy, the Board of Directors, in 2015, approved the Code of Business Conduct, the revised edition in accordance with the assent of and which had been submitted by Governance, Risk and Compliance Committee where the contents of which were improved from the contents of the original Code of Business Conduct which had lengthily been put into force since 2007 to make it modern and suitable to the situation and compatible with international standard to ensure that employees of the SCCC Group perform their duties with integrity and honesty in order to enhance and maintain the reputation, image of and confidence in the organization in the eyes of the outsiders as well as the shareholders, investors and related parties and to be in compatibility and in conformance with the Company’s prescribed Corporate Governance Policy.

Furthermore, the Company’s Board of Directors has approved another 19 policies which relate to the Code of Business Conduct as well as Standard Operating Procedure on each matter in order to clearly indicate the expressly procedural guidelines on the development that will lead to the creation of the organizational culture in various matters which support the good corporate governance, particularly, on the aspects of receiving complaints and notifications of information, or whistle blowing, by prescribing measures and steps on whistle blowing to the Company’s Board of Director on the issue relating to the commission of the offence in violation of the laws or the Code of Business Conduct, the improper financial report or the lack of control within the organization and the protections of personal rights of the persons giving notifications on the information. For this purpose, the Company has implemented additional channel for lodging complaints and/or giving notifications on the information which is handled by expert outsourced organization with a belief that this channel would be the fundamental guarantee to people or persons lodging the complaints in safeguarding the confidential information and privacy.

In respect of the other policies relating to the Code of Business Conduct currently promulgated and put into force; Anti-Bribery and Anti-Corruption Policy, Sustainable Development Policy, Environmental Policy, Social Responsibility Policy and Policy for the Prevention against the Use of Insider Information for Trades of Securities, etc., are among those promulgated and put into force.

In 2016, the Company has taken actions to raise awareness and understanding of the corporate governance policy and the code of conduct on a regular basis, for instance, arranging training sessions to all employees in order to get them to understanding the revised Code of Conduct. The Company has included the introduction to the Code of Business Conduct in the employees' orientations and caused the newly-recruited employees to sign to acknowledge that they shall comply with the Code of Business Conduct. Moreover, internal communications were implemented through news, activities, as well as "Point of Contact" center which provided information/ answers to all employees.

And for the objective of keeping the organization modernized and proceeded on with continuous developments, considerations on the reviews of Corporate Governance Policy and the Code of Business Conduct as well as other related policies are designed to be made regularly, at least, once a year along with the requirements on making communications and organizing various promotion activities including pertinent actions on the follow-ups and assessments on a regular basis every year to ensure that all persons in the organization have properly and strictly complied with the Corporate Governance Policy and the Code of Business Conduct. For this purpose, the Company is under the process of the study and development of E-Learning Program system in order to enhance learning on this matter continuously.

The corporate governance policy and the code of conduct can be found on the Company's website at www.siamcitycement.com and its intranet for easy access and reference of the directors, executives and employees of the Company.

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

Shareholders' Right Exercise Promotion Policy:

SCCC is firmly committed to protect the rights and benefits of every group of our shareholders. The Company's Board of Directors is aware of and placing importance on the rights of all groups of our shareholders (including the institutional shareholders) equitably and that under no circumstances shall the Company perform any acts in a manner likely to violate or derogate the rights of our shareholders. The Company adopts the policy in encouraging, supporting and providing facilitations to our shareholders to exercise their fundamental rights in accordance with the law which are the participations in the shareholders' meetings and casting ballots in the meeting either in person or by their proxies, in appointing or removing Directors, fixing Directors' remunerations in all forms and appointing the auditor as well as matters that would pose an impact on the Company such as allocation of dividends, stipulations or revisions of Articles of Association and Memorandum of Association, capital decrement or increment and special transaction approvals, etc.

The Company has a policy to support and facilitate the shareholders, including institutional investors, to attend



the general meetings of shareholders by selecting the meeting venues where the mass transit system is available and sufficient for the shareholders to conveniently commute to attend the meetings. The Board of Directors has a policy to support and encourage all groups of our shareholders to attend the meetings by sending Proxy Letters along with the Notices of Meeting, as well as publicized on the Company's website (www.siamcitycement.com), for the shareholders' options and facilitations from the Company in the case where they cannot attend a meeting in person as well as providing facilitations on the co-ordinations between the Company and the institutional shareholders and/or custodian who is the depositary and curator of securities for foreign investors in verifying the names, number of shares and documents supporting the delegation of proxy before a meeting, as well.

The shareholders are facilitated by the Company's Board of Directors in exercising their rights fully in participating and casting their votes in the meeting. The barcode system for registration and vote counting were also arranged to expedite the registration and vote computation process. To facilitate the shareholders, the Company also provided stamp duty for the appointment of proxies.

The Company provided opportunities for the shareholders to submit questions relevant to the meeting agenda in advance of the 2017 Annual General Meeting of Shareholders during 15 September - 31 December 2016. However, no question was submitted.

The Company's Board of Directors encourages the shareholders to use Form B Proxy Letter and nominate our independent directors of more than 1 person as their options in delegating their proxies.

The Company's Board of Directors ensures that information, date, time, and place of the meeting as well as the meeting agendas are provided by having supportive explanations and reasons on each agenda specified in the Shareholders Notices of Meeting and/or in the meeting agenda supportive documents without performing any acts in a manner likely to limit the opportunity of the shareholders in studying information of the Company.

The Company conducts the general meetings of shareholders in a transparent manner with examination mechanisms available. The Chairman of the Board of Directors shall, before the meeting is about to convene, assign the Company Secretary to give explanations to the meeting on the steps and methods in displaying result of the ballots including opening the opportunity to the shareholders to set the issues and make inquiries

as well as ensuring that inquiries and answers and ballot result on each agenda as to how the agreement, disagreement or abstention on ballot casting of the shareholders are, including names of directors attending the meeting and taking leave of absence from attending the meeting, are recorded in the Minutes of Shareholders' Meeting.

The Company's Board of Directors holds all its members, executive committee members and directors of its subsidiaries with the commitments to attend every shareholders' meeting which, in this respect, the shareholders shall be entitled to inquire various Board Committee's Chairpersons on related matters. Before casting the votes on each agenda, Chairman of the Board of Directors opens the opportunity to the shareholders to express their opinions, give their recommendations or even make inquiries. The Chairman and related Executive Committee Members shall be the parties to answer the questions, make considerations on the opinions and recommendations from the shareholders for further actions as appropriate.

In a Company shareholders' meeting, rendering of resolution on each matter would be arranged in the case where such particular agenda contains several matters such as an appointment of directors, etc. Casting the ballots is strictly undertaken in compliance with the law. The shareholders are independent in giving, denying their approvals or abstaining from casting the votes in each matter of the agenda. In a normal case, the pertinent resolution shall be determined by the majority of votes of the shareholders in attendance and casting the ballots. One share is equal to one vote. In the case of an equivalency, the Meeting's Chairperson shall have a right to cast an additional vote which is the casting vote.

The Company's Board of Directors encourages the Company to provide independent persons to make vote counting or verifications in the shareholders' meeting and announce to the meeting. The Company's Board of Directors supports and encourages the use of ballots for all agendas for transparency and being able to be verified.

On the same day after the conclusion of the meeting, the Company informs the Stock Exchange of Thailand, in the form of a newsletter, the resolution of each agenda of the Annual General Meeting of Shareholders by indicating the votes as "approved", "disapproved" or "abstained from voting".

Explanations on the steps of casting the ballots and methods of displaying result of the votes to the meeting before the meeting is convened including the opportunity opened to the shareholders to set the issues or make

inquiries as well as ensuring that inquiries and answers and ballot result on each agenda as to how the agreement, disagreement or abstention on ballot casting of the shareholders are, including names of directors attending the meeting and taking leave of absence from attending the meeting, are recorded in the Minutes of Shareholders' Meeting.

Chapter 2: Equitable Treatments to Shareholders

Siam City Cement Public Company Limited places importance on fair and equitable treatment to all shareholders; as a result, the following actions have been implemented:

1. Protection of Rights of Minority Shareholders

The Company's Board of Directors puts in place the shareholders' meeting process in a manner likely to encourage the equitable treatments to all shareholders by mapping the process to make the minority shareholders able to participate in the nominations and appointments of directors such as providing a channel for the shareholders in nominating names of Directors before the annual general meeting by prescribing the qualifications of the shareholders who will be entitled to nominate names of persons for elections as a director to be a one shareholder or by an individual case who holds the share and is entitled to cast the ballots summed up in total of not less than 100,000 shares (or zero point zero four three percentage (0.043%) of the Company's total number of the eligible voting shares) which is the very low number of the shares. This practice is a part of the process to ensure that the minority shareholders can elect independent directors to look after their benefits on their behalves as well as a method in opening the opportunity to minority shareholders to be able to add the meeting agendas in advance of 3 to 4 months before the date of the shareholders' meeting.

The Company's Board of Directors maps out the policy of non-solicitation on the addition of the meeting agendas without any advanced notification and necessity, particularly, the important one where the information of which requires a long time for the shareholders to study before making the decisions.

2. Prevention against the Use of Insider Information and Directors' Interests

The Company's Board of Directors maps out in writing the Insider Trading Policy in order to prevent the case of abusive self-dealing which is the taking of an advantage over the other shareholders such as Insider Trading by prescribing the blackout period of not less than 30 days before the disclosure of Financial Report which is the compliance with the Company's Code of Business Conduct which stipulates that

"The use of the yet publicly undisclosed insider information in support of the investors' decisions in the trade or possession of securities is unethical and illegal which will consequently result in further disciplinary and criminal actions."

The Company's Board of Directors also stipulates requirements for directors and executives to submit reports on the possessions of securities of their own selves, their spouses and under age child or children according to the requirements of Office of Securities and Exchange Commission and Stock Exchange of Thailand (SET) in accordance with Section 59 of Securities and Exchange Act, B. E. 2535 within 3 days from the date of the change in the securities and that a notification accordingly shall be made to the Company Secretary in order that the conclusions on the number of securities of the Directors and Executives individually can be prepared for submission to the Company's Board of Directors in the Company's Board of Directors meeting every time and that the possessions of such securities can as well be disclosed in the annual report.

The Board of Directors monitors controls to ensure that names of persons using the insider information who are persons perceiving and possessing important information which has not yet been disclosed to the public, be reviewed in order to suit the present situation and proceed with actions in making notifications on the abovementioned guidelines and policy to all people in the organization no matter whether they are directors, executives and employees for compliances accordingly and being aware of the penalty in the case of a violation of or a non-compliance with such policy and requirements. Result of the performances in compliance with the foregoing mentioned policy and requirements will be regularly followed ups.

The Company's Board of Directors stipulates requirements for Directors and Executives to refrain from participating in the Company's Board of Directors' meeting and shareholders' meeting whereby the agenda brought up for considerations is the matter in which the Directors and Executives have the interests in order to enable the



Company's Board of Directors to consider the Company's transactions which may have the conflict of interest and make decisions for the overall benefits of the Company and, in any Company's Board of Directors' meeting, Directors must give reports to the meeting of their interests before the considerations on such agenda and such interests must be documented in the Minutes of Meeting every time. In addition, Directors and Executives shall report the matter of their own interests and related persons when there is a change therein and forward the pertinent report to the Company Secretary for the preparations of the conclusion report to advise the Board of Directors in every Company's Board of Directors' Meeting which is the practical performance on the Code of Business Conduct of the Company on the matter of the Conflict of Interest which stipulates that

"The Conflict of Interest is a situation where our personal, financial or other interests interfere, or may be perceived as interfering with our ability to act in the best interest of the Company Group".

Furthermore, the Company stipulates the requirements for personnel involving in the giving of approvals or making decisions on the purchases and procurements to have the duty in disclosing information on the transactions with which they or their relatives have had with the Company in the past 12-month cycle. The disclosure of such information must be made once a year which can be through electronics media.

The disclosures of information relating to the Conflict of Interest have been continuously practiced for a period of time, which virtually make employees more aware of the significance of the transparency and non-involvement with activities which would give rise to the Conflict of Interest of the Company. Any employees neglecting or failing to comply with this Policy or Regulation shall be subject to disciplinary actions which may be serious to the extent of their employment terminations.

3. Giving of Information before Shareholders' Meeting

The Company's Board of Directors keeps the Company under control to ensure that the notifications on meeting schedule together with the meeting agendas and comments of the Board towards the Stock Exchange of Thailand are forwarded to the shareholders and that the Notices of Shareholders' Meeting shall be disseminated through the Company website, at least, 30 days before the date of the shareholders meeting. Such Notices of Shareholders' meeting shall as well be made entirely in English and disseminated altogether along with the Thai versions every time.

Chapter 3: Roles of Stakeholders

The Company takes into account and place the importance on the creations of value for all stakeholders continuously. Our stakeholders must be taken care of by the Company in accordance with their legitimate rights provided by related law or agreements made with the Company and that there must be a process to encourage the rising of co-operations and trusts in one another between the Company and all groups of stakeholders continuously at all times no matter what it is the aspect of its employees, communities around the business establishments, shareholders or investors, customers, suppliers, creditors, societies, state sector including rivals and independent auditors and, more importantly, there must not be any performance of an act in a manner likely to infringe the rights of the stakeholders and that compensation measures in the case where a stakeholder has sustained a damage derived from the infringement of the right shall be implemented.

Procedural guidelines on the treatments for the stakeholders on various aspects are as follows:

(1) Designating the scope of work in taking care of customers systematically on the aspect of health, safety, compensation derived from the use of the goods or services during the lifetime period of such goods or services

The Company puts our focus on safety management to the customers with the context being compatible with the vision on the occupational health and safety. The Company's core mission is a firm commitment to see that its all employees, contractors and customers must be knowledgeable and understand on working with safety and comply with Working Regulations and Steps for their own safety and safety of the other people. All activities must be undertaken under the effectively occupational health and safety management system. The integrated factors for sustainable success in accordance with the Company's intention are the creation of safety culture, the creation of good attitude on the aspect of the safety which is to be firmly instilled in the group of the organization's people and must be transferred to the customers group in order to enable them to have a chance of participations in complying with various progresses on the aspect of the occupational health and safety as well as controlling risk within the acceptable level.

The Company therefore focally aims to place the emphasis on the communications, information sharing, transfers of knowledge, e. g. in connection with Working Regulations and Steps, Risk Assessment of the condition which is hazardous in the business establishment, how maintenance on silo can be made in order to create safety for customers regularly and consistently as well as launching campaigns on safety driving for franchised customer groups twice a year in order to cause the deliveries of goods and services with safety that meet international standard level. In addition, the Company provides personal safety equipment, safety symbols and marks for transporters in order to cause the creations of efficient safety management in the areas of the Company's franchised customers.

In order to create confidence in our customers and optimally satisfy them for our services, the Company has established INSEE Service Center to give recommendations relating to the products and services including the advices in relation to the method in solving the problems, after sales services including

receipts of complaints when problems have arisen as well as providing the management process in order to establish good relations with our customers which is the Net Promoter Score (NPS) for use in working and service providing improvements in order to elevate the level of satisfactions of our customers and their overall feelings as to whether they will continue to provide supports to the Company or not and whichever the level of our customers would support the Company. Therefore, we can assure that our after sales service, our close look after the product quality would make the Company's products remained in the hearts of our customers to the extent that they are loyal to our product brand from being the Net Promoter Score (NPS) of 2016 to rise higher from higher from last year continuously.



(2) Steps and Practical Procedures on the Selections of Suppliers or Contractors

In order to make the selections of business allies with the vision and way on carrying out business in the same direction as that of the Company, the rules and guidelines on the selection of a supplier which is one of the stakeholders from the basic qualification of the supplier shall be based on the followings:

1. Expertise and Experience;
2. Rationale on the aspect of the Price and Quality;
3. Policy on Providing Services;
4. Working Safety Management;
5. Execution in compliance with the Law on Labor Enforcement;
6. Anti-bribery and Anti-Corruption;
7. Greenly Environmental Procurement;
8. Anti-Human Right Violation, etc.

In addition, the Company prescribes the strategic purchase procedures and guidelines on establishing relations with the suppliers. Selections of our suppliers must be potentially made in order to illustrate our administrations with responsibility in the supply chain. If any supplier should not pass the prescribed qualifications, the Company would map out an execution plan for such supplier to successfully correct such restrictions and that pertinent follow-ups and assessment on the progress shall be made including assistances provided to the supplier in order to lead such supplier to the better ability development and working improvement and to cause the rising of sustainable development of the Company which has expanded to such supplier.

In 2012, the Company made the SCCC Supplier Code of Conduct in order to set the conditions on the business associations which, in this respect, the suppliers must subscribe their signatures to confirm their acceptances to comply with such SCCC Supplier Code of Conduct as the inter-commitment before proceeding on with business engagements with the Company.

The Company places the importance on our suppliers who are our vital stakeholders in dealing businesses with one another. In 2015, the Executive Committee rendered a resolution approving the reviews of Procurement Policy for use as the framework on the procurements of goods or services which created the worthiest value. This is to ensure that the procurement process is carried out in a systematic, equitable and transparent manner in all steps no matter what it is in regard to the bid, evaluations on and selections of suppliers and to encourage suppliers to carry out their businesses with ethics and social and environmental responsibilities.

(3) Fair Competition

The Company encourages and supports fair and transparent competition. The Company will not perform any act which would violate or contradict any competition law or may cause damages to the reputation of its competitors as prescribed in the code of conduct and related policies, for instance, Procurement Policy, Fair Competition Policy, etc.

(4) SCCC's systematic operations that ensure the Value Chain of Company to be friendly to environments and promote sustainable and consistent development

The Company adopts Work Quality Control, Safety and Occupational Health System for use in carrying out the work in correlation with the Company's concrete business operations. The Company adopts environmental management system (ISO 14001) for use in order to cause the creation of the environmental development in correlation with the developments as well as to cause the reductions in the cost, expenses relating to raw materials and energies, pollutant treatments, and enhance image of the organization.

(5) Creating Good Interactions with Communities around the Plant of the Business Establishment

The Company is firmly committed to create shared value and good ties with the communities around the plant in Kaeng Khoi and Muak Lek Districts, Saraburi Province, by providing supports sustainable community developments to all communities around the plant including the overall general public on three aspects such as educational promotions, sustainable community developments and basic public utilities supports continuously.



(6) Stipulations of Procedures and Practical Guidelines on Non-Violation of Creditors

The Company's Board of Directors places the importance on the burden of responsibility having with all groups of our creditors. SCCC is firmly committed with the ideal adherence in carrying out business operations to build up reliability and equitability upon the creditors by having the policy and practical guidelines as follows:

1. To strictly and fully comply with the commitments and conditions on debt payments as agreed upon both on the aspect of the back payments of the loans and relevant interests within the prescribed period of time; looking after the collaterals and encumbered charges and liabilities which may contingently occur;
2. To manage capital for suitable structure in order to build up confidence in our creditors on our financial status and good solvency; and
3. Should there be a case in which we cannot comply with any Clause of the conditions or as agreed upon, SCCC would notify the creditors accordingly in advance without covering up any facts in order that a joint consideration to find a solution in solving the problem can be made.

(7) Equitable Treatments to People and Employees and Development of People's Knowledge and Potential

The Company has always regarded its employees as valuable resources, whose roles are fundamental to the success of the Company. All employees shall be treated fairly and equally regardless of job title or level as prescribed in the code of conduct. The Company focally places the emphasis on fixing the remunerations and welfares suitably and equitably to its people of all levels. The Company places importance on the welfare and safety of its employees. The Company provides fundamental welfare and benefits as required by law, such as working hours, holidays, annual leaves, and any other types of leave, as well as social security, compensation fund and provident fund, and constantly communicates all benefits to its employees. In addition to those as prescribed by law, the Company also provides other welfare to its employees, such as health insurance, which covers outpatient and inpatient treatment and dental care, life insurance, personal accident insurance, annual health check-up, and in-house medical and nursing treatment with doctors and nurses standing by at the Company's office during

working hours. Furthermore, the Company encourages its employees to exercise for good health by providing facilities. The Company supports them to have the development and progress in their occupations constantly without any discrimination; respecting their rights in accordance with the Principles of Human Rights as well as looking well after their safety and occupational health.

In addition to the abovementioned remuneration and welfare, the Company provides the Employee Joint Investment Program (EJIP). On 2 December 2011 and 22 October 2015, the meeting of the Company's Board of Directors passed a resolution approving an EJIP 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 and 1 January 2016, respectively. The Company obtained approval from the Securities and Exchange Commission of Thailand.

(8) Implementing Projects or Guidelines on Anti-Bribery and Anti-Corruption including Supporting Activities which Promote and Instill all Employees in Compliance with the Law, related Rules and Regulations

The Company has put into force the Anti-Bribery and Anti-Corruption Policy since 2012 and instilled the organizational culture according to our ideology that any bribery or corruption practice is strictly and perpetually prohibited and, in 2015, the Company signed the Collection Action Coalition Charter of Thai private sector on anti-corruptions. Subsequently, the Company made improvements and preparedness on insider operating procedures for clarity and actual and efficient enforcements before its status of Collection Action Coalition Charter member of Thai private sector on anti-corruptions will be recognized. In this connection, the Company's Board of Directors rendered a resolution approving the Anti-Bribery and Anti-Corruption under the frame of the revised SCCC Code of Business Conduct which had already been scrutinized and submitted by Governance, Risk and Compliance Committee. SCCC's policy is that no bribery or corruption shall absolutely be permitted. In order to get this policy materially and efficiently enforced, guidelines on the follow-ups of the operational result on the prevention against the involvements in such corruption practices are prescribed as follows:

The Company has a Standard Operating Procedure on Anti-Bribery and Anti-Corruption which has already been approved by the Company's Board of Directors.

- 1) All Directors, Executives and employees including any persons being the agents shall have duties to be responsible for and to strictly comply with this standard operating procedure.
- 2) Establishing procedural guidelines on the recording of financial information and insider control measures by assigning Account Recording Unit to perform duty on monitoring strict controls, review documentary evidences substantiating business reasons in disbursing money to the third persons such as prohibitions on recording confidential transactions out of the account, concealing illegal expense transactions.
- 3) Assigning Internal Audit Unit to perform duty to audit the internal control system regularly and conduct risk assessment on corruptions, check information stated in contradiction to the facts and circumstances which may lead to corruptions, on a regular basis every year in conjunction with Risk Management Department and all organizations within the Company in order that the assessment result report can be submitted to the Executives, Audit Committee, Governance, Risk and Compliance Committee and Company's Board of Directors, respectively, for further stipulations on management control guidelines.
- 4) If the fact-finding process should discover that an information having been checked or a complaint having been received bears a reasonable ground to believe that a corruption is obvious including the matter that there is a violation of, an act against the law or the Company's Code of Business Conduct, the working unit would propose the way on the improvement and correction on related duty performances within the period of time deemed fit by Governance, Risk and Compliance Committee in order to cause the verifications on the facts. The complainant or informant can be assured of their security as a result of his/her report or whistle blowing because in performing such act through the abovementioned channel, would be kept in confidence and, above all, the working unit is an independent and transparent unit appointed by Governance, Risk and Compliance Committee to perform duty on scrutiny and forming up Fact-Finding Working Team including making conclusion on the details of such event for reporting back to Governance, Risk and Compliance Committee and Audit Committee

for considerations on the recommendations and undertaking remedial actions or proceeding with further legal actions against such offence.

- 5) The Company arranges to put in place in providing guidelines on anti-bribery and anti-corruption constantly and regularly both through training and online communications and that this training on Standard Operating Procedure (SOP) on Anti-Bribery and Anti-Corruption is also included as a part in newly-recruited employees orientations and in the communications to all goods sellers or service providers, contractors and suppliers since the beginning of the business relations establishment. Based on such policy and the procedural guidelines, SCCC is quite confident that it has absolutely implemented the policy on anti-corruption and prohibition to give a bribe for business benefit which, in it, there is an assessment process on the risk from the corruption, a procedural guideline on practical performances in overseeing and monitoring controls in order to prevent and follow ups the risk from corruption, an assessment on express compliance with Anti-Bribery and Anti-Corruption Policy and training for employees in order to educate them on the policy and guidelines on Anti-Bribery and Anti-Corruption Policy, constantly and regularly, as well as assigning the Audit Committee and external auditor to review the completeness and sufficiency of the process.

- *(Details of Anti-Bribery and Anti-Corruption Policy can be visited on the Company website: www.siamcitycement.com)*

(9) Intellectual Property Rights

The Company also emphasizes on respecting intellectual property rights of business partners and other third parties. It is the Company's policy that directors, executives and employees of the Company and other persons acting on behalf of the Company shall avoid infringement of intellectual property rights of business partners and other third parties. At the same time, the directors, executives and employees of the Company and other persons acting on behalf of the Company shall protect and administer the Company's intellectual property in the interest of the Company as prescribed in the code of conduct and related policies, for instance, Appropriate Use of Company IT Asset Policy, Information Classification and Handling Policy, etc.

(10) Process and Channel for Receiving and Handling Complaints of Stakeholders

The Company is firmly committed to maintain high level of good corporate governance as the promise that the Company shall be an Organization with integrity, honesty, ethics and transparency. For such reason, a notification on an inappropriate event or a violation of the Code of Business Conduct would definitely help the Company to have the assurance that personnel of the Company are protected under suitably environmental working condition. As such, the Company has mapped out a policy defining provisions on the acceptance of complaints and Whistle Blowing Policy to enable the stakeholders to make their reports and whistle blowing on the commission of offences or violations of laws and regulations with respect to the carrying out of business operations such as financial statement irregularity, bribery and corruption practice, theft of property, malfeasance, erroneous account recording, abusive use of Company's property and information, violation of policy on offering or accepting the gifts, entertainment in order that information on the complaints can be checked and verified in accordance with the fact-finding process and can be forwarded to the Company's Board of Directors and Governance, Risk and Compliance Committee.



INSEE Speak Up Line reporting channels consists of 4 channels as follows:

-  **Hotline:** 02 034 0299
-  **Email:** report@inseespeakupline.com
-  **Website:** www.inseespeakupline.com
-  **Postal Service:** P. O. Box No.17, Sathon Post Office, Bangkok, 10341

In addition, mechanism for the protections of the informants and whistle blowers including persons against whom the complaints are lodged, is prescribed. Such process is yet another channel and step to enable all groups of the stakeholders to make their reports or lodge their complaints on matters which would cause the Company to sustain damage, to the Company's Board of Directors. There will be persons assigned to receive the reports or complaints; a process for carrying out the investigation and reporting back to the Company's Board of Directors; management process to settle complaints lodged by employees in relation to the matter which may be the express commission of the offence; policy or ways in protecting people or whistle blowers giving information on the commission of an offence and channels for stakeholders to make their notifications or complaints in the case where their rights have been infringed, together with giving clear information for contacting.

In 2016, the investigation process has been developed as well as the INSEE Speak Up Line Ambassador has been appointed as the Company's representative to receive the complaints and incidents.

(11) Treatment to Shareholders and Investors

The Company attaches importance to equitable and transparent treatment of all Shareholders with which they will be provided with important, complete, and updated information and convenience in studying Company information. Importantly, at the Shareholders' meeting, there will not be added agendas or changes in any significant information without giving notice to the Shareholders in advance.

In fostering relationships with investors and interested parties, persons responsible for investor relations, persons responsible for social responsibility, and persons responsible for sustainable development are always delegated to organize suitable activities, such as site visits and social and environment activities (see more details in section "Social Responsibility" of the annual report and Sustainable Development Report).

In 2016, we regularly had meetings with individual investors, institutional investors, and securities analysts and provided information through phone and answers to questions. Investors can direct their Company enquiries to the following channels:

Address: Finance and Controlling
Siam City Cement Public Company Limited
199, Column Tower, 7th - 12th Fl.,
Ratchadapisek Road, Klongtoey
Sub-district, Klongtoey District,
Bangkok, 10110

Telephone: +66 2 797 7101

Email: chandana.liyanage@siamcitycement.com

Chapter 4: Disclosure and Transparency

Siam City Cement Public Company Limited made full, timely and transparent disclosure of financial and non-financial information; such as company performance of the past year by the Board of Directors, and Board Committees, Corporate Governance Policy, Environmental and Social Policy, Compliance of Policies, through easy-to-access channels with equality and trustworthy, 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).

The Board of Directors has set out the procedures of quality financial report preparation to ensure that the information shown in the financial reports is complied with the generally accepted accounting standard. Such reports are audited by independent certified auditor as well. In this regard, the roles and responsibilities of directors towards financial reports must be reported along with the independent auditor report in the annual report.

The Company emphasizes on the importance of the duties of “Spokesperson”. The appointed person must perform

the duties with due care, provided with provisions in relation to Disclosure Policy. Besides, the tasks related to Investor Relations (IR) is assigned to specific person in order to communicate with the third parties; including investors, institutional investors, analysts, and associated state agencies with equality and fairness. The Company gives the opportunities to such parties to visit our Management as in appropriate circumstances. The information provided is information disclosed to the public, which is accurate, not misleading and sufficient for investors to make invest decisions.

The Board of Directors requires to include reports of the Corporate Governance, the Code of Business Conduct, the Risk Management Policy, Environmental and Social Policy, and the Company’s compliance to the above-mentioned policies, in the annual report of the annual registration statement (Form 56-1) and the Company’s website continuously.

The Board of Directors encourages the company to prepare a Management Discussion and Analysis (MD&A) as the supporting document for each quarterly financial statement, to help investors better understand changes in the company’s financial status and the Company’s performance each quarter, in addition to the figures presented in the financial statements.

The Board of Directors ensures that audit and other non-audit fees are annually disclosed in the annual report.

The Board of Directors ensures that its roles and responsibilities, together with those of its Board Committees, the number of meetings held, attendance record of each director, and the results of tasks assigned,





Chapter 5: Responsibilities of the Board of Directors

The Board of Directors determines a vision, directions, policies, and strategies for Company operations by considering, reviewing, taking part in, and giving approval for corporate vision and missions at least every 5 years, gearing Executive and staff aims towards the same direction. The Board also requires that annual business and budgetary plans be considered every year for successful completion of Company operations in accordance with the vision, directions, policies, and strategies so determined, and that the team of the Executives be closely monitored to ensure that their implementation of the plans is towards the same business directions and strategies of the Company.

The Board of Directors attaches importance to corporate governance for the best interests of the Company, operates with responsibility for their performed duty with the Shareholders, and is independent of Management.

The Board of Directors has established its own corporate governance policy and Code of Business Conduct for adherence by the Directors, Executives and Company staff and disclosed them in this annual report and the corporate website, and also disclosed a guideline promoting practices thereof and monitoring of the practices, to ensure that Company activities are carried out in such a way that conforms to the laws, corporate governance policy, and Code of Business Conduct.

To ensure compliance with good corporate governance principles, roles and responsibilities of the Board and Management are clearly separated. The duties of the Chairman and Chief Executive Officer (CEO) are also separated by separating the person holding chairmanship from the one who holds the position of Managing Director/CEO to provide balance of power and transparent management.

The Board of Directors of the Company ensures compliance with the requirements on actions and disclosure of information concerning transactions which may give rise to conflicts of interests pursuant to the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and relevant regulators by assigning the Audit Committee to be responsible for considering, approving and giving recommendations in relation to transactions which may give rise to conflicts of interests. In addition, the Company has introduced the General Mandate for Interested Person Transactions, which sets out the types and approval procedures for

including ongoing professional education or training of its directors, are annually disclosed in the annual report.

In addition to disclosure of its remuneration in accordance with the regulations, the Board of Directors also discloses remuneration policies for directors and executives that correspond to the contributions and responsibilities of each person. Also, the board should disclose the forms and the amounts of payment to each person, if any director of the company is also a director of its subsidiaries, the amount paid by each subsidiary to each director should be disclosed as well.

The Board of Directors ensures on the transparent disclosure of shareholders' structure by clearly clarifying on major shareholders and proportion of minor shareholders to see the Company's beneficial owner. Additionally, the shareholding of directors and executives is disclosed directly and indirectly in the annual report.

The analysis of financial status, company's performance, vital changes, and factors affecting the financial status or performance, are disclosed and explained. Moreover, they are provided along with nature of business operations, competitive situation with industrial and business competition analysis, as well as competitive status and potentiality of the Company and the subsidiaries.

In addition to the mandatory disclosure of information under the applicable laws and regulations through the channels of the SET, annual registration statement (Form 56-1), and annual reports, the Company discloses information both in Thai and English, via the Company's web site www.siamcitycement.com. The information disclosed is up-to-date and complete pursuant to the Corporate Governance for the listed company.

transactions which may give rise to conflicts of interests, which are undertaken by the Company in its normal course of business. The Management is required to seek the Board of Directors' approval for entries into transactions which may give rise to conflicts of interests which are of significant size or important nature to the business operation of the Company. The Company proposes the General Mandate for Interested Person Transactions to the Board of Directors for approval and reports the entries into such transactions to the Board of Directors for acknowledgement on an annual basis.

The Board of Directors is comprised of members fully qualified under the laws and relevant rules, possessing skills, experience, diversified expertise, and specialized knowledge and competencies that benefit the Company.

In the nomination of Directors, the Board of Directors takes care of the process of nominating directorship candidates to the Shareholders' meeting for appointment to ensure transparency free of influence by the Shareholders with controlling power or Management and to create third party confidence.

In exercising its functions, the Board of Directors have provided Board Committees to do work screening so as to increase good efficiency and effectiveness in the exercise of Board functions. Each Board Committee is given a charter outlining clearly its roles, duties, responsibilities, work procedures, meetings, and reporting to the Board of Directors.

All Directors have a good understanding of their roles and responsibilities and the nature of Company business, and all of them have dedicated their time and effort in the performance of duties. To ensure that the Company has a strengthened Board of Directors, all its members express their opinions independently, keep themselves improved and updated all the time, and are committed to performing duties with honesty and integrity and carefulness in the light of best interests of the Company and fairness towards all the shareholders.

As part of compliance with the Company's corporate governance policy and to ensure effective performance of duties by the Directors, the Board of Directors have set a procedural guideline limiting the number of listed companies in which each of the Directors may hold an office to no more than 5. Currently, none of the Directors holds directorship in more than 5 listed companies. The Company has no policy to permit such other positions as Managing Director/ CEO and Top Management of the Company to hold directorship in other two companies, excluding subsidiaries, affiliates and joint-venture companies of the Company where supervision is required

for the benefit of the Company. Such holding is subject to the prior Board approval.

With respect to determination of remuneration of Directors, the Board of Directors has assigned the Nomination and Compensation Committee to carry out a transparent process and propose its consideration to the Shareholders' meeting for approval-the elements of which remuneration shall be suitable and sufficient to predispose and retain the Directors-and to avoid making excessive remuneration payment.

The Board of Directors has paid special attention to responsible administration i.e. additional procedures were established for Company decisions to be reviewed, considered and approved by the Executives and Board members more than those set forth in the Articles of Association. For instance, despite an Articles of Association statement requiring a Board resolution for an investment of 100 million Baht and above, it is stated in the Board Approvals and Responsibilities Handbook that an investment with value greater than 10 million baht is subject to Board approval, etc.

The Board of Directors has appointed a Company Secretary to undertake the duty of giving legal and rule advice and to take care of Board activities and liaise to ensure compliance with Board resolutions. The Company Secretary will be required to regularly receive continuous training and knowledge developments about legislation, accounting, and performance of Company Secretary's duties.

In addition, the Board of Directors encourage and promote training for the Directors, Executives, and internal personnel related to the entire corporate governance, including executive development and succession plan for top management positions.

Siam City Cement Public Company Limited specifically attaches importance to executive development to get it prepared for the targeted expansion and operations and to accommodate cement market growth. To that end, in-house training was conducted, in conjunction with such leading domestic institution as Sasin Graduate Institute of Business Administration of Chulalongkorn University and a foreign institution, Duke Education from the US, including professors from France's INSEAD Business School, so as to develop business knowledge along with leadership development, putting emphasis on out-of-class hands-on practices in accordance with the 70-20-10 model for learning that focuses on experience/sharing best practices (70), on the job coaching (20), classroom and self-learning (10).

Learners are also encouraged and given the opportunity to learn on their own through Harvard Manage Mentor's leading online learning media to promote their learning anywhere, and anytime. Apart from in-house training, the Company foresees the importance of expanding Executives horizons in terms of scholarship, perspectives, and international experience, and encourage Top Management to receive training from world leading academic institutions, such as Harvard University and Chicago Booth, so as to bring knowledge, skills and experience to the organization for its development towards a sustainable success. In addition to executive development, the Company specifically attaches importance to facilitating preparedness in leadership, knowledge, and operational competencies, for which success profiles for individual job positions have been produced and reviewed, and development potential assessed, so as to determine specific supporting activities for each person as an Individual Development Plan, with periodic monitoring to support the set activities which, among other things, include management of important organizational projects, job rotation, joining training or seminars with foreign institutions, learning by coaching from Top Management, ability to coach other functional lines' executives to smoothly complete the plans set. The Executives' Individual Development Plans were also reviewed to ensure that they are always in alignment with expectations and to the best interests of the whole organization and staff. Annual meetings and discussions are held through activities between Top Management and the Board of Directors to bring about viewpoint, knowledge, opinion and attitude exchanges that further benefit both the leading of life and performance of work.



Committees

The Committees Structure comprises of the Board of Directors and 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 committee and the Executives are as appearing under the topic of the Management Structure).

The Board of Directors determined that its structure shall consist of members possessing diversified qualifications in terms of skills, experience, competencies, and gender, and at least 1 Non-Executive Director having experience in the main business in operation of the Company.

The roles and responsibilities of the Board of Directors and the Executive Committee as Management are clearly separated to ensure Company operations' compliance with laws, Code of Business Conduct, and the Company's good governance principles.

The Company is subject to the Organizational Regulations which embrace their roles and responsibilities set forth in the Articles of Association, 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 Board of Directors

The Board of Directors considers and approves important matters concerning Company operations. The Company 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 decision on the important issues on the operations of the Company such as the visions, missions, strategies, goals, plans, budgets and risks management, while the Executive committee has the duty to efficiently carry out the visions, missions and strategies and provide good management and controlling system so approved by the Board of Directors.

The structure of the Board and management is sufficient for checks and balances. It determines to have independent directors who can independently give opinions towards the management's performance, at least one third of the total directorship, but not less than three persons. The Audit Committee consists of three independent directors, and performs and undertakes in accordance with the Charter of the Audit Committee and SET regulations. There are non-independent directors in two thirds of the total directorship, fairly in proportion to the investment capitals of each of the Shareholders groups.

Balance of Power for Non-Executive Directors

In the structure of the Board of Directors, it shall consist of non-executive directors more than half of the total directors. At present, there are 11 non-executive directors among a total of 12 directors, which is a proper size conforming with the good governance principles, where the Board should comprise of, at least, 5 directors and not over 12 directors). This is also appropriate to size, category and business complications. In this connection, one independent director of the Board of Directors is female.

Aggregation versus Segregation of Positions

As above-mentioned, 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 in compliance with the good governance principles. Details of the main duties of the Chairman and CEO are as follows:

- 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;
- The Chairman is not an executive and is not the same person as the CEO.
- The CEO is appointed by the Board of Directors, and chairs the Executive Committee;
- The CEO is responsible for management of the Company in general and shall periodically make reports to the Board of Directors.

The Chairman is not an independent director but exercises functions independently of Management and the major shareholders towards the best interests of the Company under the good corporate governance principles.

Qualifications

The Board of Directors is to consist of fully qualified members possessing no prohibited characteristics under the Public Limited Companies Act B.E. 2535, including its amendments and supplements thereto, Securities and Exchange Act B.E. 2535, including amendments and supplements thereto, as well as relevant rules and notifications determined by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and the other governing bodies, and to have diversification in skills, professions, specialized expertise, gender, useful experience, and knowledge and understanding of the corporate business nature. Consideration is also taken on other attributes to achieve diversification across the entire Board, such as educational background, age, sex, diversified professional skills, specialized knowledge of, among other things, cement industry, laws, accounting and finance, etc. In exercising Board functions, there shall be at least one non-executive director experienced in affairs related to Company business.

Term of Office

The Company requires that term of directorship be in accordance with its Articles of Association and consistent with the Public Limited Companies Act B.E. 2535 and that one third of the Directors shall retire by rotation at each annual general meeting of the Shareholders.

Roles of the Board

The Board of Directors shall care for and pay attention to its exercise of functions with responsibility and undertakes to manage business to the best interests of the shareholders having four crucial fiduciary duties:

1. To perform duties with due care (Duty of Care).
2. To perform duties with honesty and integrity so as to maintain the Company and shareholders' interests (Duty of Loyalty).
3. To perform duties under laws, Company objects, the Articles of Association, and the shareholders' meeting resolutions (Duty of Obedience).

4. To disclose information to the Shareholders in an accurate, complete and transparent manner (Duty of Disclosure), involving the following Board duties and responsibilities:

Duties and Responsibilities of the Board

1. Consideration and approval of important issues on Company operations, such as visions, missions, strategies, goals, plans, financial budgets, and risks of management;
2. Following up and caring to ensure an implementation by the Executive Committee or Management of the established policies and plans with efficiency and effectiveness;
3. Internal control and risk management, complaint receipt mechanism, and taking action upon whistleblowing;
4. Ensuring long-term business continuity and staff development and succession plan;
5. Provision of a corporate governance policy in writing and approval thereof with review of the policy and its implementation at least once a year;
6. Promotion of the production of the Code of Business Conduct in writing for Directors, Executives, and all staff to understand the ethical standards used by the Company in its operations, with monitoring to ensure that the Code of Business Conduct are strictly followed;
7. Careful consideration of conflict of interests issues to ensure a clear guideline towards overall interests of the Company and the shareholders when it comes to transactions with potential conflicts of interests, in which interested parties shall have no involvement in making decisions, and the Board shall ensure full compliance with procedural and disclosure requirements for transactions with potential conflicts of interests;
8. Establishment of the risk management policy covering the whole organization, to be implemented by Management with regular reporting thereof to the Board of Directors; a system or risk management effectiveness review for at least once a year with annual report disclosing all periods of risk changes, including the attachment of importance to early warning signs and all irregular items;

9. Giving opinions about the sufficiency of internal controls and risk management in annual report;
10. Outlining clear procedures for whistleblowers or interested parties to “blow the whistle” through website or by reporting directly to the Company;
11. Provision of a regulatory mechanism of subsidiaries for Company investment interests; consideration of suitability of persons to be dispatched to be a subsidiary director for a managerial control in accordance with Company policies and for transactions to be in compliance with applicable laws and rules.

Businesses that are subject to Board approval include:

1. A single investment and the Company’s sale of such investment in an amount greater than 100,000,000 baht or its equivalent in other currencies, associated incurred expenses in an amount greater than 100,000,000 baht or its equivalent in other currencies, and regular expenses in an amount greater than 100,000,000 baht or its equivalent in other currencies calculated on an annual basis;
2. Company investments other than the scope of normal business;
3. Any divestiture by the Company leading to its withdrawal from business;
4. Securing loans, negotiations for credit lines, and financing transactions in a similar way for the Company only to extent that the debt increased therefrom is greater than 100,000,000 baht or its equivalent in other currencies;
5. Granting credit and pledging based on Company outstanding loans only to the extent that the granted or pledged amount is greater than 100,000,000 baht or its equivalent in other currencies;
6. Provision of guarantee, guarantee contract, or guarantee obligations in a similar way, and creation of possible responsibilities for the Company only to the extent that the granted or pledged amount is greater than 100,000,000 baht or its equivalent in other currencies;
7. Issuance or use of derivative financial instruments only to the extent that such instruments are not used to protect risks that are relating to the normal course of Company business operations;



8. Issuance of debentures or other securities by the Company;
9. Conducting legal proceedings by the Company, acknowledgement of lawsuits against the Company, and compromise arrangement by the Company only to the extent that the amount in dispute exceeds 50,000,000 baht or its equivalent in other currencies;
10. All operations of Company business that significantly deviate from corporate budgets or investment guidelines and financing;
11. Any Company affair that in the opinion of the Executive Committee or Chairman or Managing Director is to be approved by the Board of Directors;
12. An entry to carry out important matters of a subsidiary that is subject to approval of its shareholders or the Board of Directors, in which the Company or its representatives are needed to vote as a shareholder or director of the subsidiary.

Meetings of the Board of Directors

Board meeting schedule and agendas are determined yearly in advance and informed to individual Directors to afford them the ability to spare their time and attend the meetings.

The number of meetings of the Board of Directors is determined to suit the duties and responsibilities of Company Directors and the nature of Company business. There were 10 meetings of the Board of Directors in 2016. A company performance report is regularly furnished

to the Board on a monthly basis to enable the Board to provide ongoing and timely supervision and control to the Management performance.

At each meeting of the Board of Directors, the Chairman and Chief Executive Officer (CEO) shall jointly consider and determine matters to be included as Board meeting agendas, ensuring that all important issues are included and giving each Director the opportunity and freedom to propose agenda matters beneficial to the Company.

Most of Directors shall attend Board meetings not less than 75 percentages of all Board Meetings held in a year. The attendance of each director is prescribed in the Management.

The Chairman shall allocate enough time for the Management to propose matters and discuss crucial problems in a careful and thorough manner and shall promote careful exercise of discretion. In this connection, all Directors should pay attention to all issues brought to the meeting, including corporate governance issues. Directors having interest, whether directly or indirectly, will not be eligible to vote and will have to leave the meeting during the consideration of the relevant agenda.

The Board of Directors shall encourage Chief Executive Officer (CEO) to invite the Management or Top Management to join a meeting of the Board of Directors to give information and more details as persons directly relating to the problems, so as to get to know Top Management as supplement to its succession planning consideration.

The Board of Directors is given access to additional necessary information from Chief Executive Officer (CEO), Company Secretary, or other delegated Executives within the established policy scope and, where necessary, the Board of Directors may seek independent opinions from third party consultants or professionals.

The Board of Directors has a policy to afford non-executive directors the opportunity to have meetings among them, as necessary, to discuss managerial problems that are of interest without the Management participation, and inform Chief Executive Officer (CEO) of the meeting results. In 2016, there was one meeting of the Board of Directors between non-executive directors.

Self-Evaluation of Board of Directors

The Board of Directors and Board Committee conduct a self-evaluation at least once a year to jointly consider their achievements, problems and corrective guidelines.

Board performance evaluation is conducted for the whole group basis with a performance comparison norm and third party consultant helping in the determination of criteria, guidelines, procedures, and evaluation issues for at least every 3 years. The evaluation procedure can be summarized as follows.

The Company Secretary prepares and reviews the evaluation form for correction and completeness and in compliance with the criteria required by the regulators.

The evaluation form will then be proposed to the Board of Directors to complete. The Company Secretary will summarize the result of the evaluation on the performance of the Board of Directors as well as the strength and improvement areas before proposing to the Governance, Risk and Compliance Committee for its recommendations for further proposing to the Board of Directors for its consideration. The Board of Directors will review the result of the evaluation in order to improve their performance.

The results of each key area are calculated in percentage, whereby 85 percent or more = excellent, more than 75 percent = very good, more than 65 percent = good, more than 50 percent = average, and less than 50 percent = need improvement. It can be concluded from the evaluation results that the Board of Directors has performed its duties in accordance with the good corporate governance principles and the code of conduct of the Company with most of the performance in the level of excellent.

The Company also arranges for individual director's self-assessment on an annual basis. The evaluation procedure is the same as the evaluation on the performance of the Board of Directors as mentioned above. After the evaluation, the results showed that the Company's directors are qualified and have performed their duties

excellently and properly in accordance with the principles of good practice for directors.

The Evaluation of Chief Executive Officer, Top Management, and the Management is based on Company performance, in terms of an EBITDA percentage, KPIs, competencies, self-development, adherence to Corporate Governance Policy and Code of Business Conduct, taking staff feedback surveys into consideration.

CEO Performance Inspection by Board of Directors

The Board of Directors and Nomination and Compensation Committee jointly consider and evaluate CEO performance, which, in this connection, the evaluation is proposed to the Board of Directors by the Nomination and Compensation Committee, with consideration taken on current year performance with various factors as follows:

1. Results of operations in terms of an EBITDA percentage and FoCF compared with the Company's targeted EBITDA percentage and FoCF fixed for a particular year as a basis for comparison evaluation.
2. Personal performance based on three factors under the criteria and target agreed with Chief Executive Officer:
 - 2.1 KPIs
 - 2.1 Critical tasks
 - 2.1 Leadership competency

In addition, adherences to the Corporate Governance Policy and Company's Code of Business Conduct are used to supplement Nomination and Compensation Committee consideration.



Remuneration of the Board of Directors

Directors are suitably remunerated based on an industrial standard comparison, experience, duties, scope of roles and responsibilities, benefits and values obtained from individual directors, including the membership and increased roles and duties in Board Committees.

In regard to the determination of remuneration of Directors, the Board of Directors assigns the Nomination and Compensation Committee to conduct a transparent process and propose to the shareholders. In 2016, the Board of Directors, with recommendations and its consideration of Directors' remuneration payment criteria provided by the Nomination and Compensation Committee, proposed the shareholders in the Annual General Meeting for year 2016, held on 7 April 2016, to approve the new criteria to be commensurate with increased duties from the nomination of Board Committee.

Remuneration of Chief Executive Officer and Top Management is in accordance with the criteria approved by the Board of Directors within a frame approved by the shareholders which is inductive and suitable benefits that the shareholders would receive.

The Nomination and Compensation Committee takes care of CEO performance evaluation in accordance with the norm and criteria agreed with Chief Executive Officer, based on Company operating results, achieved performance of long-term strategic objectives, and executive development. The results of evaluation are proposed to the Board of Directors for approval on an annual basis, and are communicated to Chief Executive Officer by the Nomination and Compensation Committee.

Development of the Board of Directors and the Executives

The Board of Directors promotes and facilitates training for those involving in the corporate governance, such as Directors, Audit Committee members, Corporate Governance members, Executives and Management, Company Secretary, and personnel whose functions are related to continuous corporate governance, so as to ensure ongoing performance improvement and development, including attendance of such training courses as are organized by the Thai Institute of Directors (IOD), other courses by other entities, and in-house training.

In 2016, Director attended training courses held by IOD was Mr. Charin Satchayan. He attended Family Business Governance for Sustainability (FBG) 5/2016 and Board that Make a Difference (BMD) 2/2016.

In addition, Mr. Tasporn Chantree, Senior Vice President – People & Organizational Performance, attended Ethical Leadership (ELP) 5/2016 and Mr. Montri Nithikul, Senior Vice President – Marketing & Sales, attended Ethical Leadership (ELP) 5/2016 and Director Certification Program (DCP) 230/2016.

Upon each appointment of a new Director, the Management will always deliver crucial documents and information benefiting the new Director's performance of duties, such as Director Handbook, Organizational Rules, Code of Business Conduct, including an introduction of the business nature, policies, and operating guidelines.

The Board of Directors requires that Chief Executive Officer provides regularly a report on development and succession plan jointly produced by the Nomination and Compensation Committee on annual basis for preparedness and continuity in succeeding Chief Executive Officer position and all top management positions.

The Board of Directors has made available a leadership development program, and Chief Executive Officer has reported to the Board of Directors on the results of regular implementation of the program along with consideration of a succession plan.

2. Audit Committee

Structure of the Audit Committee comprises three independent Directors, appointed by the Board of Directors and is selected from independent directors who are not Executives under the approval of the Board of Directors.

Qualification of Audit Committee Members

Audit Committee shall possess the qualifications as follows:

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

Currently, all three Audit Committee members are knowledgeable and experienced in reviewing Company financial statements and well-versed in the Company business with their experiences in being the company directors of several reputable companies in Thailand. The Chairperson of Audit Committee, Dr. Sunee Sornchaitanasuk, has a degree in Accounting.

Term of Office

Term of office of the members and Chairman of the Audit Committee is two years.

Roles and Responsibilities of Audit committee

Roles and duties of the Audit Committee in accordance with the Charter of the Audit Committee are as follows:

1. To review the Company and the entities of the Group's financial reporting processes to ensure their 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 and the entities of the Group.
2. To review the internal control systems and internal audit system including business processes and IT framework to ensure that they are effective and efficient.
3. To decide matter on the organization and the qualification of the individuals of the Internal Audit Department of the Company and to determine the Internal Audit Department's degree of independence from the Management, as well as to approve the appointment, transfer and dismissal of the individuals of the Internal Audit Department or of any other unit in charge of internal audit activities.
4. To review the compliance with the Securities and Exchange Act, including the rules, notifications, and regulations thereof and the rules and regulations of the SET, the SEC and any other relevant laws on the compliance with financial regulations.
5. To consider, select, nominate and recommend matter on the 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 the significant issues, the Audit Committee shall meet privately with the external auditor at least once a year, without the management representatives being present.
6. To review the connected transactions or transactions that may potentially lead to the conflict of interest, 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 regulations, and are reasonable and for the highest benefit of the Company.
7. 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 such report, which shall consist of at least the following information:
 - an 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 its 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 any other relevant laws on the compliance with financial regulations .
 - an opinion on the transactions that may lead to conflict of interests.
 - the number of the 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 known to the shareholders and investors.
 - other comments or statements 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 that relate to financial regulation compliance.

8. 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 that relate to financial regulation compliance.
9. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

Meetings of Audit Committee

Audit Committee meets on a regular basis, at least, once every quarter before the Board of Directors' meeting. This is to ensure that the financial report and the Company's financial statements are accurate and adequate, as well as to consider the subject matters under the authority of the Company's internal auditors and external auditors in order to evaluate the efficiency of the internal control and audit system of the Company. In general, the Audit Committee reports its findings and gives its suggestions to the Board of Directors on the significant issues found. The Chairperson of Audit Committee may sometimes call for a special meeting of the Audit Committee or invite any management of Company to join and consider in certain particular financial matters or other matters.

However, under the current practice, Audit Committee has held a monthly meeting. Schedule of the monthly and quarterly meetings are programmed in advance for the whole year.

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, Audit Committee shall report it to the Board of Directors for rectification within the period of time that Audit Committee deems fit:

- a transaction which causes a conflict of interest.
- any fraud, irregularity, or material defect in the internal control system.
- a violation 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 the Management should fail to make a rectification within the period of time under the above paragraph, any Audit Committee member may report the transaction or act under the above paragraph to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

List of Audit Committee members and total attendances are as follows:

Name	Position	Total Attendances/ Total Meetings
1. Dr. Sunee Sornchaitanasuk	Chair person	19/19
2. Mr. Pradap Pibulsonggram	Member	18/19
3. Mr. Charin Satchayan	Member	15/15

Secretary of Audit Committee is Ms. Chadaporn Thitisawat, Head of Internal Audit.

All three Audit Committee members are well-versed and experienced in reviewing the Company's financial statements.

3. Governance, Risk and Compliance Committee

Governance, Risk and Compliance Committee structure must comprise over three directors of the Company and at least one of them must be an independent Director.

Currently, Governance, Risk and Compliance Committee comprises four directors of non-Executive nature.

Term of Office

Term of office of the members and Chairman of Governance, Risk and Compliance Committee is two years.



Qualification of Governance, Risk and Compliance Committee Members

Members of Governance, Risk and Compliance Committee shall possess the understanding in the Company's business and Group's business operations. Also, all should be well-versed in the good governance principles and transform such principles to implementation; and shall have experiences, knowledge, and understating in corporate governance, and risk mitigation.

All current members of Governance, Risk and Compliance Committee 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.

Roles and Responsibilities of Governance, Risk and Compliance Committee

The roles and responsibilities of 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 measures being currently practiced by the Management and review corporate business risk and risk compliance assessment;
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;
5. To perform other duties as assigned by the Board of Directors.

Meetings of Governance, Risk and Compliance Committee

To comply with the Charter of Governance, Risk and Compliance Committee, at least, one meeting shall be held every three months; in other words, four meetings should be arranged in one year. In 2016, the GRCC held five meetings to review progress on the implementation of the Company's Code of Business Conduct and its related policies as approved by the Board of Directors in 2015.

Governance, Risk and Compliance Committee strictly focuses and supervises the improvement of fundamental structure of the Corporate Governance by pushing forward the improvement in multiple levels ranging from policy, operation, communication, training, as well as guidance to put into practice and monitor the implementation, business risk assessment and risk in corporate governance in a continual manner.

The GRCC also finalized nine additional policies during the year - Finance Policy, Treasury Policy, Credit Control Policy, Accounts Receivable Collection Policy, Tax Policy, Operational Risk and Internal Control Policy, Document Control Policy, Business Continuity Management Policy, and Export and Trading Policy.

The GRCC also reviewed the complaints from employees raised through the INSEE Speak Up Line which is available to our employees and our suppliers. A systematic review and investigation process is now supporting Management in its endeavors to create an open and transparent corporate and team culture. Most of the complaints were raised related to management and human resources matters, and only minor events of fraud were reported, on which appropriate disciplinary actions were taken.



For employees in general, conflict of interest report is required to be regularly submitted on an annual basis, at least, once a year provided, however, that the report can be made anytime upon the occurrence of the conflict of interest.

While on the risk management, Governance, Risk and Compliance Committee assigns the Management to assess the risks towards corporation, operation, and Company's business. The risk management report shall be submitted to Governance, Risk and Compliance Committee once every six months.

List of Governance, Risk and Compliance Committee and total attendances are as follows:

Name	Position	Total Attendances/ Total Meetings
1. Mr. Pongpinit Tejagupta	Chairman	5/5
2. Mr. Paul Heinz Hugentobler	Member	5/5
3. Ms. Nopporn Tirawattanagool	Member	5/5
4. Mr. Vanchai Tosomboon	Member	4/5

Secretary of Governance, Risk and Compliance Committee is Mr. Prasert Kasikigskulpol, Head of Compliance & Group OH&S.

4. Nomination and Compensation Committee

Nomination and Compensation Committee's structure consists of, at least, three directors and, at least, one of them must be an independent director.

The current Nomination and Compensation Committee comprises of four non-executive directors and one independent director, namely Dr.h.c. Harald Link.

Qualification of Nomination and Compensation Committee Members

Members of Nomination and Compensation Committee shall 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.

Term of Office

Term of office of the members and Chairman of the Nomination and Compensation Committee is two years.

Roles and Responsibilities of Nomination and Compensation Committee

The roles and responsibilities of Nomination and Compensation Committee set forth under the Charter of Nomination and Compensation Committee are as follows:

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 Annual General Meeting (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 onto 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;
 - Company Representatives on the Board of Associated Company.
- 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, performances as 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 company;
- 4) To half-yearly review with the CEO the succession plans for all TML positions in the Group;
- 5) To regularly participate 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.

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;
- 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.

Meetings of Nomination and Compensation Committee

Nomination and Compensation Committee holds the meeting at least once every three months. In 2016, the Company held 6 Nomination and Compensation Committee meetings. The committee's responsibility is to consider the nomination of directors and independent directors; as well as to review and propose the criteria and format of director's remuneration to be approved by shareholders; improve the employee compensation; map out succession plans, guidelines and performance evaluation procedure of the entire committee and individual members; and select committee members to replace the vacancy of the resigning member.

List of Nomination and Compensation Committee and total attendances are as follows:

Name	Position	Total Attendances/ Total Meetings
1. Mr. Paul Heinz Hugentobler	Chairman	6/6
2. Dr.h.c. Harald Link	Member	4/6
3. Ms. Nopporn Tirawattanagool	Member	5/6
4. Mr. Vanchai Tosomboon	Member	6/6
5. Mr. David Alexander Newbigging	Member	5/6

Secretary of the Nomination and Compensation Committee is Mr. Tasporn Chantree, Senior Vice President - People & Organizational Performance.

5. Executive Committee

The Executive Committee comprises the six highest Executives of Marketing and Sales, Finance and Controlling, People & Organizational Performance, Saraburi Operations, and Logistics, and one director as the Chief Executive Officer to perform as the Executive Committee Chairman.



Qualification of Executive Committee

Executive Committee shall possess the knowledge and experience in business, management and be good leaders with skills in determining the business strategies, also possess high responsibility and competency to drive and manage the Company to achieve the goals, visions and missions.

Roles and Responsibilities of Executive Committee

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 circumstance 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.

The roles and responsibilities of Executive Committee are as follows:

1. To organize, carry out and supervise business operations of the Company and Company Group for the accomplishment of the business and budget plan of each year;
2. To prepare the business operations for proposing to Board of Directors and put the resolution to use by implementing Company's policies and keep on developing such policies;
3. To prepare the Company budget and source of budget of the Company Group;
4. To be responsible for the implementation of designated strategies of the Company Group in order to increase the sustainability of the Company and the Company Group;
5. To ensure that the communication between the Company and the Management of the Company Group is in the same direction;
6. To review the personnel performance as assigned by the Management of the Company;
7. To bring and utilize a necessary tool of integrity assessment and report to the Board of Directors in a timely fashion upon the occurrence of the negative circumstances from the budget of the Company or Company Group.

Meetings of the Executive Committee

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.

List of Executive Committee and total attendances in 2016 are as follows:

Name	Position	Total Attendances/ Total Meetings
Mr. Siva Mahasandana	Director & Chief Executive Officer	19/20
Mr. Montri Nithikul	Senior Vice President - Marketing & Sales	19/20
Mr. Chandana Liyanage	Senior Vice President - Finance & Controlling	20/20
Mr. Tasporn Chantree	Senior Vice President - People & Organizational Performance	20/20
Mr. Somsak Pitchetpinyo	Senior Vice President - Saraburi Operations	19/20
Mr. Paul Joseph Hayes	Senior Vice President - Logistics	8/8

Mr. Kreetakorn Siriatha, Head of BRM, Strategic Planning & Business Department, is the Secretary of the Executive Committee.

Nomination of Director and Executive

Nomination of Independent Director

The selection of the candidates for the post of independent directors is conducted by the Nomination and Compensation Committee, taking into account the qualifications of the candidates, i.e. the relevant knowledge and experiences.

“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, associated company, 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, associated company, 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 shall not apply in the case where the independent director holds or being 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 an executive or a controlling person of the Company or the Company’s subsidiary;
4. Neither having nor being used to have a business relationship with the Company, its parent Company, subsidiary, associated company, major shareholder or controlling person, in a 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, associated company, major shareholder or controlling person, unless the foregoing relationship has already ended for a period of 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 20 million baht or





more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board and the governing rules on connected transactions *mutatis mutandis*. The consideration of such indebtedness includes indebtedness occurring during the period of one year prior to the date on which the business relationship with the person is commenced;

5. Neither being nor used to be an auditor of the Company, the Company's parent Company, subsidiary, associated company, 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 for a period of 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, associated company, 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 for a period of 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 percentage 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 would cause the inability to express independent opinions with regard to the Company's business operations.

Nomination of Director

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 to achieve the set objectives, goals, business nature and future plans as determined by the Board of Directors.

The election of each director is made by the majority of votes of shareholders. Every year, the Company invites the shareholders and directors 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 provides the 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. In case of tie-vote, the Chairman of the Board shall have a casting vote.

In the case of a 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, except in the case where the remaining term of office is less than two months.

If the remaining directors are less than the number to constitute 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.

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 Resources) Function, for managing and developing talents to these high-ranked positions.

Corporate Governance for Subsidiaries and Associated Company

The regulatory mechanism of corporate governance is set forth to protect the interest in both investment capitals and company businesses by taking into consideration in the best interests of the Company Group.

In respect of the primary corporate governance in subsidiaries and associated company, the Nomination and Compensation Committee will nominate qualified candidates to propose for approval from the Board of Directors. The appointment shall be conducted according to number and position in compliance with shareholding proportion of subsidiaries and associated company. In this connection, this discipline shall apply to the top management appointment for subsidiaries and associated company.



The directors and/or executives appointed by Board of Directors above mentioned shall have the duty to manage and administrate the businesses of subsidiaries and/or associated company to be in line and in compliance with the Company's policies and direction, which may be set out and reviewed from time to time as it may deem appropriate.

In making decision for key business operations of the subsidiaries, the Company shall set out the value amount of the projects or businesses in the Articles of Association of the subsidiaries. The directors of the subsidiaries are required to propose for approval from the Board of Directors before implementation at all times. Approvals from the Board of Directors are also necessary for crucial activities, such as the increase-decrease in the capital and the termination of subsidiaries' businesses.

Regarding business operation in general, the Company sets out the policy guidelines through communication in the annual budget designation for reviewing and reporting the quarterly business performance in the Board Committee's meetings. The representatives appointed as directors and executives of subsidiaries and associated company shall participate in such meetings. Besides, the Board of Directors' meeting sets out the regular sessions for acknowledging the Minutes of meetings held by subsidiaries and associated company.

Furthermore, the reports of the subsidiaries are specified with format and structure in an identical or similar manner for the convenience in the corporate governance. In this regard, the Company also determines the organizational structure, which employees or division managers of subsidiaries must report or consult and resolve problems in collaboration with the Company's Executives and managers, who are in charge of such line functions or concerning businesses. Thus, measures and/or internal control of subsidiaries must be complied with or be in the same direction with the Company's systems. The regulatory mechanism of corporate governance is prescribed that the Executives and employees of subsidiaries must undertake the business in both proactive and reactive approaches along with the Company's Executives and employees.

Supervision of the Use of Insider Information

Use of Insider Information

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 placed the importance on the compliance with the Company's Code of Business Conduct Policy. In this respect, 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 from trading the Company's shares during the period of 30 days before the disseminations of the 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 within three days from the date of the change and that the Company Secretary shall be notified accordingly in order that 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 above policies are also part of the compliance with the Company Code of Business Conduct on the use of company assets and information.

The Code of Business Conduct, the revised version, sets out that "Use of inside information or non-public information in supporting the investors' decision whether to buy, sell or hold stocks or securities is

considered unethical and illegal, and this may result in disciplinary and criminal charges”.

For any questions or suspicions regarding insider trading, please consult the Legal and Corporate Affairs Department. The Company shall review names of insider persons

for the suitability of 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.

Summary of Number of Shares Held by Directors and Executives in 2015 and 2016 is follows:

Number of Shares Held Siam City Cement Public Company Limited by Directors and Executives							
List of Directors/ Executives	31 December 2016			31 December 2015			Total Number of Shares Increase/ (decrease) during the year (share)
	Number of Shares (Share)		Percentage of Shares Held	Number of Shares (Share)		Percentage of Shares Held	
	Directors/ Executives	Spouse and child(ren) under age		Directors/ Executives	Spouse and child(ren) under age		
Non-Executive Directors							
Mr. Veraphan Teepsuwan	4,682	1,265	0.0026	4,682	1,265	0.0026	-
Mr. Paul Heinz Hugentobler	-	-	-	-	-	-	-
Mr. Chachchon Ratanarak	-	-	-	-	-	-	-
Mr. Vanchai Tosomboon	57,522	-	0.0250	51,448	-	0.0224	6,074
Ms. Nopporn Tirawattanagool	-	-	-	-	-	-	-
Mr. Pongpinit Tejagupta	-	-	-	-	-	-	-
Mr. David Alexander Newbigging	-	-	-	-	-	-	-
Dr.h.c. Harald Link	18,550	-	0.0081	12,558	-	0.0055	5,992
Dr. Sunee Sornchaitanasuk	-	-	-	-	-	-	-
Mr. Pradap Pibulsonggram	-	-	-	-	-	-	-
Mr. Charin Satchayan	-	-	-	-	-	-	-
Executive Director							
Mr. Siva Mahasandana	152,478	-	0.0066	144,800	212,500	0.1553	(204,822)
Executives							
Mr. Chandana Liyanage	7,031	-	0.0030	3,238	-	0.0014	3,793
Mr. Tasporn Chantree	22,946	-	0.0099	16,911	-	0.0073	6,035
Mr. Somsak Pichetpinyo	10,307	-	0.0045	5,453	-	0.0024	4,854
Mr. Montri Nithikul	11,495	-	0.0049	6,957	-	0.0030	4,538
Mr. Paul Joseph Hayes	-	-	-	-	-	-	-

Apart from undertaking the matter of insider trading, the control of unusual transactions that may cause the conflict of interest to the Company is also the important issue.

The Code of Business Conduct, the revised version, sets out that “Conflict of interest can be defined as “the situation where our personal, financial or other interests interfere, or may be perceived as interfering with our ability to act in the best interest of the Company Group”. Employees shall avoid conflict of interest whenever possible. In the situations whereby employees think the conflicts may arise and it might impair or even appear to impair, they must immediately inform their supervisor to resolve the situation in a fair and transparent manner”.

In this regard, the Company establishes the guidelines on conflict of interest for personnel who may be involved in approving a process or procuring a product or service to declare the information of themselves or their relatives regarding the transactions with the Company and/or the subsidiaries during the period of the last 12 months. This activity is taken on an 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 employees has become more aware of transparency and avoid the activity that may be connected with the conflict of interest of the Company.

Auditor's Fee

In 2016, EY Office Limited (formerly Ernst & Young Office Limited) received from the Company and its subsidiaries audit fees of 8,463,656 baht and other services fee (non-audit fee) of 4,046,514 baht.

Compliance with SET's Code of Best Practice

The Company strictly follows the Corporate Governance for listed companies under the guidelines prescribed by the SET. The Company's disclosure and report was made and prepared by following the self-assessment of SET's Code of best practices. There was no report of non-compliance with the corporate governance policy in 2016.







SUSTAINABLE DEVELOPMENT

Corporate Social Responsibility

INSEE does good deeds for His Majesty the King



INSEE has successfully adopted the Royal Initiative of ‘Philosophy of Sufficiency Economy’ as a guidance in order to carry out the core value of social responsibility strategy. By merging business potential with knowledge integration from foundations and other sectors, we all work together to craft the projects supporting communities and help protecting environment asset. These projects, as well, mean to improve the quality of lives among each community, encouraging stability, sustainability and balance to grow upon them in a long run.

One of the projects is Integrated Green School, an CSR activity to give opportunities of learning to the schools in border areas as well as to build the stable and sustainable awareness within their mind. With Green Economy idea derived from Phrabat Somdet Phra Paraminthara Maha Bhumibol Adulyadej’s Royal Initiative of ‘Philosophy of Sufficiency Economy’ and his devotion in education development, he once gave his royal speech that “To grant people an education is the most important, as it helps crafting a role model for next generations, who is not only potentially excellent but also full of spirit. Thus, those whose work concerning education will take much responsibility in creating good citizens for their own country, for nation’s sake. (His royal guidance for

Srinakharinwirot University’s commencement ceremony, 21 November, 1973).

When Thai much-loved King Rama IX, Phra Bat Somdet Phra Paraminthra Maha Bhumibol Adulyadej Mahitalathibet Ramathibodi Chakkrinaruebodin Sayamminthrathirat Borommanatthabophit passed away on 13 October 2016, bringing tears and grief to the entire nation as much as us, INSEE family. Next morning, 14 October 2016, Siam City Cement Public Company Limited held a mourning ceremony to pay tribute to Phra Bat Somdet Phra Paraminthra Maha Bhumibol Adulyadej, arranged the areas for INSEE family to express their deepest condolences through written message at Column Tower (Head Quarter), Siam City Cement Public Company Limited’s factories in





Saraburi Province and other provinces, and regional sell offices, to name a few. Even though we all have to pass through such hardest, saddest moment, we eventually turn the tears of misery into a strong power, to continue his royal determination in prosperity establishment among Thai nation, bringing Thais an eternal happiness, strengthen the harmony, and showing them the heart of giving, which inspires us to move forward by doing good deeds in so many ways, such as;

- **INSEE Tham Dee**, a merit dedication activity which held on 28 October 2016, gathering more than a hundred members of INSEE family from every section to help distributing boxes of natural juice from the Royal Project, fans with his Royal Guidances printed at the front, paying-tribute pins, refreshing towels, herb inhalers, and ointment for people who traveled to Chakri Maha Prasat Throne Hall at the Royal Palace to pay their respect to the body of the late King Rama IX, plus helping cleaning up the areas around Sanam Luang at the end of the day.
- **Singing Sansoen Phra Barami (Royal Anthem)** on the 4 November 2016 which was a part of opening ceremony of 'Huang Yai...Sai Jai Anakot 1/2016' held by the mobile medical unit from Princess

Mother's Medical Volunteer - PMMV of Chiang Rai, coordinating with Siam City Cement Public Company Limited, Jed See Chuay Chao Baan project by Channel 7, Chiang Rai governor, government officers and Akha community, taking place at INSEE Arsa Border Patrol Police Education Center (Ban Huay Nam Kuen) Amphur Mae Saruay, Chiang Rai.

- **Ruam Palung Hang Khwam Pak Dee** on 22 November 2016, the activity showing the power of loyalty following the government announcement where SCCC Group from every unit gathering to be sworn in, sacrificing ourselves protecting the nation, religion and royal institute, right before the royal portrait, then singing the royal anthem with loyalty and awareness of the gracious kindness of the late King Rama IX.
- **Por Piang Puer Por or Sufficiency for Dad**, occurring on 1 December 2016 which marks the 50-day anniversary of King Bhumibol Adulyadej death by giving two tons of un-milled rice to the Office of the Permanent Secretary, Prime Minister Office, volunteering ourselves packing un-milled rice in bags to make 'a bag of Sufficient rice' for giving out to those people coming to pay their tributes to the late King at Chakri Maha Prasat Throne Hall, the Royal Palace.

The participation of members of the INSEE Family in charity and social responsibility projects in remote communities is dedicated to the memories of the unfathomable grace of His Majesty King Bhumibol Adulyadej. We will all heed the teachings of His Majesty and will utilize these teachings as the guideline in our quest now and in the future to build an equitable society and country.



Sustainable Development and Corporate Social Responsibility



The business conduct of Siam City Cement Public Company Limited from the beginning until today has always put a strong focus on sustainable business with responsibility towards the community, society and environment, as well as the determination to build value for all stakeholders.

The Company has developed the social responsibility policy as a guideline in carrying out the work in this area in seven important aspects

1. Strictly adhere to corporate governance
2. Respect human rights and hiring and caring for employees fairly
3. Pay close attention to building good relationship with customers and suppliers
4. Be mindful of the environment and sustainable development
5. Be attentive to the community and support social development
6. Support controlling and reporting
7. Anti-bribery and corruption

The Company has identified the important stakeholders and their expectations by instituting a process and

channels through which to communicate effectively, especially the regular hearing of all recommendations from the stakeholders. This is because we believe that these recommendations will help drive the development in all aspect of our business in a continuous basis. This will also promote the relationship and support from the stakeholders which is considered to be a firm foundation in our business conduct.

In addition, the Company has been producing the Sustainability Development Report on an annual basis since 1999 with the contents covering the achievement and the progress in the economic dimension, social dimension and environmental dimension. As for the tasks on social responsibility, the Company put great importance on the processes of both CSR in-process and CSR-after-process. In the Sustainable Development Report, the important indices on economy, society and environment are presented as modeled after the Global Rating Initiative (GRI) standard.

**For details on the Sustainable Development and Social Responsibility Policy, as well as the fostering of relations with major stakeholders, readers may find out at www.siamcitycement.com or from the Company's Sustainable Development Report along with the Annual Information Report (Form 56-1).*

In 2016, the Company continued to stress the importance and the process in regards to social responsibility through continuous development to create shared value with all parties. The following is the compilation of major projects and activities.

Siam City Cement Public Company Limited was awarded ESG100 certificate - 1 in 100 listed companies to be recognized

Thaipat Institute, a partner of the Global Initiative for Sustainability Rating (GISR), announced the names of listed companies that have gone through internationally-recognized selection process. SCCC was recognized among the ESG100 companies for 2016 in recognition **for SCCC's exemplary work in every dimension: Performance, Environmental Management, Social Responsibility as well as Corporate Governance**. The ESG100 (Environment, Social and Governance) Award is an important indicator and a good testimonial for investors who value sustainability.

The award bestowed upon **the Company accurately reflect the strict adherence to the principles of good corporate governance** in the business operations as well as the attention to the responsibility to society, environment and to all important stakeholders of the Company.

CSR In-Process

SCCC is fully committed to protect and to reduce any probable impact on the community, society or the



environment as a result of any and all business processes of the Company to the best of our ability. The Company is also committed to continuous development on the foundation of strictly adhering to the all laws and regulations as the baseline. The Company has drawn up the Sustainable Development Roadmap with challenging long-term goals since 2009 with targeted achievements in 2020. The six subjects related to environment and society included in the Sustainable Development (SD) Roadmap are;

1. Carbon dioxide emission reduction
2. Stakeholders Engagement with Green Heart Activities
3. Community Involvement & Development
4. Zero Waste to Landfill & Alternative Fuels
5. Green Heart products & services innovation
6. Water Conservation

As of today, the overall picture of SCCC's SD Roadmap is very encouraging although there remain some challenges in order to meet all the set long-term targets.



CO₂ Emission Reduction



Stakeholders Engagement with Green Heart Activities



Community Involvement & Development



Zero Waste to Landfill



Green Product & Service Innovation



Water Conservation

Siam City Cement Public Company Limited

Details of the SD Roadmap goals and achievements are available for perusal in the Sustainable Development Report 2016.

CSR After-Process

CSR After-Process, or social responsibility activities over and above the Company's business processes in the past year are many. Most of which are grouped under the "Green Heart" concept that emphasizes all stakeholders' care for, and co-existence with, sustainable environment. All projects span over at least three to five years to ensure continuity and sustainability.

CSR at Large projects at the national level

Integrated Green School Integrated Green School is an on-going seven-year project that concentrates on education in tandem with community and environmental development based on the foundation of sustainability. The project emphasizes the cooperation with experts from many fields to ensure that the schools and the community is engaged in being friendly to the environment in every aspect and create sustainable development based on self-supporting economy as much as possible. The project also encompasses the management in other areas such as garbage disposal, irrigation system for vegetable growing and animal husbandry.

In addition, the Company also calls for internal volunteers from every department within Siam City Cement to help build or renovate buildings at "INSEE Arsa" Border Patrol Police schools. This activity has helped to foster pride among the employees who realize that they are lending a hand to help the society.

In 2016, the Company has been a brand new school at Baan Huay Nam Guen, Mae Sruay District, Chiang Rai Province, under the name **"INSEE Arsa (Baan Huay Nam Guen) Border Patrol Police Education Center"**, in response to the Her Royal Highness Princess



Maha Chakri Sirindhorn's desire to see an education center or a school in remote areas where there are no existing schools.

The new education center serves children from over 300 Arkha (hilltribe) families who have lived in the area for the past 70 years or more – far from civilization without electricity and telephone signal. The school was created under the concept **"Panya Arsa"** or "volunteers for wisdom", which means to encourage college students to use their knowledge and vocational skills to create something valuable to themselves and to others. In this project, the students from Faculty of Architecture, Chulalongkorn University participated to help design the school by taking into consideration the environmental friendliness, the harmony with the local social context and the use of land and the surrounding terrain in a sustainable way.

During the past seven years of the "Green School" project that has evolved into "Integrated Green School", more than 50,000 children and youths have benefited from this project that has built a total of 30 schools. The Company is determined to continue on this path towards sustainable social development through this worthwhile project.

INSEE Green Community project

The INSEE Green Community is a project operated under the cooperation with the Chai Pattana Foundation over a three-year period to develop strong community under the sustainable economy concept. This project requires the participation of members of the community to support activities that the community is genuinely interested in doing and to create supplementary income over and above the income from traditional agriculture.

The INSEE Green Community project was first started in 2014 at Tha-Pa-Pao Village, Lamphun Province. The success at Tha Pa Pao not only allows the villagers to support themselves, but also creating local knowledge that is dispersed to neighboring villages, in the process creating a few model community leaders. At present, the Tha Pa Pao Community has registered as a social enterprise with the production of soil-cement construction blocks, longan with sugarcane juice cookies for sales, bringing in extra income to the community while making them self-sufficient.

In 2016, SCCC initiated a new project at Baan Mai Nam Yen, Muang District of Chiang Rai. This 5,000-rai forested area is the watershed Huay leng stream which is the last watershed forest in Muang District. The main goal of this project is to convince the villagers to help conserve and take care of the watershed area by building check dams, plant vetiver grass to hold



the banks of the stream, to plant a wide variety of trees to create diversity, as well as to develop the vocations that are friendly to the environment and earn more income from foraging in the forest. In a word-to sustainably co-exist with the forest.

The Company received the cooperation of experts from several fields in this project, namely, the Chai Pattana Foundation, the Forestry Department, the Huay Hong Krai Development Center, the Faculties of Architecture of Chiang Mai University and Maejo University. Playing major roles as well were members of the local administration such as the municipality and the Tambon Administration. The three main activities are;

1. Conserve and rejuvenate the forest resources by building check dams and planting vetiver grass on stream banks to protect the soil.
2. Provide vocational training by building the “INSEE Pattana” Village Learning Center to be used as a base for the development of jobs mainly by reviving and institutionalize former rural vocations such as agriculture, cloth-weaving and basketry. The center also provides training for new jobs such as adding value to products and promoting eco-tourism or nature study tours.
3. Conserve and rejuvenate the environment and energy from renewable sources such as community solar cell, the making of cement water tanks and the irrigation system for agriculture using solar water pumps, village garbage treatment and the creating awareness especially among youth of the natural wealth, the conservation of natural resources and the close cooperation within the community to improve their livelihood through the activity “New Horizon with Green Heart”.

INSEE Artificial Reef project

The Siam City Cement and its subsidiaries have a clear policy in regards to sustainable development. One of

the main activities is to reduce the amount of waste sent to landfill to zero (zero waste to landfill). In 2016, the Company has cooperated with the Department of Marine and Coastal Resources, Ministry of Natural Resources and Environment, in the implementation of the “INSEE Artificial Reef” project with an aim to rejuvenate the marine life along the coast to a rich and sustainable level.

The leftover concrete from deliveries to customers is poured into prepared molds to produce the artificial reefs so that they can be used as shelters for spawning marine life and small animals. The target is to produce 299 artificial reef blocks over a three-year period. In the first year, the project will drop the artificial reefs in the sea offshore from three provinces : Prachuab Khiri Khan at Pranburi; Mannok Island in Rayong; and Patong Beach in Phuket province.

CSR Projects at the Local Communities Level

Siam City Cement Public Company Limited through the Saraburi Operations has implemented social responsibility projects to support the communities’ sustainable development in the area around the plant in Kaengkhroi and Muaklek districts of Saraburi Province. In 2016, the three factories received the CSR-DIW Continuous Award 2016 from the Department of Industrial Works, Ministry of Industry. This award clearly demonstrates the Company’s success in terms of effort in the social responsibility.





In 2016, the major projects under the principle of co-development of the community have undergone continuous development. Some of the main projects are;

- Ming Mongkol HM the King's 84th Birthday Anniversary Park or INSEE Green Park.** The Company has built the INSEE Green Park on the Company's own land on Mitraparb Road, Kaengkhroi District of Saraburi Province in celebration of the 7th cycle, or 84th birthday of His Majesty King Bhumibol Adulyadej on 5 December 2011. The project was aimed at reflecting the important business philosophy of the Company that pays close attention to the community, society and environment. At present, the INSEE Green Park has created value for the community by allowing the community members to bring their OTOP products to sell at the park to raise their income. The villagers and other visitors can also use the park to relax, to exercise and to participate in activities in a natural environment. At the same time, travelers can also take a break while admiring the model public park that emphasizes the concept of being environmentally friendly. The park is a true "green classroom" that can impart the love and care for the environment among the people and youth.
- INSEE Green Village** (Tabkwang). This is a spin-off of the project launched in 2011 from the needs that arose from the community leaders and the people who wanted to depend on themselves. The project now operates under the context and the differing needs of each community. The activities include the lecture on the green way of life, tree-planting, potable water system, separation of trash and the village garbage bank. In addition, the project promotes more youth participation in the community activities.
- INSEE Youth Camp** Tabkwang. The youth development program was first launched by the Company at the end of 2013. The youth camp was aimed at providing knowledge to the youth in Tabkwang Sub-District by creating a sense of camaraderie, the will to help develop the community and participating in green activities. The Youth Camp is a project that Siam City Cement wants to use as a springboard to bring the youth in the community into a productive way of life, to be a good member of society and help develop their own communities. Youths interested to participated must be between 13 to 20 years old.
- Fund for Community and Environmental Development** in Tabkwang Sub-District. The Fund has been set up to operate in the form of joint management. The Fund management consist of members of the community who were voted in to manage the Fund that the Company supports on an annual basis. The Fund managers are elected from their respective village and work together to coordinate the people in community development projects. One representative each from the local government and Siam City Cement are also involved.
- Basic Utility Development project** elps to renovate school buildings, landscaping, drinking water and water for irrigation in the community. The main activities of this project are to renovate the landscape at temples and schools. This project stresses the cooperation between the community members and Siam City Cement employees under the name "INSEE Arsa".

"Social responsibility starts inside all of us" - Siam City Cement is determined to work to support the community development as well as the instill the sense of social responsibility. The cooperation among the management, employees, community and community leaders is to ensure the everyone shares the same determination to carry out projects for the community harmoniously and to look forward to the shared benefit and ownership. To safeguard the shared value in accordance to one of the Company's Commitments: **"Caring about our future"**.



General Information and Other Important Information

General Information

1) Company Name, Head Office, Type of Business, Registration No., Telephone No., Fax No., Website, Type and Amount of Issued/Paid-up Shares.

Company Name	Siam City Cement Public Company Limited
Stock Code	SCCC
Registration No.	0107536001346 (Formerly, BorMorJor. 208)
Type of Business	Cement production 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, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand Plant 2, 219 Moo 5, Mitraparp Road, Km. 131, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand. Mortar Plant, 41/2 Moo 5, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand AFR Platform, 301 Moo 5, Mitraparp Road, Km.133, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand
Telephone	+ 66 2 797 7000
Fax	+ 66 2 797 7001 to 2
Website	www.siamcitycement.com
Company's Ordinary Shares Issued and Paid-up	230,000,000 ordinary shares with the par value of 10 baht per share.

2) Company Name, Head Office, Type of Business, Telephone No., Fax No. of the Legal Entities held by the Company for Over 10 Percent of Paid-up Shares of Such Entities, as of 31 December 2016.

Company Name	Location of Head Office	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Sharholding
Held by Siam City Cement Public Company Limited					
1. Siam City Concrete Company Limited	Bangkok	Ready-mixed Concrete and Aggregates	2,500	25	100.00
2. INSEE Superblock Company Limited	Bangkok	Light-weight Concrete Block	500	5	100.00
3. Conwood Company Limited	Bangkok	Construction Material	300	3	100.00
4. INSEE Ecocycle Company Limited	Bangkok	Industrial Waste Disposal and Alternative Fuel and Material Trading and Industrial Cleaning Service Business	400	4	100.00
5. Siam City Power Company Limited	Bangkok	Energy Generation from Waste Heat	2,000	20	100.00
6. INSEE Digital Company Limited	Bangkok	Technical Service and Information Technology Management and Development Services	700	7	100.00
7. Globe Cement Company Limited	Bangkok	Cement	701	7.01	100.00
8. Lanna Resources Public Company Limited	Bangkok	Coal Production and Distribution	525	525	44.99
9. Thai Agro Energy Public Company Limited	Bangkok	Ethanol Production and Distribution	1,000	1,000	4.72
10. Chip Mong INSEE Cement Corporation	Cambodia	Cement	106 million USD	0.053	40.00
11. Siam City Cement (Bangladesh) Limited	Bangladesh	Cement	2,800 million Taka	48.74	100.00
Held by Conwood Company Limited					
1. PT. Conwood Indonesia	Indonesia	Construction Material	78 million USD	78	100.00
Held by Siam City Concrete Company Limited					
1. Siam City Cement (Lanka) Limited	Sri Lanka	Cement	1,663 million Sri Lankan Rupee	166.30	98.95
Held by Siam City Cement (Lanka) Limited					
1. SCCC Galle Cement Terminal (Private) Ltd.	Sri Lanka	Cement Trading	1,460 million Sri Lankan Rupee	146	100.00
2. Mahaweli Marine Cement (Private) Ltd.	Sri Lanka	Cement Trading	48 million Sri Lankan Rupee	4.8	90.00

Siam City Concrete Company Limited

Column Tower, 7th - 12th Floor,
199 Ratchadapisek Road, Klongtoey,
Bangkok 10110, Thailand
Tel + 66 2 797 7555
Fax + 66 2 797 7005

INSEE Superblock Company Limited

Column Tower, 7th - 12th Floor,
199 Ratchadapisek Road, Klongtoey,
Bangkok 10110, Thailand
Tel + 66 2 797 7000
Fax + 66 2 797 7001-2

Conwood Company Limited

Column Tower, 7th - 12th Floor,
199 Ratchadapisek Road, Klongtoey,
Bangkok 10110, Thailand
Tel + 66 2 797 7444
Fax + 66 2 797 7004

INSEE Ecocycle Company Limited

Column Tower, 7th - 12th Floor,
199 Ratchadapisek Road, Klongtoey,
Bangkok 10110, Thailand
Tel + 66 2 797 7000
Fax + 66 2 797 7001-2

Siam City Power Company Limited

Column Tower, 7th - 12th Floor,
199 Ratchadapisek Road, Klongtoey,
Bangkok 10110, Thailand
Tel + 66 2 797 7000
Fax + 66 2 797 7001-2

INSEE Digital Company Limited

Column Tower, 7th - 12th Floor,
199 Ratchadapisek Road, Klongtoey,
Bangkok 10110, Thailand
Tel + 66 2 797 7000
Fax + 66 2 797 7001-2

Lanna Resources Public Company Limited

888/99 Mahathun Plaza Building, 9th Floor,
Ploenchit Road, Lumpini, Pathumwan,
Bangkok 10330, Thailand
Tel + 66 2 253 8080
Fax + 66 2 253 5014, +66 2 253 6822

Thai Agro Energy Public Company Limited

888/114 Mahatun Plaza Building, 11th Floor,
Pleonchit Road, Lumpini, Pathumwan,
Bangkok 10330, Thailand
Tel + 66 2 627 3890-94, +66 2 255 4380-84
Fax + 66 2 627 3889

Chip Mong INSEE Cement Corporation

ANINA Building - 5th floor, Street 271, Sangkat Boeung Tumpun,
Meanchey District, Phnom Penh, Cambodia
Tel + 855 23 216 380
Fax + 855 23 215 497

Globe Cement Company Limited	1910 Electrolux Building, 12 th Floor, Zone B, New Petchaburi Road, Bangkok, Huay kwang, Bangkok 10310, Thailand. Tel + 66 2 365 9510 Fax + 66 2 718 0250
Siam City Cement (Bangladesh) Limited	75, Suhrawardi Avenue, Block-K, Dhaka-1212, Dhaka, Bangladesh Phone + 88-09609011200
PT. Conwood Indonesia	Menara Jamsostek, North Tower, 15 th Floor, Jl. Jenderal Gotot Subroto No. 38 South Jakarta 12930, Indonesia Tel + 62 21 5296 2146 Fax + 62 21 5296 2147
Siam City Cement (Lanka) Limited	413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Tel + 94 11 7 800800
SCCC Galle Cement Terminal (Private) Limited	413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Tel + 94 11 7 800800
Mahaweli Marine Cement (Private) Limited	413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Tel + 94 11 7 800800

3) Other references

Share Registrar	Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building Rachadapisek Road, Din Daeng, Bangkok 10110, Thailand Tel + 66 2 009 9000 Fax + 66 2 009 9991 Call Center + 66 2 009 9999
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	TMB Bank Public Company Limited 3000 Phaholyotin Road, Chom Phon, Chatuchak, Bangkok 10900, Thailand Tel + 66 2 230 5449 Fax + 66 2 266 9779
Auditors	Miss Kamontip Lertwitworatop Certified Public Accountant No. 4377. EY Office Limited Lake Ratchada Building, 33 rd Floor, 193/136-137 Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel + 66 2 264 0773 Fax + 66 2 264 0789-90

Company's Securities and Shareholder

Securities issued by the Company

- 1) The Company registration capital is 2,800 million baht, with paid-up of 2,300 million baht of 230 million ordinary shares, and with par value of 10 baht per share, be listed in The Stock Exchange of Thailand.
- 2) The other type of share which is different from the ordinary share's right
-None-

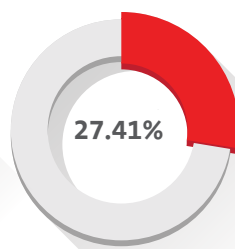
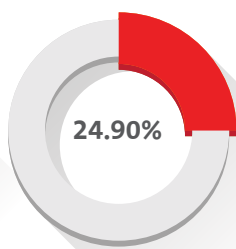
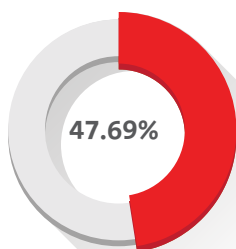
Shareholders

- 1) Major Shareholders as of 15 November 2016 are the following

Rank	Major Shareholders	Shares	% Shares ²
1.	Sunrise Equity Company Limited ³	80,065,840	34.81
2.	JARDINE CYCLE & CARRIAGE LIMITED ³	57,270,000	24.90
3.	Bangkok Broadcasting and Television Company (BBTV) ³	21,681,000	9.43
4.	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	5,070,600	2.20
5.	Thai NDVR Co., Ltd. ⁴	3,707,533	1.61
6.	CHASE NOMINEES LIMITED	3,513,849	1.53
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.	STATE STREET BANK EUROPE LIMITED	1,911,942	0.83
11.	Krungsri Dividend Stock Fund	1,811,900	0.79
12.	THE BANK OF NEW YORK (NOMINEES) LIMITED	1,479,800	0.64
13.	THE BANK OF NEW YORK MELLON	1,456,300	0.63
14.	Ms. Pilanuch Ratanarak	1,439,742	0.63
15.	Aberdeen Long-term Equity Fund	1,266,000	0.55
16.	HSBC (SINGAPORE) NOMINEES PTE LTD	1,233,125	0.54

2) Proportion of Shareholding

Ratanarak Group	JARDINE Group Company	Others	Total
Number of Shares Held 109,685,968	Number of Shares Held 57,270,000	Number of Shares Held 63,044,032	Number of Shares Held 230,000,000



Remark

1. The record date was scheduled on 14 November 2016 to identify the Shareholders entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2016, and the Shareholders register closing date was scheduled on 15 November 2016. 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 scheduled at 49 percent (at 15 November 2016, foreign shareholders portion is 35.42 percent)
3. The majority of shareholders who are a group whose movement has a marked influence on the establishment of corporate policy and strategy.
4. Thai NVDR Co., Ltd. is the lawful shareholder of authorized shares, holding Non-Voting Depository Receipt (NDVR). Thai NVDR Co., Ltd. is not entitled to vote as the shareholder, except the case where the meeting is called for revoking securities from being the listed company in the stock exchange. The information of investors under Thai NVDR Co., Ltd. is shown on the website: www.set.or.th



Securities issued by the Company

- Debt Securities

Set 1

Type of security	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate
Term to maturity	4 years
Value of debentures	4,000 million baht
Number of debentures	4 million units
Par value per unit	1,000 baht
Offering price per unit	1,000 baht
Issuing date	14 June 2013
Maturity date	14 June 2017
Coupon rate	3.79 percent per annum
Credit rating	A

Set 2

Type of security	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate
Term to maturity	7 years
Value of debentures	2,000 million baht
Number of debentures	2 million units
Par value per unit	1,000 baht
Offering price per unit	1,000 baht
Issuing date	14 June 2013
Maturity date	14 June 2020
Coupon rate	4.30 percent per annum
Credit rating	A

Set 3

Type of security	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate
Term to maturity	8 years
Value of debentures	2,000 million baht
Number of debentures	2 million units
Par value per unit	1,000 baht
Offering price per unit	1,000 baht
Issuing date	29 April 2016
Maturity date	29 April 2024
Coupon rate	2.46 percent per annum
Credit rating	A

Set 4

Type of security	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate
Term to maturity	10 years
Value of debentures	2,000 million baht
Number of debentures	2 million units
Par value per unit	1,000 baht
Offering price per unit	1,000 baht
Issuing date	29 April 2016
Maturity date	29 April 2026
Coupon rate	2.70 percent per annum
Credit rating	A

- **Equity Securities**

Authorized shares	280 million ordinary shares with the par value of 10 baht per share.
Issued shares	230 million ordinary shares.
Issued and outstanding shares	230 million ordinary shares.

- **Derivatives**

None

Dividend Policy and Allocation

“The Company shall allocate dividend payment at least 60 percent 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.”

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 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. Therefore, if the Company does not have sufficient net profit, dividend proposal shall be applicable with such situation.

During 2014-2016, the Company allocated dividends as follows

For fiscal year 2016, total dividend is 15 baht per share

- The Board of Directors approved payment of interim dividend on 22 July 2016 of 8.00 baht per share.

- The Board of Directors proposes the Shareholders to approve payment of dividend for the second half of 2016 on 31 March 2017 for 7.00 baht per share.
- Dividend payout 3,450 million baht, 88.1 percent





For fiscal year 2015, total dividend is 15 baht per share

- The Board of Directors approved payment of interim dividend on 28 July 2015 of 8.00 baht per share.
- The Shareholders approved payment of dividend for the second half of 2015 on 7 April 2016 for 7.00 baht per share.
- Dividend payout 3,450 million baht 75.3 percent

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

- The Board of Directors approved payment of interim dividend on 21 July 2014 of 8.00 baht per share.
- The Shareholders approved payment of dividend for the second half of 2014 on 7 April 2015 for 7.00 baht per share.
- Dividend payout 3,450 million baht 67.9 percent

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 dividend if their Board of Directors considers it appropriate given their profitability levels.

In each dividend payment, the Company's Subsidiaries shall provide reserve as prescribed by law for at least one-twentieth of the net profit arisen from the business operation, until such reserve reaches one-tenth of the Company's capital, or higher.

Directors' and Executives' Information

Mr. Veraphan Teepsuwan

Chairman of the Board of Directors

Age 75 years

Family Relationship Among Directors and Executives : Nil
Appointed as Director since 13 August 1998

Education

Master Degree MBA, Northeastern University, USA

Bachelor Degree Economics, Boston University, USA

Company's Share-holding Ratio (%)

As of 31 Dec 2015 0.0026

As of 31 Dec 2016 0.0026*

* 5,947 shares, by director 4,682 shares and by spouse
1,265 Shares, no indirect or nominee holding

Work Experience 5-year Credential

Listed Company

**Siam City Cement Public Company Limited /
Cement Producer and Construction Materials**

Nov 2006 - Present Chairman

**Bank of Ayudhya Public Company Limited /
Commercial Bank**

Jan 2007 - Present Chairman

**Eastern Star Real Estate Public Company /
Property Development**

2003 - Present Vice Chairman

Sri Ayudhya Capital Public Company Limited /

General Insurance

2002 - Present Chairman

Allianz Ayudhya Assurance Public Company Limited /

Life and Health Insurance

1995 - Jan 2011 Chairman

Non Listed Company

**Exclusive Senior Care International Company Limited /
Development of Facilities for Elderly Health Rehabilitation**

Sep 2010 - 2016 Director (Authorized Signatory)

Bangkok Broadcasting & TV Company Limited /

Television Broadcasting

1983 - Mar 2014 Director

Training Experience

By Thai Institute of Directors (IOD):

2008 The Role of Chairman Program
(RCP 18/2008)

By PriceWaterHouseCoopers (PWC):

2016 Training on International Financial
Reporting Standard 9 (IFRS 9)

Mr. Paul Heinz Hugentobler

Vice Chairman of the Board of Directors

Age 67 years

Family Relationship Among Directors and Executives : Nil
Appointed as Director since 13 August 1998

Education

Certificate	International Senior Management Program, Harvard Business School, USA
Master Degree	Lic.oec.HSG, Graduated School of Economics and Business of St. Gallen, Switzerland
Bachelor Degree	B.S.C. in Civil Engineering, Swiss Federal Institute of Technology, Zurich Switzerland

Company's Share-holding Ratio (%)

As of 31 Dec 2015 0.0000

As of 31 Dec 2016 0.0000

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jul 2014 - Present	Chairman of Nomination and Compensation Committee
Jul 2014 - Present	Member of Governance, Risk and Compliance Committee
2001 - Present	Vice Chairman

Lanna Resources Public Company Limited / Coal Mining

2000 - Present	Director
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Holcim Company Limited / Cement Producer

2002 - Feb 2014	Member of the Executive Committee
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Non Listed Company

Siam City Cement (Lanka) Limited (Subsidiary) / Cement Producer and Construction Materials (registered in Sri Lanka)

Aug 2016 - Present	Chairman
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INSEE Digital Company Limited (Subsidiary) / Technical Service and Information Technology Management and Development Services

Sep 2014 - Mar 2016	Director
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Conwood Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer

Feb 2012 - Mar 2016	Director
2011 - Mar 2012	Chairman

Siam City Concrete Company Limited (Subsidiary) / Ready-mixed concrete and aggregates

Sep 2011 - Mar 2016	Director
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Holcim Participation Company Limited / Holdings

2004 - Mar 2014	Director
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Holcim Service (Asia) Company Limited / IT Services

2001 - 2013	Director
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Thai Roc-Cem Company Limited / Holdings

1998 - Jan 2014	Director
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Holcim Capital (Thailand) Company Limited / Holdings

1998 - Jan 2014	Director
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Training Experience

By Thai Institute of Directors (IOD):

None

By Fontainebleau, France:

2015 Leading from the Chair, INSEAD

Siam City Cement Public Company Limited

Mr. Chachchon Ratanarak

Director
Age 44 years



Family Relationship Among Directors and Executives : Nil
Appointed as Director since 9 September 2006

Education

Bachelor Degree B.Sc. Economics (Honors),
University of London, England

Company's Share-holding Ratio (%)

As of 31 Dec 2015 0.0000
As of 31 Dec 2016 0.0000

Work Experience 5-year Credential

Listed Company

**Siam City Cement Public Company Limited /
Cement Producer and Construction Materials**
Sep 2006 - Present Director

Non Listed Company

**Tonson Property Company Limited /
Property Developer**
2006 - Present Director

**Tonson Group Company Limited /
Property Investment**
2006 - Present Director

Mr. Vanchai Tosomboon

Director
Age 67 years

Family Relationship Among Directors and Executives : Nil
Appointed as Director since 14 June 2004

Education

Master Degree	MBA, Asian Institute of Management, The Philippines
Bachelor Degree	Bachelor of Laws, Thammasat University

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.0205
As of 31 Dec 2016	0.0250*

*direct holding of 57,522 shares, no indirect or Nominee holding

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jul 2014 - Present	Member of Governance Risk and Compliance Committee
Jul 2014 - Present	Member of Nomination and Compensation Committee
Jan 2012 - Present	Advisor
Jun 2004 - Present	Director
Jun 2004 - Dec 2011	Director and Executive Vice President (Saraburi Operations)

Lanna Resources Public Company Limited / Coal Mining

Jan 1999 - Present	Director
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Non Listed Company

Siam City Cement (Lanka) Limited (Subsidiary) / Cement Producer and Construction Materials (registered in Sri Lanka)
Aug 2016 - Present Director

Chip Mong Insee Cement Corporation / Cement Producer (registered in Cambodia)
Dec 2015 - Present Director

Krungsri Securities Public Company Limited / Securities Business
Aug 2014 - Present Independent Director and Member of Audit Committee

Conwood Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer
Feb 2002 - Feb 2016 Director

Training Experience

By Thai Institute of Directors (IOD):

2015	Corporate Governance for Capital Market Intermediaries (CGI 10/2015)
2015	Advanced Audit Committee Program (AAP 19/2015)
2004	Director Accreditation Program (DAP 7/2004)
2001	Director Certificate Program (DCP 7/2001)

By International Institute of Management Development (IMD) Switzerland:

2006	Senior Management Program
2002	Breakthrough Program for Senior Executives
2000	Managing Corporate Resources

Ms. Nopporn Tirawattanagool



Director
Age 62 years

Family Relationship Among Directors and Executives : Nil
Appointed as Director since 23 April 2012

Education

Master Degree	Master of Accounting, Thammasat University
Bachelor Degree	Bachelor of Business Administration (in Accounting), Thammasat University

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.0000
As of 31 Dec 2016	0.0000

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jul 2014 - Present	Member of Governance, Risk and Compliance Committee
Jul 2014 - Present	Member of Nomination and Compensation Committee
Apr 2012 - Present	Director

Bank of Ayudhya Public Company Limited / Commercial Bank

Jan 2015 - Present	Member of Risk and Compliance Committee
Jan 2014 - Present	Director (Authorized Signatory)
Apr 2010 - Present	Member of Nomination and Remuneration Committee
Apr 2010 - Jan 2014	Director

Grand Canal Land Public Company Limited / Real Estate

May 2015 - Apr 2016	Director (Authorized Signatory)
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Srivichaivejvivat Public Company Limited / Hospital

Oct 2014 - Present	Director
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Sri Ayudhya Capital Public Company Limited / General Insurance

May 2013 - Present	Member of Nomination and Remuneration Committee
Apr 2013 - Present	Director

Lanna Resources Public Company Limited / Coal Mining

2010 - Jan 2012	Independent Director and Member of Audit Committee
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Non Listed Company

CKS Holding Company Limited / Holding

May 2015 - Present	Director (Authorized Signatory)
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Super Assets Company Limited / Real Estate

May 2015 - Present	Director (Authorized Signatory)
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C.K.R Company Limited / Holding

May 2015 - Present	Director (Authorized Signatory)
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The Bangkok Lighters Company Limited / Asset Management

May 2015 - Present	Director (Authorized Signatory)
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The Thai Tapioca Flour Produce Company Limited / Real Estate

May 2015 - Present	Director (Authorized Signatory)
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Cyber Venture Company Limited / Holding

May 2015 - Present	Director (Authorized Signatory)
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Khao Kheow Country Club Company Limited / Golf Course

Apr 2015 - Present	Director (Authorized Signatory)
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Siam Puri Engineering Company Limited / Construction

Apr 2015 - Present	Director (Authorized Signatory)
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Siam Purimongkol Company Limited / Real Estate

Apr 2015 - Present	Director (Authorized Signatory)
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Belle Development Company Limited / Real Estate

Dec 2014 - Present Director

Grand Fortune Company Limited / Real Estate

Dec 2014 - Present Director (Authorized Signatory)

Bangkok Broadcasting & TV Company Limited / Television Broadcasting

Apr 2014 - Present Director

BBTV Satelvision Company Limited / Advertisement

Apr 2014 - Present Director (Authorized Signatory)

GL Asset Company Limited / Advertisement

Apr 2014 - Present Director (Authorized Signatory)

Mahakij Holding Company Limited / Advertisement and Holding

Apr 2014 - Present Director (Authorized Signatory)

BBTV Production Company Limited / Advertisement

Apr 2014 - Present Director (Authorized Signatory)

BBTV Alliance Company Limited / Holding Company

Jan 2014 - Present Director (Authorized Signatory)

BBTV Bond Street Building Company Limited / Real Estate Investment

Jan 2014 - Present Director (Authorized Signatory)

ITBC Business Consultant Group Company Limited / IT Consultant

Aug 2012 - Present Director (Authorized Signatory)

Exclusive Senior Care International Company Limited / Development of Facilities for Elderly Health Rehabilitation

Apr 2011 - Present Director (Authorized Signatory)

BBTV International Holdings Company Limited / Holding

Sep 2010 - Present Director (Authorized Signatory)

Sunrise Equity Company Limited / Holding

Sep 2010 - Present Director (Authorized Signatory)

BBTV Equity Company Limited / Office Building Rental

Sep 2010 - Present Director (Authorized Signatory)

Training Experience**By Thai Institute of Directors (IOD):**

2015	Risk Management Program for Corporate Leaders (RCL 1/2015)
2013	Anti-Corruption for Executive Program (ACEP 7/2013)
2011	Financial Institution Governance Program (FGP 2/2011)
2010	Audit Committee Program (ACP 31/2010)
2010	Director Certificate Program (DCP 135/2010)
2009	Role of the Compensation Committee (RCC 8/2009)
2003	Director Accreditation Program (DAP 5/2003)

By PriceWaterHouseCoopers (PWC):

2016	Training on International Financial Reporting Standard 9 (IFRS9)
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By The Stock Exchange of Thailand (SET):

2016	CG Forum 2/2016 "Honest, Cautious, Protective For the director"
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By ACIS Professional Center Co., Ltd.

2016	Seminar on "Cyber Security Awareness Training for Senior Executive"
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Mr. Pongpinit Tejagupta



Director
Age 62 years

Family Relationship Among Directors and Executives : Nil
Appointed as Director since 26 February 2010

Education

Master Degree	MBA, University of Detroit, Michigan, USA
Bachelor Degree	Accounting Chulalongkorn University

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.0000
As of 31 Dec 2016	0.0000

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jul 2014 - Present	Chairman of Governance, Risk and Compliance Committee
Jul 2014 - Present	Director
Feb 2010 - Jul 2014	Independent Director
Feb 2010 - Apr 2011	Member of the Audit Committee
Apr 2011 - Jul 2014	Chairman of the Audit Committee

Bank of Ayudhya Public Company Limited / Commercial Bank

2014 - Mar 2016	Advisor to the Board of Directors
2005 - 2013	Director

Eastern Star Real Estate Public Company Limited / Real Estate

Apr 2015 - Present	Director
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Non Listed Company

Siam City Cement (Lanka) Limited / Cement Producer and Construction Materials (Registered in Sri Lanka)

Aug 2016 - Present	Director
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Media Studio Co., Ltd. / TV Content Provider

May 2015 - Present	Chairman
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Bangkok Broadcasting & TV. Co., Ltd. / Television Broadcasting

May 2014 - Present	Director
Jan 2014 - Apr 2014	Advisor

Allianz Ayudhya Assurance Public Company Limited / Life Insurance

2003 - Present	Director
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Training Experience

By Thai Institute of Directors (IOD):

2013	Anti-Corruption for Executive Program (ACEP 7/2013)
2013	How to Develop a Risk Management Plan (HRP 4/2013)
2013	Chartered Director Class (CDC 7/2013)
2012	Role of the Compensation Committee (RCC 14/2012)
2012	Role of the Nomination and Governance Committee (RNG 2/2012)
2012	Monitoring the Quality of Financial Reporting (MFR 10/2012)
2012	Monitoring Fraud Risk Management (MFM 2/2012)
2012	Monitoring the Internal Audit Function (MIA 7/2012)
2012	Monitoring the System of Internal Control and Risk Management (MIR 9/2012)
2011	The Board's Roles in Merger & Acquisitions (M&A 1/2011)
2010	Financial Institutions Governance Program (FGP 1/2010)
2010	Successful Formulation & Execution of Strategy (SFE 7/2010)
2010	Advanced Audit Committee Program (ACP 30/2010)
2009	Director Certification Program (DCP 126/2009)
2008	Director Accreditation Program (DAP 71/2008)

Mr. David Alexander Newbigging

Director

Age 44 years



Family Relationship Among Directors and Executives : Nil
Appointed as Director since 7 May 2015

Education

Master Degree MA Philosophy (Hons.)
University of Edinburgh, Scotland

Other Education General Management Program
Harvard Business School, USA

Company's Share-holding Ratio (%)

As of 31 Dec 2015 0.0000

As of 31 Dec 2016 0.0000

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

May 2015 - Present Member of Nomination and
Compensation Committee

May 2015 - Present Director

Jardine Cycle & Carriage Limited / Investment Holding Com- pany

2012 - Present Group Managing Director

PT Astra International Tbk / Multi-Industries Conglomerate

2013 - Present Member of the Remuneration and
Nomination Committee

2012 - Present Commissioner and
Member of the Executive Committee

PT United Tractors Tbk / Heavy Equipment Distributor

2013 - Present VP Commissioner

Refrigeration Electrical Engineering Corporation / Diversified Businesses

2013 - Present Vice Chairman and
Chairman of Compensation Committee

Non Listed Company

Jardine Matheson Management (SEA) Pte. Limited / Business Advisor and Management

2012 - Present Director

PT Pamapersada Nusantara / Mining Contractor

2012 - Present Member of Executive Committee

Mindset Care Limited / Charity

2012 - Present Chairman of the Board of Directors
Chairman of Audit Committee
Chairman of Steering Committee.

Cycle and Carriage Automobile Myanmar / Automobile

2011 - Oct 2015 Director

Training Experience

By Thai Institute of Directors (IOD):

None

Dr.h.c.Harald Link

Independent Director
Age 61 years



Family Relationship Among Directors and Executives : Nil
Appointed as Director since 24 September 1998

Education

Master Degree Lic. oec. HSG, University of St. Gallen,
Switzerland

Company's Share-holding Ratio (%)

As of 31 Dec 2015 0.0055

As of 31 Dec 2016 0.0081*

*direct holding of 18,550 shares, no indirect or nominee holding

Work Experience 5-year Credential

Listed Company

**Siam City Cement Public Company Limited / Cement
Producer and Construction Materials**

Jul 2014 - Present Member of Nomination and
Compensation Committee

Sep 1998 - Present Independent Director

Jul 2014 - Jun 2015 Chairman of the Audit Committee

1998 - 2009 Member of the Audit Committee

True Corporation Public Company Limited / Telecommunication

2010 - Present Independent Director

2000 - 2010 Director

Non Listed Company

B. Grimm Group of Companies

1987 - Present Chairman

Training Experience

By Thai Institute of Directors (IOD):

2016 Director Accreditation Program
(DAP 125/2016)

By St. Gallen, Switzerland:

2003 Course on Good Corporate Governance

Dr. Sunee Sornchaitanasuk



Independent Director and Chairperson of Audit Committee/ Age 54 years

Family Relationship Among Directors and Executives : Nil
Appointed as Director since 10 June 2015

Education

Ph.D.	Doctor of Management Communication Management Program, Suan Dusit Rajabhat University
Master Degree	Master of Industrial Business, King Monkut's University of Technology North Bangkok
Certificate	CPA, Institute of Certified Accounting & Audit of Thailand Certified Public Accountant No.3733
Bachelor Degree	Bachelor of Accounting, Thammasat University

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.0000
As of 31 Dec 2016	0.0000

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jun 2015 - Present Chairperson of Audit Committee and Independent Director

NFC Fertilizer Public Company Limited / Chemical Fertilizer Producer

2003 - Present Independent Director

Namyong Terminal Public Company Limited / Terminal Services, Storage Services and Other Services

2016 - Present Chairman of the Audit Committee and Independent Director

Non Listed Company

AMC Medical Center (Thailand) Company Limited / Medical Equipment

Mar 2013 - Present Chief Executive Director

Training Experience

By Thai Institute of Directors (IOD):

2012	Monitoring the Quality of Financial Reporting (MFR)
2012	Monitoring Fraud Risk Management (MFM)
2011	Audit Committee Program (ACP)
2011	Financial Statements for Directors (FSD)
2011	Director Certification Pro Program (DCP)
2008	Role of the Chairman Program (RCP 18/2008)
2008	Monitoring the Internal Audit Function (MIA 2/2008)
2008	Monitoring the System of Internal Control and Risk Management (MIR 3/2008)
2008	Chartered Director Class (CDC 3/2008)
2007	Quality of Financial Reporting (QFR 5/2007)
2005	Audit Committee Program (ACP 5/2005)
2005	Director Certification Program (DCP 53/2005)
2005	Directors Accreditation Program (DAP 28/2004)

Mr. Pradap Pibulsonggram



**Independent Director and Member of
the Audit Committee / Age 67 years**

Family Relationship Among Directors and Executives : Nil
Appointed as Director since 21 April 2011

Education

Bachelor Degree B.A. in Political Science/ Economics,
Auckland University, New Zealand

Company's Share-holding Ratio (%)

As of 31 Dec 2015 0.0000
As of 31 Dec 2016 0.0000

Work Experience 5-year Credential

Listed Company

**Siam City Cement Public Company Limited / Cement Producer
and Construction Materials**
Apr 2011 - Present Member of the Audit Committee and
Independent Director

Non Listed Company

ASEAN Department, Ministry of Foreign Affairs
Oct 2016 - Present Advisor

TEAM Consulting International Company Limited
2011 - Present Senior Advisor

**Monitoring and Evaluation Committee of the Integration
logistics research project between National Research
Council (NRCT) and the Thailand Research Fund (TRF)**
2013 - Present Director

**Pibulsongkram Rajabhat University Council / Educational
Institution**
Mar 2011 - Present Councillor

Asean Connectivity Coordinating Committee
Jan 2011 - Mar 2016 Thai Representative

Ministry of Foreign Affairs
2010 - Apr 2011 Advisor to the Foreign Minister

Training Experience

By Thai Institute of Directors (IOD):

2014	How to Measure the Success of Corporate Strategy (HMS 4/2014)
2013	Anti-Corruption for Executive Program (ACEP 8/2013)
2012	Monitoring the System of Internal Control and Risk Management (MIR 12/2012)
2012	Monitoring the Quality of Financial Reporting (MFR 14/2012)
2012	Monitoring Fraud Risk Management (MFM 8/2012)
2012	Monitoring the Internal Audit Function (MIA 13/2012)
2011	Audit Committee Program (ACP 37/2011)
2011	Financial Statements for Directors (FSD 14/2011)
2011	Director Certification Program (DCP 149/2011)

Mr. Charin Satchayan

Independent Director and Member of the Audit Committee / Age 50 years

Family Relationship Among Directors and Executives : Nil
Appointed as Director since 7 April 2016



Education

Master Degree	Executive Master of Business Administration Sasin Graduate Institute of Business Administration of Chulalongkorn University Master of Law (LL.M.) (Under patronage of Fulbright Scholarship) Cornell University, U.S.A.
Certificate	Post Graduate Diploma in Business Law Thammasat University
Bachelor Degree	Bachelor of Law (Honours) Ramkhamhaeng University

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.0000
As of 31 Dec 2016	0.0000

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials	
Apr 2016 - Present	Member of the Audit Committee and Independent Director

Non Listed Company

Charin & Associates Limited / Legal Consult	
2011 - Present	Managing Partner

Training Experience

By Thai Institute of Directors (IOD):

2016	Board that Make a Difference (BMD 2/2016)
2016	Family Business Governance for Sustainability (FBG 5/2016)
2014	Director Certification Program (DCP 196/2014)

Mr. Siva Mahasandana

Director and Chief Executive Officer

Age 54 years



Family Relationship Among Directors and Executives : Nil
Appointed as Director since 7 April 2016

Education

Master Degree	MBA, Finance and Investment (Beta Gamma Sigma), The George Washington University, U.S.A.
Bachelor Degree	Mechanical Engineering, Chulalongkorn University
Certificate	Advanced Management Program, Harvard Business School, U.S.A.

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.1540
As of 31 Dec 2016	0.0663*

*direct holding of 152,478 shares, no indirect or nominee holding

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Apr 2016 - Present	Chief Executive Officer and Director (Authorized Signatory)
Feb 2016 - Apr 2016	Deputy Chief Executive Officer
Feb 2015 - Feb 2016	Senior Vice President (Marketing & Sales)
Jan 2012 - Jan 2015	Senior Vice President (Saraburi Operations)
2009 - 2011	Senior Vice President (RMX & Aggregates)
2007 - 2009	Vice President (Professional Customers)

Non Listed Company

Siam City Cement (Lanka) Limited (Subsidiary) / Cement Producer and Construction Materials

Aug 2016 - Present Director

Siam City Cement (Bangladesh) Limited (Subsidiary) / Cement Producer and Construction Materials

May 2016 - Present Chairman

Globe Cement Company Limited (Subsidiary) / Cement Producer and Construction Materials

May 2016 - Present Chairman

Siam City Concrete Company Limited (Subsidiary) / Ready-mixed concrete and aggregates

Feb 2015 - Present Chairman

2004 - Jan 2012 Chief Executive Officer

Conwood Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer

Feb 2015 - Present Chairman

PT. Conwood Indonesia Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer

Apr 2015 - Present Commissioner

INSEE Superblock Company Limited (Subsidiary) / Light weight Block Producer

Mar 2016 - Present Chairman

INSEE Ecocycle Company Limited (Subsidiary) / Industrial Waste Disposal Services and Alternative Fuel

Mar 2016 - Present Chairman

Siam City Power Company Limited (Subsidiary) / Energy such as Electricity Generation from Waste Heat

Mar 2016 - Present Chairman

INSEE Digital Company Limited (Subsidiary) / Technical Service and Information Technology Management and Development Services

Mar 2016 - Present Chairman

Training Experience

By Thai Institute of Directors (IOD):

2015	Corporate Governance for Executive (CGE SCCC/2015)
2015	Director Certification Program (DCP 206/2015)

By Thailand Energy Academy:

Senior Management Program of Energy Literacy (Vor Por Nor 7)

By International Institute of Management Development (IMD), Switzerland:

2007	Senior Leadership Program
2005	Senior Management Program

Mr. Chandana Liyanage

Senior Vice President (Finance and Controlling)

Age 52 years

Family Relationship Among Directors and Executives : Nil
Appointed as Executive since 11 November 2011

Education

Associate member,
Institute of the Chartered Accountants, Sri Lanka

Member of the Certified Management Accountants,
Australia

Fellow member of the Society of Certified Management Accountants,
Sri Lanka

Company's Share-holding Ratio (%)

As of 31 Dec 2015 0.0073

As of 31 Dec 2016 0.0099*

*direct holding of 22,946 shares, no indirect or nominee holding

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

2010 - Present Senior Vice President
(Finance and Controlling)

Non Listed Company

Siam City Cement (Lanka) Limited (Subsidiary) / Cement Producer and Construction Materials

Aug 2016 - Present Director

Siam City Cement (Bangladesh) Limited (Subsidiary) / Cement Producer and Construction Materials

May 2016 - Present Director

Globe Cement Company Limited (Subsidiary) / Cement Producer and Construction Materials

May 2016 - Present Director

PT. Conwood Indonesia Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer

Apr 2015 - Present Commissioner

INSEE Digital Company Limited (Subsidiary) / Technical Service and Information Technology Management and Development Services

Jul 2014 - Present Director

INSEE Ecocycle Company Limited (Subsidiary) / Industrial Waste Disposal Services and Alternative

Aug 2013 - Present Director

INSEE Superblock Company Limited (Subsidiary) / Light weight Block Producer Fuel

Nov 2012 - Present Director

Siam City Power Company Limited (Subsidiary) / Energy such as Electricity Generation from Waste Heat

2011 - Present Director

Siam City Concrete Company Limited (Subsidiary) / Ready-mixed concrete and aggregates

Mar 2016 - Present Director

Conwood Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer

Mar 2016 - Present Director

Training Experience

By Thai Institute of Directors (IOD):

2011 Director Certificate Program
(DCP 153/2011)

By International Institute of Management Development (IMD), Switzerland:

2012 Senior Leadership Program

By University of St.Gallen, Switzerland:

2005 Executive Management Program
Siam City Cement Public Company Limited

Mr. Tasporn Chantree

Senior Vice President (People & Organizational Performance) / Age 50 years



Family Relationship Among Directors and Executives : Nil
Appointed as Executive since 14 May 2009

Education

Master Degree	Human Resources, National Institute of Development Administration Master of Art, Journalism and Mass Communication, Thammasat University
Bachelor Degree	Bachelor of Social Administration, Thammasat University
Certificate	Advanced Management Program, Harvard Business School, U.S.A.

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.0024
As of 31 Dec 2016	0.0045*

*direct holding of 10,307 shares,no indirect or nominee holding

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials	
2009 - Present	Senior Vice President (People & Organizational Performance)

Non Listed Company

Siam City Concrete Company Limited (Subsidiary) / Ready-mixed concrete and aggregates	
Mar 2016 - Present	Director
Conwood Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer	
Mar 2016 - Present	Director
INSEE Superblock Company Limited (Subsidiary) / Light Weight Block Producer	
Mar 2016 - Present	Director
INSEE Digital Company Limited (Subsidiary) / Technical Service and Information Technology Management and Development Services	
Mar 2016 - Present	Director

Training Experience

By Thai Institute of Directors (IOD):

2015	Corporate Governance for Executive (CGE SCCC/2015)
2016	Ethical Leadership Program (ELP 5/2016)

By INSEAD, France:

2008	Management of People Program
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By University of St. Gallen, Switzerland:

2005	Executive Management Program
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Mr. Somsak Pichetpinyo

Senior Vice President (Saraburi Operations)

Age 60 years



Family Relationship Among Directors and Executives : Nil
Appointed as Executive since 1 February 2015

Education

Bachelor Degree Bachelor of Engineering
(Electrical Engineering),
Chulalongkorn University

Company's Share-holding Ratio (%)

As of 31 Dec 2015 0.0030
As of 31 Dec 2016 0.0049*

*direct holding of 11,495 shares and by spouse 2,019 shares,
no indirect or nominee holding

Work Experience 5-year Credential

Listed Company

**Siam City Cement Public Company Limited / Cement
Producer and Construction Materials**
Feb 2015 - Present Senior Vice President (Saraburi Operations)
2013 - Jan 2015 Vice President Strategic Plan of
PMO and PXM
2004 - 2012 Vice President (Manufacturing)

Non Listed Company

**INSEE Ecocycle Company Limited (Subsidiary)/ Industrial Waste
Disposal Services and Alternative Fuel**
Feb 2015 - Present Director

**Siam City Power Company Limited (Subsidiary) / Energy such
as Electricity Generation from Waste Heat**
Feb 2015 - Present Director

Training Experience

By Thai Institute of Directors (IOD):

2015 Corporate Governance for Executive
(CGE SCCC/2015)
2014 Director Certificate Program
(DCP 187/2014)

By International Institute of Management Development (IMD), Switzerland:

2008 Senior Leadership Program (SLP)
2006 Senior Management Program (SMP)
2004 Program for Executive Development
(PED)

By NUS-Stanford, Singapore :

2003 Executive Development Program

Mr. Montri Nithikul

Senior Vice President (Marketing & Sales)

Age 44 years

Family Relationship Among Directors and Executives : Nil
Appointed as Executive since 11 February 2016

Education

Master Degree	Civil Engineering, Kasetsart University
Bachelor Degree	Civil Engineering, Prince of Songkla University

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.0014
As of 31 Dec 2016	0.0031*

*direct holding of 7,031 shares, no indirect or nominee holding

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Feb 2016 - Present	Senior Vice President (Marketing & Sales)
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Non Listed Company

Siam City Cement (Bangladesh) Limited (Subsidiary) / Cement Producer and Construction Materials

May 2016 - Present	Director
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Globe Cement Company Limited (Subsidiary) / Cement Producer and Construction Materials

May 2016 - Present	Director
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INSEE Digital Company Limited (Subsidiary) / Technical Service and Information Technology Management and Development Services

Mar 2016 - Present	Director
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Siam City Concrete Company Limited (Subsidiary) / Ready-mixed concrete and aggregates

Jan 2012 - Present	Director and Chief Executive Officer
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Holcim (Malaysia) Co., Ltd. / Construction Materials

Jul 2011 - Jan 2012	Vice President
Jan 2008 - Jun 2011	General Manager

Training Experience

By Thai Institute of Directors (IOD):

2016	Ethical Leadership Program (ELP 5/2016)
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Mr. Paul Hayes

Senior Vice President (Logistics)

Age 48 years

Family Relationship Among Directors and Executives : Nil
Appointed as Senior Vice President since 16 August 2016

Education

Master Degree	Supply Chain Management, Cranfield University, England
	Master of Business Administration, La Trobe University, Victoria, Australia
Bachelor Degree	Bachelor's Degree in Engineering, (Mechanical) University College Dublin, Ireland

Company's Share-holding Ratio (%)

As of 31 Dec 2015	0.0000
As of 31 Dec 2016	0.0000

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement Producer and Construction Materials
Aug 2016 - Present Senior Vice President (Logistics)

Non Listed Company

Holcim (Vietnam) Limited / Cement Producer and Construction Materials (registered in Vietnam)
2012 - 2016 Supply Chain Director
2005 - 2012 Geocycle Business Director

Training Experience

By Thai Institute of Directors (IOD):

None

By International Institute of Management Development (IMD) Switzerland:

2011 Holcim Senior Leadership
2006 Holcim Management

By INSEAD, France:

2002 Advanced Negotiation Program

Mr. Wutthipong Songwisit

Company Secretary
Age 48 years



Family Relationship Among Directors and Executives : Nil
Appointed as the Company Secretary since 9 May 2013

Education

Barrister-at-law
Bachelor Degree Bachelor of Laws,
Thammasat University

Work Experience 5-year Credential

Listed Company

Siam City Cement Public Company Limited / Cement

Producer and Construction Materials

May 2013 - Present Company Secretary

Apr 2013 - Present Head of Legal

Star Petroleum Refining Public Company Limited / Refinery

Jan 2008 - Mar 2013 Corporate Legal Counsel, Company
Secretary & Corporate Compliance Officer

Training Experience

Thai Institute of Directors (IOD):

2016	Ethical Leadership Program (ELP)
2015	Corporate Governance for Executive (CGE SCCC/2015)
2014	Director Certificate Program (DCP)
2010	Company Secretary Program (CSP)
2010	Board Reporting Program (BRP)
2010	Effective Minutes Taking Program (EMT)

Ms. Chadaporn Thitisawat

Head of Internal Audit

Age 45 years

Family Relationship Among Directors and Executives : Nil
Appointed as the Head of Internal Audit since 16 January 2010

Education

Master Degree

Master of Arts (Economic Law),
Chulalongkorn University

Master of Science (Accounting),
Thammasat University

Bachelor Degree

Bachelor of Business
Administration major
in Accounting,
Assumption University

Graduated Diploma in Auditing Thammasat University

Training Experience

By Thai Institute of Directors (IOD):

2016

Ethical Leadership Program (ELP)

2015

Corporate Governance for Executive
(CGE SCCC/2015)

By Holcim Ltd., Switzerland

2012

Senior Management Program

Work Experience 5-year Credential

Listed Company

**Siam City Cement Public Company Limited / Cement
Producer and Construction Materials**

Jan 2010 - Present

Head of Internal Audit and
Secretary to the Audit Committee

Mr. Prasert Kasikigskulpol



Head of Compliance and Group OH&S

Age 56 years

Family Relationship Among Directors and Executives : Nil
Appointed as Compliance and Group OH&S since 7 April 2016

Education

Master Degree Master of Business Administration,
Burapha University

Bachelor Degree Bachelor of Science,
Chulalongkorn University

Training Experience

Thai Institute of Directors (IOD):

2016

Anti-Corruption : The Practical Guide
(ACPG/2016),

Work Experience 5-year Credential

Listed Company

**Siam City Cement Public Company Limited / Cement
Producer and Construction Materials**

Apr 2016 - Present Compliance and Group OH&S
Senior Department Manager

May 2014 - Apr 2016 Group OH&S Manager

Apr 2011 - May 2014 Quality, Environment and OH&S
Senior Manager

FINANCIAL STATEMENTS



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. Siva Mahasandana
Director and
Chief Executive Officer

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 2016.

The Audit Committee comprises three independent directors and performed its duties as assigned by the Board of Directors under a written Charter adopted by the Audit Committee and approved by the Board of Directors and in compliance with the regulations of the Stock Exchange of Thailand (SET).

In 2016, the Audit Committee held 19 meetings. In the meetings, the Audit Committee discussed with the Management, the Internal Audit and the Company's External Auditors as appropriate and/or necessary. The Audit Committee's main activities are summarized below:

1. Financial Reports Review: The Audit Committee reviewed quarterly, annually and consolidated financial statements for the year 2016 of Siam City Cement Public Company Limited and its Group companies, including connected party transactions and items with potential conflicts of interest with the Management and the Internal Audit and External Auditor. The Audit Committee discussed with the External Auditor on the accuracy

and completeness of the financial statements, significant adjustment which affected to the financial statements, adequacy and suitability of account recording methods, audit scope, accuracy and adequacy of information disclosure as well as the External Auditors' independence. These were to ensure that the financial statements were prepared in conformity with legal requirements and generally accepted accounting principles, reliable and timely, and information was sufficiently disclosure. In addition, the Audit Committee also held one private meeting with the External Auditor in the absence of the Management to discuss the external audit plan and approach and the results of their examinations and evaluations of the Company's internal controls, and the quality of financial reporting.

2. Internal Audit Oversight: The Audit Committee reviewed and approved an Internal Audit annual plan 2017 including the budget to support the plan. The Audit Committee reviewed the audit performance, audit findings and recommendation on a monthly basis. The Audit Committee provided recommendations and monitored corrective actions for significant aspects for good governance and adequate internal control. Where the improvements were required, the Audit Committee was satisfied that management had taken appropriate remedial actions.

3. **Internal Control Effectiveness Review:** The Audit Committee reviewed the internal control system together with Internal Auditor on a monthly basis, and with Process and Operation Risk Management Department and External Auditors on a quarterly basis by reviewing stewardship of properties, resource assumption, prevention or reduction of errors or damage, losses, waste, or corrupt practices, operations, credibility of financial reports, and compliance with relevant laws and regulations. The Company's External Auditor agreed that no significant issues or shortcomings were found. The fraud monitoring system was included in the related risk management and internal control processes.
4. **Risk Management Review:** The Audit Committee reviewed the Company's risk management mechanism of the risks arising from both internal and external. The Audit Committee also reviewed the efficiency and suitability of risk management processes regularly and provided recommendations for improvement.
5. **Appointment of the External Auditors for 2017:** The Audit Committee recommended the appointment of Mrs. Sarinda Hirunprasurtwutti and/or Mr. Wichart Lokatekrawee and/or Ms. Siriwan Suratepin of EY Office Limited as the Company's External Auditors for 2017 with the its audit fees for the Board's concurrence and the shareholders' approval at the AGM 2017.

The Audit Committee performed its duties and responsibilities stated in its Board-approved charter with competence, experience, care, prudence, and adequate independence for the equitable benefit of stakeholders. Whilst reviewing the quarterly and annual financial statements for 2016, and the above-mentioned assessments performed by the External and Internal Auditors, the Audit 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.

3 February 2017

For and on behalf of the Audit Committee

Siam City Cement Public Company Limited



Dr. Sunee Sornchaitanasuk

Chairperson of the Audit Committee

Independent Auditor's Report

To the Shareholders of Siam City Cement Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Siam City Cement Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Siam City Cement Public Company Limited for the same period.

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 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of

the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Sales of goods are significant accounting transactions as the amounts recorded are material and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers and there are a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of deferred revenue from sale promotions and discounts are complex. I therefore gave significant attention to the revenue recognition of the Group.

I evaluated the Group's revenue recognition by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I tested the data being used in calculating and recording deferred revenue from sales promotions and discounts at the end of reporting period whether it was consistent with the conditions of the relevant agreements or arrangements with the customers. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Business combinations

As discussed in Note 10 to the financial statements, in May 2016, the Company invested in Globe Cement Company Limited and Siam City Cement (Bangladesh) Limited which are engaged in the manufacture and sale of cement. In addition, in August 2016, a subsidiary invested in Siam City Cement (Lanka) Limited, which is also engaged in the manufacture and sale of cement. As at 31 December 2016, the Group provisionally recorded the acquisitions using a best estimate for the assets acquired and liabilities assumed. The Group will complete the recording of these acquisitions within 2017, and the amount recorded as at 31 December 2016 may be changed. I focused on these business acquisitions since they were material to the financial statements as a whole, and management needed to exercise substantial judgement to determine the assumptions used as a basis for provisional recognition of the acquisitions and the useful lives of the intangible assets acquired, which affected the recognition of the assets acquired and liabilities assumed.

I reviewed the terms and conditions of the agreements and inquired with management as to the nature and objectives of the acquisitions in order to determine whether the acquisitions met the definition of a business combination under Thai Financial Reporting Standard No. 3 (revised 2015) Business Combinations. In addition, I checked the value of the acquisitions against supporting documents and related payments to ensure that the value corresponded to the fair value of the consideration transferred and did not include costs of the acquisitions. I considered and evaluated the method and assumptions the management used in determining the provisionally recognised value of the acquisitions and the useful lives of the intangible assets acquired. I also reviewed the recording of the initial difference on the acquisitions and the disclosures related to the business combination in the notes to financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Kamontip Lertwitworatep.



Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 10 February 2017

Siam City Cement Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	6, 7	3,529,777,611	2,328,904,094	1,274,637,507	1,112,490,039
Trade and other receivables	6, 8	4,594,890,282	3,967,034,529	3,350,605,283	2,913,594,875
Short-term loans to related parties	6	-	-	3,330,000,000	100,000,000
Inventories	9	3,065,231,633	2,322,938,252	1,640,473,032	1,951,624,216
Other current assets		1,305,098,518	293,033,916	97,673,458	73,827,338
Total current assets		12,494,998,044	8,911,910,791	9,693,389,280	6,151,536,468
Non-current assets					
Restricted bank deposits	7	400,000	-	-	-
Investments in subsidiary companies	10	-	-	8,588,192,233	5,579,999,100
Investment in joint venture	11	1,476,335,099	433,080,000	1,518,290,320	433,080,000
Investments in associated companies	12	1,910,953,533	1,995,450,032	577,896,135	577,896,135
Other investment	13	-	155,000,000	-	155,000,000
Investment properties	14	-	-	307,199,762	-
Property, plant and equipment	15	27,009,398,967	21,420,700,138	14,964,954,241	14,389,586,751
Assets not used in operations	16	444,951,868	348,031,253	438,152,763	364,978,654
Goodwill	10	5,782,986,937	-	-	-
Intangible assets	17	11,628,118,312	3,297,065,691	2,122,578,144	3,142,596,329
Deferred tax assets	27	740,771,434	685,601,355	489,217,067	532,035,089
Other non-current assets		254,802,019	260,785,876	142,336,530	163,306,464
Total non-current assets		49,248,718,169	28,595,714,345	29,148,817,195	25,338,478,522
Total assets		61,743,716,213	37,507,625,136	38,842,206,475	31,490,014,990

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from related financial institution	6	10,599,250,000	230,000,000	-	
Bank overdrafts and short-term loans from other financial institutions	18	5,860,768,619	650,606,500	3,200,000,000	-
Trade and other payables	6, 19	3,719,536,707	2,780,537,202	2,399,311,314	2,314,752,366
Current portion of long-term loans from related financial institution	6	238,500,000	319,000,000	-	-
Current portion of long-term loans from other financial institutions	20	263,498,818	78,747,000	-	-
Current portion of debentures	21	3,998,935,127	-	3,998,935,127	-
Income tax payable		800,946,421	530,672,198	228,105,344	448,549,737
Deferred revenue		801,714,000	1,042,855,271	666,982,482	1,017,736,584
Accrued electricity		278,102,368	269,973,985	258,982,160	257,320,676
Other accrued expenses		1,313,797,302	722,058,809	565,304,155	523,718,012
Other current liabilities		595,771,696	434,492,739	148,145,880	150,157,002
Total current liabilities		28,470,821,058	7,058,943,704	11,465,766,462	4,712,234,377
Non-current liabilities					
Long-term loans from related financial institution - net of current portion	6	270,000,000	689,300,000	-	-
Long-term loans from other financial institutions - net of current portion	20	155,346,340	358,771,332	-	-
Debentures - net of current portion	21	5,988,155,919	5,993,319,505	5,988,155,919	5,993,319,505
Provision for long-term employee benefits	22	2,011,987,027	1,248,736,737	1,462,653,525	1,040,251,403
Provision for site restoration and decommissioning costs	23	69,514,715	66,671,285	57,728,584	54,879,700
Deferred tax liabilities	27	2,633,634,148	-	-	-
Total non-current liabilities		11,128,638,149	8,356,798,859	7,508,538,028	7,088,450,608
Total liabilities		39,599,459,207	15,415,742,563	18,974,304,490	11,800,684,985

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity (continued)					
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		9,408,852,060	9,352,425,425	7,161,635,255	6,983,063,275
Other components of shareholders' equity		28,151,237	33,190,418	-	-
Equity attributable to owners of the Company		22,143,270,027	22,091,882,573	19,867,901,985	19,689,330,005
Non-controlling interests of the subsidiaries		986,979	-	-	-
Total shareholders' equity		22,144,257,006	22,091,882,573	19,867,901,985	19,689,330,005
Total liabilities and shareholders' equity		61,743,716,213	37,507,625,136	38,842,206,475	31,490,014,990

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenues					
Net sales and service income		34,191,762,710	31,120,414,879	23,030,388,178	23,916,971,986
Dividend income	10, 12, 13	7,813,197	20,886,803	763,231,182	997,602,433
Gain on disposal of investment	13	435,119,853	-	435,119,853	-
Gain on exchange		59,027,473	-	23,819,059	99,003,334
Other income		202,189,694	200,012,332	271,850,157	237,206,316
Total revenues		34,895,912,927	31,341,314,014	24,524,408,429	25,250,784,069
Expenses					
Cost of sales and services		21,317,727,085	18,751,241,537	13,785,364,198	14,528,591,416
Selling and distribution expenses		6,077,833,425	5,294,874,682	3,993,374,334	3,684,285,382
Administrative expenses		1,960,623,218	1,285,262,219	1,523,213,453	1,066,830,808
Loss on exchange		-	16,685,285	-	-
Total expenses	25	29,356,183,728	25,348,063,723	19,301,951,985	19,279,707,606
Profit before share of profit from investments in joint venture and associated companies, finance cost and income tax expenses		5,539,729,199	5,993,250,291	5,222,456,444	5,971,076,463
Share of profit from investments in joint venture and associated companies	11, 12	83,172,296	140,613,906	-	-
Profit before finance cost and income tax expenses		5,622,901,495	6,133,864,197	5,222,456,444	5,971,076,463
Finance cost		(729,667,566)	(453,209,306)	(448,083,702)	(277,514,810)
Profit before income tax expenses		4,893,233,929	5,680,654,891	4,774,372,742	5,693,561,653
Income tax expenses	27	(979,323,806)	(1,101,448,270)	(819,819,623)	(957,253,075)
Profit for the year		3,913,910,123	4,579,206,621	3,954,553,119	4,736,308,578
Profit attributable to:					
Equity holders of the Company		3,914,118,706	4,579,206,621	3,954,553,119	4,736,308,578
Non-controlling interests of the subsidiaries		(208,583)	-		
		3,913,910,123	4,579,206,621		
Basic earnings per share	28				
Profit attributable to equity holders of the Company		17.02	19.91	17.19	20.59
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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit for the year		3,913,910,123	4,579,206,621	3,954,553,119	4,736,308,578
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		20,369,131	(14,589,910)	-	-
Share of other comprehensive income of associated company - exchange differences on translation of financial statements in foreign currency	12	(25,408,312)	80,605,570	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(5,039,181)	66,015,660	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of tax	27	(407,705,871)	-	(325,994,939)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		(407,705,871)	-	(325,994,939)	-
Other comprehensive income for the year		(412,745,052)	66,015,660	(325,994,939)	-
Total comprehensive income for the year		3,501,165,071	4,645,222,281	3,628,558,180	4,736,308,578
Total comprehensive income attributable to:					
Equity holders of the Company		3,501,373,654	4,645,222,281	3,628,558,180	4,736,308,578
Non-controlling interests of the subsidiaries		(208,583)	-	-	-
		3,501,165,071	4,645,222,281		

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 2016

(Unit: Baht)

Consolidated financial statements							
Equity attributable to owners of the Company							
	Retained earnings		Other components of shareholders' equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and paid up share capital	Share premium	Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2015	2,300,000,000	10,106,266,730	300,000,000	8,222,939,914	(32,825,242)	6,222,715	20,902,604,117
Profit for the year	-	-	-	4,579,206,621	-	-	4,579,206,621
Other comprehensive income for the year	-	-	-	-	66,015,660	-	66,015,660
Total comprehensive income for the year	-	-	-	4,579,206,621	66,015,660	-	4,645,222,281
Dividend paid (Note 29)	-	-	-	(3,449,721,110)	-	-	(3,449,721,110)
Decrease in non-controlling interests of the subsidiaries from liquidation of a subsidiary	-	-	-	-	-	(6,222,715)	(6,222,715)
Balance as at 31 December 2015	2,300,000,000	10,106,266,730	300,000,000	9,352,425,425	33,190,418	-	22,091,882,573
Balance as at 1 January 2016	2,300,000,000	10,106,266,730	300,000,000	9,352,425,425	33,190,418	-	22,091,882,573
Profit for the year	-	-	-	3,914,118,706	-	(208,583)	3,913,910,123
Other comprehensive income for the year	-	-	-	(407,705,871)	(5,039,181)	-	(412,745,052)
Total comprehensive income for the year	-	-	-	3,506,412,835	(5,039,181)	(208,583)	3,501,165,071
Dividend paid (Note 29)	-	-	-	(3,449,986,200)	-	-	(3,449,986,200)
Change in non-controlling interests of the subsidiaries from acquisition of a subsidiary (Note 10)	-	-	-	-	-	-	-
Balance as at 31 December 2016	2,300,000,000	10,106,266,730	300,000,000	9,408,852,060	28,151,237	986,979	22,144,257,006

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 (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements				
		Retained earnings			Total shareholders' equity
	Issued and paid up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2015	2,300,000,000	10,106,266,730	300,000,000	5,696,475,807	18,402,742,537
Profit for the year	-	-	-	4,736,308,578	4,736,308,578
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	4,736,308,578	4,736,308,578
Dividend paid (Note 29)	-	-	-	(3,449,721,110)	(3,449,721,110)
Balance as at 31 December 2015	2,300,000,000	10,106,266,730	300,000,000	6,983,063,275	19,689,330,005
Balance as at 1 January 2016	2,300,000,000	10,106,266,730	300,000,000	6,983,063,275	19,689,330,005
Profit for the year	-	-	-	3,954,553,119	3,954,553,119
Other comprehensive income for the year	-	-	-	(325,994,939)	(325,994,939)
Total comprehensive income for the year	-	-	-	3,628,558,180	3,628,558,180
Dividend paid (Note 29)	-	-	-	(3,449,986,200)	(3,449,986,200)
Balance as at 31 December 2016	2,300,000,000	10,106,266,730	300,000,000	7,161,635,255	19,867,901,985

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	4,893,233,929	5,680,654,891	4,774,372,742	5,693,561,653
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Share of profit from investments in joint venture and associated companies	(83,172,296)	(140,613,906)	-	-
Dividend income	(7,813,197)	(20,886,803)	(763,231,182)	(997,602,433)
Depreciation and amortisation	1,928,704,781	1,447,464,541	1,168,151,531	1,013,130,230
Increase (decrease) in allowance for doubtful accounts and reduction of inventory to net realisable value	5,681,341	(460,807)	20,843,679	(915,677)
Gain from a bargain purchase	(57,634,475)	-	-	-
Reversal of allowance for diminution in value of investment in subsidiary	-	-	-	(77,888,967)
Loss on write-off of investment in subsidiary	-	-	-	72,474,479
Gain on disposal of other investment	(435,119,853)	-	(435,119,853)	-
Increase (decrease) in allowance for impairment loss on property, plant and equipment and assets not used in operations	35,349,983	1,303,117	(75,595,018)	1,303,117
Loss (gain) on disposals/write-off of property, plant and equipment, assets not used in operations and intangible assets	131,823,181	130,557,876	(80,697,297)	111,463,372
Provision for long-term employee benefits and other provisions	159,139,856	106,261,198	100,490,253	83,641,222
Unrealised loss (gain) on exchange	(89,719,166)	70,444,797	(8,069,309)	(7,087,060)
Interest income	(44,216,093)	(54,250,248)	(53,927,802)	(32,838,313)
Interest expenses	549,889,323	404,389,503	330,953,421	237,769,954
Profit from operating activities before changes in operating assets and liabilities	6,986,147,314	7,624,864,159	4,978,171,165	6,097,011,577
Operating assets (increase) decrease:				
Trade and other receivables	(22,250,523)	(32,931,200)	(409,893,364)	111,648,621
Inventories	253,378,655	(289,915,079)	289,704,415	(283,672,291)
Other current assets	(148,748,924)	37,331,564	(24,271,144)	32,184,911
Other non-current assets	36,644,193	64,037,842	36,644,193	64,037,842
Operating liabilities increase (decrease):				
Trade and other payables	(120,556,068)	98,158,851	143,058,913	92,447,022
Accrued expenses and other current liabilities	(167,906,816)	380,415,396	(341,494,409)	317,923,117
Cash paid for long-term employee benefits	(64,454,815)	(22,711,443)	(46,629,161)	(24,771,728)
Cash paid for site restoration	(1,685,653)	(4,319,132)	(1,685,653)	(4,319,132)
Cash from operating activities	6,750,567,363	7,854,930,958	4,623,604,955	6,402,489,939
Cash received from interest income	47,558,649	55,442,665	46,131,344	36,233,557
Cash paid for interest expenses	(518,325,226)	(404,314,575)	(308,450,818)	(237,769,954)
Cash paid for income tax	(1,106,002,282)	(1,143,571,258)	(919,280,954)	(940,503,272)
Net cash from operating activities	5,173,798,504	6,362,487,790	3,442,004,527	5,260,450,270

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

Siam City Cement Public Company Limited

Siam City Cement Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease in restricted bank deposits	180,833,077	-	-	-
Increase in short-term loan to related party	-	-	(3,230,000,000)	(100,000,000)
Proceeds from disposals of property, plant and equipment and assets not used in operation	5,867,098	42,831,996	1,950,089	41,441,575
Proceeds from disposals of intangible assets	-	-	1,336,049,753	-
Cash receipt from return on investment in subsidiary	-	-	-	5,414,488
Net cash paid for acquisitions of subsidiaries (Note 10)	(14,682,326,564)	-	(3,008,193,133)	(70,000,000)
Increase in investment in joint venture	(1,085,210,320)	(433,080,000)	(1,085,210,320)	(433,080,000)
Proceed from disposal of other investment	590,119,853	-	590,119,853	-
Acquisitions of property, plant and equipment	(3,243,522,711)	(2,147,536,813)	(2,155,855,129)	(1,695,560,298)
Acquisitions of intangible assets	(368,150,768)	(1,215,709,980)	(207,175,408)	(1,109,765,488)
Decrease (increase) in other non-current assets	24,941,249	(18,788,319)	(15,674,259)	(12,424,750)
Dividend received	192,028,901	205,102,516	747,028,846	997,602,433
Net cash used in investing activities	(18,385,420,185)	(3,567,180,600)	(7,026,959,708)	(2,376,372,040)
Cash flows from financing activities				
Increase in short-term loans from related financial institution	10,369,250,000	90,000,000	-	-
Increase in bank overdrafts and short-term loans from other financial institutions	5,053,693,037	499,163,391	3,200,000,000	-
Repayment of long-term loans from related financial institution	(499,800,000)	(335,000,000)	-	-
Repayment of long-term loans from other financial institution	(728,848,471)	(37,963,038)	-	-
Repayment of other long-term loans	(336,427,727)	-	-	-
Net cash received from issuance of debentures	3,990,075,463	-	3,990,075,463	-
Dividend paid	(3,449,986,200)	(3,449,721,110)	(3,449,986,200)	(3,449,721,110)
Net cash from (used in) financing activities	14,397,956,102	(3,233,520,757)	3,740,089,263	(3,449,721,110)
Increase in translation adjustments	7,525,710	4,594,590	-	-
Net increase (decrease) in cash and cash equivalents	1,193,860,131	(433,618,977)	155,134,082	(565,642,880)
Cash and cash equivalents at beginning of year	2,328,904,094	2,757,340,430	1,112,490,039	1,672,950,278
Effect of change in foreign exchange rate on cash at banks	7,013,386	5,182,641	7,013,386	5,182,641
Cash and cash equivalents at end of year (Note 7)	3,529,777,611	2,328,904,094	1,274,637,507	1,112,490,039

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 2016**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Supplemental disclosures of cash flows information:				
Non-cash related transactions:				
Increase (decrease) in payables from acquisitions of property, plant and equipment and intangible assets	183,354,315	(88,198,850)	(82,444,743)	9,000,000
Increase in property, plant and equipment from decommissioning costs	4,996,440	-	4,996,440	-
Transferred property, plant and equipment to intangible assets	129,593,082	-	125,071,200	-
Transferred property, plant and equipment to investment properties	-	-	311,698,531	-
Dividend receivable from subsidiary	-	-	16,202,336	-

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 2016

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, Kaengkhroi, Saraburi.

On 30 March 2015, Holcim Limited (“Holcim”) had agreed to sell all of its 63,289,533 ordinary shares in the Company (equivalent to 27.5 percent of total issued ordinary shares of the Company) held by it through Thai Roc-Cem Ltd, its indirect wholly owned subsidiary. The 57,270,000 ordinary shares (equivalent to 24.9 percent of total issued ordinary shares of the Company) were sold to Jardine Cycle & Carriage Limited and the remaining 6,019,533 shares (equivalent to 2.6 percent of total issued ordinary shares of the Company) were sold to several institutional investors with the same term and condition.

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
		2016	2015	2016	2015	
Held by the Company						
Siam City Concrete Co., Ltd.	Thailand	2,500	2,500	100.00	100.00	Ready-mixed concrete and aggregates
Siam City Power Co., Ltd.	Thailand	2,000	2,000	100.00	100.00	Electricity generation from waste heat
Conwood Co., Ltd.	Thailand	300	300	100.00	100.00	Construction material
INSEE Superblock Co., Ltd.	Thailand	500	500	100.00	100.00	Light-weight concrete products
INSEE Ecocycle Co., Ltd.	Thailand	400	180	100.00	100.00	Industrial waste disposal and alternative fuel and raw material trading and industrial cleaning service business
INSEE Digital Co., Ltd.	Thailand	700	100	100.00	100.00	Technical services and information technology management and development services
Globe Cement Co., Ltd.	Thailand	701	-	100.00	-	Cement manufacturing
Siam City Cement (Bangladesh) Ltd.	Bangladesh	Taka 2,800 million	-	100.00	-	Cement manufacturing
Held by Siam City Concrete Co., Ltd.						
Siam City Cement (Lanka) Ltd.	Sri Lanka	LKR 1,663 million	-	98.95	-	Cement manufacturing
Held by Siam City Cement (Lanka) Co., Ltd.						
SCCC Galle Cement Terminal (Private) Ltd.	Sri Lanka	LKR 1,460 million	-	100.00	-	Cement trading
Mahaweli Marine Cement (Private) Ltd.	Sri Lanka	LKR 48 million	-	90.00	-	Cement trading
Held by Conwood Co., Ltd.						
PT. Conwood Indonesia	Indonesia	USD 78.3 million	USD 44.3 million	100.00	100.00	Construction material

On 26 October 2015, the Extraordinary General Meeting of the Shareholders of PT. Conwood Indonesia (“the overseas subsidiary”) passed a resolution to increase its registered share capital from USD 10 million (100,000 ordinary shares of USD 100 each) to USD 44.3 million (100,000 ordinary shares of USD 100 each and 34,259,525 ordinary shares of USD 1 each). The overseas subsidiary issued the new 34,259,525 ordinary shares of USD 1 each for the debt conversion with Conwood Co., Ltd. The overseas subsidiary registered the increase in share capital with the Ministry of Commerce of Indonesia and converted its debt to equity on 13 November 2015 and 18 November 2015, respectively.

On 26 May 2016, the Extraordinary General Meeting of the Shareholders of the above overseas subsidiary passed a resolution to increase its registered share capital from USD 44.3 million (100,000 ordinary shares of USD 100 each and 34,259,525 ordinary shares of USD 1 each) to USD 78.3 million (100,000 ordinary shares of USD 100 each and 68,259,525 ordinary shares of USD 1 each). The overseas subsidiary issued the new 34,000,000 ordinary shares of USD 1 each which were paid by Conwood Company Limited. The overseas subsidiary registered the share capital increase with the Ministry of Commerce of Indonesia on 21 June 2016.

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) 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.

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

e) 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.

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

g) 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 present investment in subsidiaries, joint venture and associates under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s and its subsidiaries’ financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it 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) Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

c) Interest income

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

d) 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 joint venture and associates are accounted for in the consolidated financial statements using the equity method.

b) Investments in subsidiaries, joint venture and associates are accounted for in the separate financial statements using the cost method.

c) Other investment 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.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

4.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 10 - 35 years.

Depreciation of the investment properties is included in determining income.

4.7 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 - 40 years
Machinery and equipment	5 - 35 years
Furniture, fixtures and office equipment	3 - 20 years
Motor vehicles	3 - 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 the income statement when the asset is derecognised.

4.8 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.

4.9 Intangible assets and amortisation

Intangible assets acquired through business combinations are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

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 the income statement.

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

	<u>Useful lives</u>
Mining concession	20 - 25 years
Computer software	2 - 35 years
Customer relationships	5 - 10 years

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

Intangible assets with indefinite useful lives, which are brands, are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

No amortisation is provided on intangible assets under development.

4.10 Government grants related to assets

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be

complied with. Government grants related to assets are presented as a deducting to the value of the related assets and are recognised in the income statement over the useful life of the assets as a reduced depreciation expense.

4.11 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combinations over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the consolidated income statement.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in business combinations is allocated to each of the Company's and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combinations. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 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.

4.13 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 the income statement 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.

4.14 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.

4.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform 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 and its subsidiaries 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 the income statement.

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 and its subsidiaries estimate 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 the income statement.

4.16 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's 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 its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its 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.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the other comprehensive income.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in the 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.

4.17 Provision for site restoration and decommissioning costs

The Company and its subsidiary recognise a provision for site restoration and decommissioning costs where an obligation exists. The estimated amount of the eventual costs relating to the restoration of the site and the decommissioning is discounted to its present value. The site restoration and decommissioning costs are included in property, plant and equipment and depreciated based on the physical unit-of-production method over their estimated commercial lives and on a straight-line basis over the expected period of the decommissioning, respectively. The recognised provision for site restoration and decommissioning costs is based on the estimated restoration and decommissioning costs which involves various assumptions, such as restoration and decommissioning period, future inflation rate and the discount rate.

4.18 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.

4.19 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.

The overseas subsidiaries calculate corporate income tax on their taxable profits in accordance with tax rates regulated in tax law of those countries.

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.

4.20 Financial instruments

Financial instruments presented in the statements of financial position consist of cash and cash equivalents, trade and other receivables, short-term loans, trade and other payables, bank overdrafts and short-term borrowings, long-term borrowings 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 any derivatives, which relate to a recognised asset or liability, are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss for derivatives on which the Company and its subsidiaries adopt to hedge accounting is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company and its subsidiaries designate 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 the other comprehensive income. Where the firm commitment results in the recognition of an asset or a liability, the gains or losses previously deferred in the other comprehensive income are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in the other comprehensive income are transferred to the 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 the profit or loss.

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

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in the 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 the other comprehensive income is immediately transferred to the 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 the 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 and its subsidiaries document 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 and its subsidiaries also document 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.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

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 significant 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 impairment of goodwill and provision for long-term employee benefits at the end of reporting period. The post-employment benefits 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 and its subsidiaries have contingent liabilities as a result of litigation. The Company's and its subsidiaries'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
	2016	2015	2016	2015	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods	-	-	2,737	2,029	Market price
Dividend income	-	-	571	793	At the declared rate
Interest income	-	-	34	-	Market interest rate
Other income	-	-	252	137	Cost plus margin
Sales of machinery spare parts	-	-	35	-	Contractual agreed price
Sales of intangible assets	-	-	1,336	-	Contractual agreed price
Acquisition of assets	-	-	-	105	Contractual agreed price
Purchase of utility	-	-	909	842	Market price
Service fee expenses	-	-	312	6	Contractual agreed price
Transactions with joint venture					
Other income	54	87	33	87	Contractual agreed price
Sales of assets	-	38	-	38	Contractual agreed price
Transactions with associated companies					
Dividend income	-	-	184	184	At the declared rate
Purchases of goods	1,203	1,581	1,203	1,581	Market price
Transactions with related companies					
Sales of goods	-	370	-	370	Market price
Interest income	5	5	3	3	Market interest rate
Other income	1	-	1	-	Cost plus margin
Service fee expenses	204	188	134	138	Contractual agreed price
Selling and distribution expenses and administrative expenses	1	25	1	18	Cost plus margin
Interest expenses	126	47	6	-	Market interest rate

The balances of the accounts as at 31 December 2016 and 2015 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deposits and short-term investments at related financial institution (Note 7)				
Related financial institution (related by common directors)	1,765,441	1,394,829	1,132,802	957,342
Total deposits and short-term investments at related financial institution	1,765,441	1,394,829	1,132,802	957,342
Trade and other receivables - related parties (Note 8)				
Subsidiaries	-	-	1,178,677	592,867
Joint venture	12,310	10,678	11,901	10,678
Total trade and other receivables - related parties	12,310	10,678	1,190,578	603,545
Short-term loans to related parties				
Subsidiaries	-	-	3,330,000	100,000
Total short-term loans to related parties	-	-	3,330,000	100,000

As at 31 December 2016, the Company had short-term loans to related parties of Baht 3,330 million (2015: Baht 100 million), which carry interest at the rate of 2.18 to 2.39 percent per annum (2015: 2.36 percent per annum) and are due for repayment within June 2017.

Movements in short-term loans to related parties during the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Short-term loans to related parties		
Balance as at 31 December 2015	-	100,000
Add: Increase during the year	-	3,230,000
Balance as at 31 December 2016	-	3,330,000

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term loans from related financial institution				
Related financial institution (related by common directors)	10,599,250	230,000	-	-
Total short-term loans from related financial institution	10,599,250	230,000	-	-

As at 31 December 2016, the Company and its subsidiaries had short-term loans from related financial institution of Baht 10,599 million (2015: Baht 230 million) which carry interest at the rate of 2.20 to 2.40 percent per annum (2015: 2.45 to 2.85 percent per annum).

A portion of a subsidiary's short-term loans of Baht 10,469 million is guaranteed by the Company and secured by the pledge of share certificates of two

subsidiaries. The loan agreement contains covenant with which the Company and its subsidiary must comply, pertaining to maintaining of certain financial ratios.

Movements in short-term loans from related financial institution during the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Short-term loans from related financial institution		
Balance as at 31 December 2015	230,000	-
Add: Increase during the year	15,369,250	4,150,000
Less: Repayment during the year	(5,000,000)	(4,150,000)
Balance as at 31 December 2016	10,599,250	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade and other payables - related parties (Note 19)				
Subsidiaries	-	-	448,505	271,861
Associated company	145,436	126,511	145,436	126,511
Related companies (related by common shareholders and/or common directors)	41,688	38,554	24,112	28,114
Total trade and other payables - related parties	187,124	165,065	618,053	426,486
Long-term loans from related financial institution				
Related financial institution (related by common directors)	508,500	1,008,300	-	-
Less: portion due within one year	(238,500)	(319,000)	-	-
Long-term loans from related financial institution - net of current portion	270,000	689,300	-	-

Movements in long-term loans from related financial institution during the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Long-term loans from related financial institution		
Balance as at 31 December 2015	1,008,300	-
Less: Repayment during the year	(499,800)	-
Balance as at 31 December 2016	508,500	-

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 January 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 2016 and 2015, 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	
	2016	2015	2016	2015
Short-term employee benefits	148	116	148	116
Post-employment benefits and other long-term employee benefits	5	6	5	6
Total	153	122	153	122

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.

On 22 October 2015, the meeting of the Company's Board of Directors passed a resolution approving an additional 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 2016. 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 16 December 2015.

7. Cash and cash equivalents/Restricted bank deposits

As at 31 December 2016 and 2015, cash and cash equivalents consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash and bank deposits	3,130,177	1,688,903	1,274,637	1,112,489
Short-term investments in bills of exchange	400,000	640,000	-	-
Short-term investments in fixed deposits	1	1	1	1
Total	3,530,178	2,328,904	1,274,638	1,112,490
Less: Restricted bank deposits	(400)	-	-	-
Total cash and cash equivalents	3,529,778	2,328,904	1,274,638	1,112,490
Of which at related financial institution	1,765,441	1,394,829	1,132,802	957,342

As at 31 December 2016, bank deposits in savings account, fixed deposits and bills of exchange carried interest between 0.01 and 7.50 percent per annum (2015: between 0.01 and 2.25 percent per annum).

As at 31 December 2016, a subsidiary had placed its deposits of Baht 0.4 million with bank to secure bank guarantees issued by bank on behalf of the subsidiary.

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables - related parties				
Aged on the basis of due dates:				
Current to 30 days	402	-	810,361	518,436
Over 90 days	-	-	-	5,831
Total trade receivables - related parties	402	-	810,361	524,267
Trade receivables - unrelated parties				
Aged on the basis of due dates:				
Current to 30 days	4,361,027	3,842,228	2,136,692	2,285,990
Over 30 days to 60 days	69,916	54,798	6,433	5,621
Over 60 days to 90 days	33,483	15,710	4,872	3,341
Over 90 days	153,302	211,248	65,066	150,916
Total trade receivable - unrelated parties	4,617,728	4,123,984	2,213,063	2,445,868
Less: Allowance for doubtful accounts	(117,324)	(208,394)	(64,201)	(148,111)
Trade receivables - unrelated parties - net	4,500,404	3,915,590	2,148,862	2,297,757
Total trade receivables - net	4,500,806	3,915,590	2,959,223	2,822,024

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other receivables				
Other receivables - related parties	11,908	10,678	380,217	79,278
Other receivables - unrelated parties	95,936	62,303	20,177	29,685
Less: Allowance for doubtful accounts	(13,760)	(21,536)	(9,012)	(17,392)
Other receivables - unrelated parties - net	82,176	40,767	11,165	12,293
Total other receivables - net	94,084	51,445	391,382	91,571
Total trade and other receivables - net	4,594,890	3,967,035	3,350,605	2,913,595

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	872,895	672,119	(2,792)	(451)	870,103	671,668
Work in process	116,895	70,904	-	-	116,895	70,904
Raw materials	496,969	262,545	(4,878)	(4,954)	492,091	257,591
Store supplies	1,557,769	1,421,360	(109,131)	(139,402)	1,448,638	1,281,958
Goods in transit	137,505	40,817	-	-	137,505	40,817
Total	3,182,033	2,467,745	(116,801)	(144,807)	3,065,232	2,322,938

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	410,423	551,547	-	-	410,423	551,547
Work in process	52,122	29,250	-	-	52,122	29,250
Raw materials	130,574	169,560	(4,878)	(4,954)	125,696	164,606
Store supplies	1,067,887	1,296,684	(27,520)	(117,587)	1,040,367	1,179,097
Goods in transit	11,865	27,124	-	-	11,865	27,124
Total	1,672,871	2,074,165	(32,398)	(122,541)	1,640,473	1,951,624

During the current year, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 83.8 million and reduced the amounts of inventories recognised as expenses during the year (2015: reduced cost of inventories by Baht 4.2 million to reflect the net realisable

value, which was included in cost of sales) (Separate financial statements: reversed the write-down of cost of inventories by Baht 90.1 million (2015: Baht 2.4 million) and reduced the amounts of inventories recognised as expenses during the year).

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)	
			2016	2015	2016	2015	2016	2015
Local subsidiaries								
Siam City Concrete Co., Ltd.	Ready-mixed concrete and aggregates	Direct holding	100.00	100.00	2,500,000	2,500,000	-	212,500
Siam City Power Co., Ltd.	Electricity generation from waste heat	Direct holding	100.00	100.00	2,000,000	2,000,000	555,000	580,000
Conwood Co., Ltd.	Construction material	Direct holding	100.00	100.00	300,000	300,000	-	-
INSEE Superblock Co., Ltd.	Light-weight concrete products	Direct holding	100.00	100.00	499,999	499,999	-	-
INSEE Ecocycle Co., Ltd.	Industrial waste disposal and alternative fuel and raw material trading and industrial cleaning service business	Direct holding	100.00	100.00	400,000	180,000	-	-
INSEE Digital Co., Ltd.	Technical services and information technology management and development services	Direct holding	100.00	100.00	700,000	100,000	-	-
Globe Cement Co., Ltd.	Cement manufacturing	Direct holding	100.00	-	63,802	-	-	-
Overseas subsidiary								
Siam City Cement (Bangladesh) Ltd.	Cement manufacturing	Direct holding	100.00	-	2,124,391	-	16,202	-
Total investments in subsidiary companies					8,588,192	5,579,999	571,202	792,500

INSEE Ecocycle Company Limited

On 23 May 2016, the Extraordinary General Meeting of the shareholders of INSEE Ecocycle Company Limited ("the subsidiary") passed a resolution to increase its registered share capital from Baht 180 million (1,800,000 ordinary shares of Baht 100 each) to Baht 400 million (4,000,000 ordinary shares of Baht 100 each). The Company paid for all of additional issued shares on 31 May 2016.

The subsidiary registered the share capital increase with the Ministry of Commerce on 1 June 2016.

INSEE Digital Company Limited

On 23 September 2016, the Extraordinary General Meeting of the shareholders of INSEE Digital Company Limited ("the subsidiary") passed a resolution to increase its registered share capital from Baht 100 million (1,000,000 ordinary shares of Baht 100 each) to Baht 700 million

(7,000,000 ordinary shares of Baht 100 each). The Company paid for all of additional issued shares on 30 September 2016. The subsidiary registered the share capital increase with the Ministry of Commerce on 3 October 2016.

Investments in new subsidiaries

Globe Cement Company Limited (formerly known as “Cemex (Thailand) Company Limited”)

On 10 March 2016, the Company entered into share purchase agreement to make direct investment in all of shares of Cemex (Thailand) Company Limited. Subsequently on 3 May 2016, the Company acquired 4,410,000 ordinary shares and 2,600,000 preference shares at a par value of Baht 100 per share from the existing shareholders for a total consideration of Baht 63.8 million which was totally paid in cash.

On 1 June 2016, the Extraordinary General Meeting of the shareholders of Cemex (Thailand) Company Limited approved to change the company's name from “Cemex (Thailand) Company Limited” to “Globe Cement Company Limited”. The subsidiary registered with the Ministry of Commerce for the change of its name on 7 June 2016.

Siam City Cement (Bangladesh) Limited (formerly known as “Cemex Cement (Bangladesh) Limited”)

On 10 March 2016, the Company entered into share purchase agreement to make direct investment in all of shares of Cemex Cement (Bangladesh) Limited. Subsequently on 26 May 2016, the Company acquired 48,743,764 ordinary shares at a par value of Taka 46 per share from the existing shareholders for a total consideration of Baht 2,112.2 million which was totally paid in cash.

On 16 June 2016, the Extraordinary General Meeting of the shareholders of Cemex Cement (Bangladesh) Limited approved to change the company's name from “Cemex Cement (Bangladesh) Limited” to “Siam City Cement (Bangladesh) Limited”. The subsidiary registered with the Ministry of Commerce of Bangladesh for the change of its name on 30 June 2016.

Siam City Cement (Lanka) Limited (formerly known as “Holcim (Lanka) Limited”)

On 22 July 2016, the Company entered into share purchase agreement under which Siam City Concrete Company Limited (“the subsidiary”) would make direct investment in 98.9524 percent of shares in Holcim (Lanka) Limited. Subsequently on 10 August 2016, the subsidiary acquired 164,065,201 ordinary shares at a par value of LKR 10 per share from the existing shareholders for a total consideration of Baht 13,030 million which was totally paid in cash. Following completion of the transaction, Ceylon Ambuja Cements (Private) Limited and Lafarge Mahaweli Cement (Private) Limited, which are subsidiaries of Holcim (Lanka) Limited, became subsidiaries of the Group.

On 9 September 2016, the Extraordinary General Meeting of the shareholders of Holcim (Lanka) Limited approved to change the company's name from “Holcim (Lanka) Limited” to “Siam City Cement (Lanka) Limited”. The subsidiary registered with the Ministry of Commerce of Sri Lanka for the change of its name on 15 September 2016.

On 5 September 2016, the Extraordinary General Meeting of the shareholders of Ceylon Ambuja Cements (Private) Limited approved to change the company's name from “Ceylon Ambuja Cements (Private) Limited” to “SCCC Galle Cement Terminal (Private) Limited”. The subsidiary registered with the Ministry of Commerce of Sri Lanka for the change of its name on 15 September 2016.

On 6 September 2016, the Extraordinary General Meeting of the shareholders of Lafarge Mahaweli Cement (Private) Limited approved to change the company's name from “Lafarge Mahaweli Cement (Private) Limited” to “Mahaweli Marine Cement (Private) Limited”. The subsidiary registered with the Ministry of Commerce of Sri Lanka for the change of its name on 15 September 2016.

The financial statements of Globe Cement Company Limited, Siam City Cement (Bangladesh) Limited and Siam City Cement (Lanka) Limited and its subsidiaries have been included in the consolidated financial statements since the Group gained controlling authority on 3 May 2016, 26 May 2016 and 10 August 2016, respectively (“acquisition dates”). The details of the acquisitions are as follows:

(Unit: Thousand Baht)

	Globe Cement Company Limited	Siam City Cement (Bangladesh) Limited	Siam City Cement (Lanka) Limited	Total
Acquisition cost of investments in subsidiaries	63,802	2,112,248	13,029,709	15,205,759
Less: Fair value of net assets	(121,436)	(1,631,738)	(7,727,232)	(9,480,406)
Goodwill (gain from a bargain purchase)	(57,634)	480,510	5,302,477	5,725,353
Acquisition cost of investments in subsidiaries	63,802	2,112,248	13,029,709	15,205,759
Less: Cash and cash equivalents of subsidiaries	(53,283)	(430,545)	(39,605)	(523,433)
Net cash paid for acquisitions of investments in subsidiaries	10,519	1,681,703	12,990,104	14,682,326

The Company recorded expenses related to business acquisition of Siam City Cement (Bangladesh) Limited of Baht 12.1 million as part of acquisition cost of investment in the subsidiary.

At present, the Group is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition dates. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. The assessment shall be completed within the measurement period of twelve months from the acquisition dates pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2015) "Business Combinations". During the measurement period, the Group will make further retrospective adjustment of the provisional amounts recognised at the acquisition dates when it obtains complete accounting information for reporting in the financial statements.

Fair values of the identifiable assets acquired and liabilities assumed from Globe Cement Company Limited, Siam City Cement (Bangladesh) Limited and Siam City Cement (Lanka) Limited as at the acquisition dates based on the estimation performed by the Group as of 31 December 2016 were summarised below.

Globe Cement Company Limited

(Unit: Thousand Baht)

Cash and cash equivalents	53,283
Trade and other receivables	42,632
Inventories	83,663
Other current assets	6,618
Restricted bank deposits	400
Property, plant and equipment	407,595
Assets not used in operations	23,747
Intangible assets	32,387
Other non-current assets	15,962
Trade and other payables	(117,951)
Other accrued expenses	(16,065)
Other current liabilities	(4,582)
Other long-term loans	(336,428)
Provision for long-term employee benefits	(21,592)
Deferred tax liabilities	(48,233)
Fair value of net assets	121,436
Gain from a bargain purchase	(57,634)
Cost of acquisition of investment in subsidiary	63,802

The Company recognised gain from a bargain purchase of Globe Cement Company Limited of Baht 57.6 million, which was included in other income

in the consolidated income statement for the year ended 31 December 2016.

Siam City Cement (Bangladesh) Limited and Siam City Cement (Lanka) Limited

(Unit: Thousand Baht)

	Siam City Cement (Bangladesh) Limited	Siam City Cement (Lanka) Limited	Total
Cash and cash equivalents	430,545	39,605	470,150
Trade and other receivables	93,841	445,240	539,081
Inventories	187,343	752,449	939,792
Other current assets	611,863	164,271	776,134
Restricted bank deposits	180,833	-	180,833
Property, plant and equipment	852,484	2,947,882	3,800,366
Intangible assets	86,421	7,947,078	8,033,499
Other non-current assets	7,607	32,032	39,639
Bank overdrafts and short-term loans	-	(104,008)	(104,008)
Trade and other payables	(122,938)	(715,634)	(838,572)
Current portion of long-term loans from financial institutions	-	(468,428)	(468,428)
Income tax payable	(369,244)	(65,179)	(434,423)
Other accrued expenses	(36,668)	(343,203)	(379,871)
Other current liabilities	(72,489)	(139,725)	(212,214)
Long-term loans from financial institutions - net of current portion	-	(243,232)	(243,232)
Provision for long-term employee benefits	-	(158,071)	(158,071)
Deferred tax liabilities	(217,860)	(2,362,649)	(2,580,509)
Net assets	1,631,738	7,728,428	9,360,166
Non-controlling interests	-	(1,196)	(1,196)
Fair value of net assets	1,631,738	7,727,232	9,358,970
Goodwill	480,510	5,302,477	5,782,987
Cost of acquisitions of investments in subsidiaries	2,112,248	13,029,709	15,141,957

The difference of Baht 5,783 million between the consideration paid and the fair value of identifiable net assets acquired on the estimation of the management was included in a part of goodwill in the consolidated statement of financial position as at 31 December 2016.

Goodwill comprises the value of expected synergies and cost saving arising from the acquisitions and other benefits from combining the acquirer's and acquiree's business.

The consolidated income statement for the year ended 31 December 2016 included revenue and profit of Globe Cement Company Limited, Siam City Cement (Bangladesh) Limited and Siam City Cement (Lanka) Limited and its subsidiaries as from the acquisition dates as follows:

(Unit: Million Baht)

	Globe Cement Company Limited	Siam City Cement (Bangladesh) Limited	Siam City Cement (Lanka) Limited	Total
Revenue	581	529	3,104	4,214
Profit	6	7	417	430

If the business combinations had taken place at the beginning of the period, revenue and profit (loss) of Globe Cement Company Limited, Siam City Cement (Bangladesh) Limited and Siam City Cement

(Lanka) Limited and its subsidiaries would have been included in the consolidated income statement for the year ended 31 December 2016 as follows:

(Unit: Million Baht)

	Globe Cement Company Limited	Siam City Cement (Bangladesh) Limited	Siam City Cement (Lanka) Limited	Total
Revenue	885	1,119	7,437	9,441
Profit (loss)	(20)	326	655	961

As at 31 December 2016, the overseas subsidiaries had unappropriated retained earnings attributable to the Group of LKR 7,964 million and Taka 680 million, totaling approximately Baht 2,216 million. The Group may have obligations regarding withholding tax deducted at source from the subsidiaries' countries when the subsidiaries pay dividends from such amount in the future.

Investment in Holcim (Vietnam) Limited

On 4 August 2016, the Company entered into share purchase agreement to make direct investment in 65 percent of shares in Holcim (Vietnam) Limited, which is engaged in cement business in Vietnam. However, the completion of the transaction is subject to certain conditions precedent under the agreement which must be satisfied in full.

11. Investment in joint venture

11.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company

and other company. Details of this investment are as follows:

Joint venture	Nature of business	Country of incorporation	Shareholding percentage (%)		Consolidated financial statements		Separate financial statements	
					Carrying amount based on equity method (Thousand Baht)		Carrying amount based on cost method (Thousand Baht)	
			2016	2015	2016	2015	2016	2015
Chip Mong INSEE Cement Corporation	Cement Manufacturing	Cambodia	40	40	1,476,335	433,080	1,518,290	433,080
Total					1,476,335	433,080	1,518,290	433,080

On 16 September 2015, the Company entered into a joint venture agreement with Chip Mong Group Company and 3 other individuals (collectively "CMG") to make a direct investment in 40 percent of shares in Chip Mong Cement Corporation ("Joint venture"). The joint venture's registered share

capital would be USD 150 million (75,000 ordinary shares of USD 2,000 each). The Company invests in 40 percent of shares in the joint venture and CMG invests 60 percent of share in the joint venture.

On 23 November 2015, the Extraordinary General Meeting of the shareholders of Chip Mong Cement

Corporation Limited approved to change the company's name from "Chip Mong Cement Corporation Limited" to "Chip Mong INSEE Cement Corporation". The joint venture had already registered with the Ministry of Commerce of Cambodia for the change of its name.

As at 31 December 2016, the joint venture had registered share capital of USD 106 million (53,000 ordinary shares of USD 2,000 each). The Company paid for share subscriptions of USD 42.4 million or equivalent to approximately Baht 1,518.3 million,

representing 40 percent of the registered and paid up capital of the joint venture (2015: USD 12 million or equivalent to approximately Baht 433.1 million).

11.2 Share of profit or loss

During the year 2016, the Company recognised share of loss from investment in joint venture in the consolidated income statement of Baht 42 million (2015: Nil).

11.3 Summarised financial information about joint venture

Summarised information about financial position

(Unit: Million Baht)

Chip Mong INSEE Cement Corporation		
	2016	2015
Cash and cash equivalents	427	321
Other current assets	93	1
Non-current assets	3,490	760
Current liabilities	(381)	(4)
Net assets	3,629	1,078
Carrying amounts of joint venture based on equity method	1,476	433

Summarised information about comprehensive income

(Unit: Million Baht)

Chip Mong INSEE Cement Corporation		
	2016	2015
Interest income	5	1
Profit (loss)	(106)	1
Other comprehensive income	-	-
Total comprehensive income	(106)	1

12. Investments in associated companies

12.1 Details 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 equity method (Thousand Baht)		Carrying amount based on cost method (Thousand Baht)	
				2016	2015	2016	2015	2016	2015
Lanna Resources Public Co., Ltd	Coal mining	Thailand	Direct holding	44.99	44.99	1,812,497	1,899,032	483,427	483,427

Company's name	Nature of business	Country of incorporation	Type of relation	Shareholding percentage (%)		Consolidated financial statements		Separate financial statements	
						Carrying amount based on equity method (Thousand Baht)		Carrying amount based on cost method (Thousand Baht)	
				2016	2015	2016	2015	2016	2015
Thai Agro Energy Public Co., Ltd.	Ethanol production and distribution	Thailand	Direct holding	4.72	4.72	98,457	96,418	94,469	94,469
Total						1,910,954	1,995,450	577,896	577,896

12.2 Share of profit and other comprehensive income and dividend received

During the years, the Company recognised its share of profit and other comprehensive income 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 investments in associated companies during the year		Share of other comprehensive income from investments in associated companies during the year		Dividend received during the year	
	2016	2015	2016	2015	2016	2015
Lanna Resources Public Co., Ltd.	116,004	129,776	(25,408)	80,606	177,131	177,131
Thai Agro Energy Public Co., Ltd.	9,124	10,838	-	-	7,085	7,085
Total	125,128	140,614	(25,408)	80,606	184,216	184,216

12.3 Fair value of investments in listed associated companies

Fair values as at 31 December 2016 and 2015 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)

	2016	2015
Lanna Resources Public Co., Ltd.	3,212	2,114
Thai Agro Energy Public Co., Ltd.	153	151
Total	3,365	2,265

12.4 Summarised financial information about material associated company

Summarised information about financial position

(Unit: Million Baht)

Lanna Resources Public Company Limited		
	2016	2015
Current assets	4,039	4,477
Non-current assets	4,207	4,314
Current liabilities	(1,953)	(2,162)
Non-current liabilities	(489)	(655)
Net assets	5,804	5,974
Less: Non-controlling interests of the subsidiaries	(1,690)	(1,721)
Net assets - after non-controlling interests of the subsidiaries	4,114	4,253
Carrying amounts of associate based on equity method	1,812	1,899

Summarised information about comprehensive income

(Unit: Million Baht)

Lanna Resources Public Company Limited		
	2016	2015
Revenue	8,814	10,182
Profit	257	288
Other comprehensive income	(56)	179
Total comprehensive income	201	467

13. Other investment

Company's name	Nature of Business	Country of incorporation	Type of relation	Paid up share capital (Million Taka)		Shareholding percentage (%)		Consolidated financial statements		Separate financial statements	
				2016	2015	2016	2015	Cost value (Thousand Baht)		Cost value (Thousand Baht)	
Holcim Cement (Bangladesh) Co., Ltd.	Cement	Bangladesh	Direct holding	-	270	-	10.42	-	155,000	-	155,000
Total								-	155,000	-	155,000

During the year 2016, the Company received dividend income from Holcim Cement (Bangladesh) Co., Ltd. of Baht 7.8 million (2015: Baht 20.9 million).

On 10 November 2016 the Company disposed all of investment in Holcim Cement (Bangladesh) Co., Ltd.

at the amount of USD 16.92 million or equivalent to approximately Baht 590.1 million. The Company recorded gain on disposal of such investment of Baht 435.1 million in the income statement for the year ended 31 December 2016.

14. Investment properties

On 1 August 2016, a subsidiary entered into lease agreement with the Company to lease part of land, building and structures for 3-year period for its industrial waste disposal business. The Company therefore transferred such assets from property, plant and equipment account to investment

properties account in the separate statement of financial position.

The net book value of investment properties in the separate statement of financial position as at 31 December 2016 is presented below.

	Land	Office building and factory	Total
Cost	12,191	370,828	383,019
Less: Accumulated depreciation	-	(75,819)	(75,819)
Net book value	12,191	295,009	307,200

A reconciliation of the net book value of investment properties for the year ended 31 December 2016 is presented below.

(Unit: Thousand Baht)

Net book value at beginning of year	-
Transfer from property, plant and equipment	311,699
Depreciation for the year	(4,499)
Net book value at end of year	307,200

The fair value of the investment properties as at 31 December 2016, which was determined based on valuation performed by an independent valuer, is as below.

(Unit: Thousand Baht)

Land	330,498
Office building and factory	295,009

15. 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 2015	2,052,989	8,883,666	29,802,802	1,670,135	1,525,587	3,033,725	46,968,904
Additions	7,985	44,116	37,519	29,213	700	2,035,805	2,155,338
Disposals and write-off	(723)	(41,909)	(819,539)	(12,978)	(20,586)	-	(895,735)
Transfer in (out)	29,758	508,180	1,319,739	245,251	43,140	(2,148,978)	(2,910)
Translation adjustment	(3,462)	(6,628)	(9,060)	(295)	(22)	(11)	(19,478)
31 December 2015	2,086,547	9,387,425	30,331,461	1,931,326	1,548,819	2,920,541	48,206,119
Increase from business combinations	845,353	1,788,563	4,454,251	462,447	41,285	129,179	7,721,078
Additions	43,666	112,935	77,175	132,112	6,671	3,059,314	3,431,873
Disposals and write-off	-	(34,480)	(431,269)	(23,206)	(52,165)	(7,549)	(548,669)
Transfer in (out)	32,173	365,498	1,188,658	98,505	170,151	(1,984,578)	(129,593)
Translation adjustment	4,702	7,116	6,267	(89)	1,224	(271)	18,949
31 December 2016	3,012,441	11,627,057	35,626,543	2,601,095	1,715,985	4,116,636	58,699,757
Accumulated depreciation:							
1 January 2015	181,899	4,783,339	18,983,105	1,216,201	988,137	-	26,152,681
Depreciation for the year	21,842	275,993	872,043	115,580	82,929	-	1,368,387
Disposals and write-off	-	(31,194)	(693,305)	(10,949)	(15,328)	-	(750,776)
Transfer in (out)	-	-	(94)	-	94	-	-
Translation adjustment	-	(102)	(198)	(113)	48	-	(365)
31 December 2015	203,741	5,028,036	19,161,551	1,320,719	1,055,880	-	26,769,927
Increase from business combinations	-	831,909	2,381,047	271,337	28,824	-	3,513,117
Depreciation for the year	37,950	323,585	1,067,256	163,827	101,867	-	1,694,485
Disposals and write-off	-	(11,201)	(347,316)	(22,494)	(30,348)	-	(411,359)
Translation adjustment	-	(591)	(2,797)	(22)	1,161	-	(2,249)
31 December 2016	241,691	6,171,738	22,259,741	1,733,367	1,157,384	-	31,563,921
Allowance for impairment:							
1 January 2015	-	-	15,054	438	-	-	15,492
31 December 2015	-	-	15,054	438	-	-	15,492
Increase during the year	110,945	-	-	-	-	-	110,945
31 December 2016	110,945	-	15,054	438	-	-	126,437
Net book value:							
31 December 2015	1,882,806	4,359,389	11,154,856	610,169	492,939	2,920,541	21,420,700
31 December 2016	2,659,805	5,455,319	13,351,748	867,290	558,601	4,116,636	27,009,399

Depreciation for the year

2015 (Baht 1,331 million included in cost of sales and services, and the remaining balance included in selling and distribution expenses and administrative expenses)	1,368,387
2016 (Baht 1,599 million included in cost of sales and services, and the remaining balance included in selling and distribution expenses and administrative expenses)	1,694,485

(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 2015	1,182,218	7,081,979	24,368,069	1,429,583	1,471,665	1,965,893	37,499,407
Additions	-	37,496	26,491	17,926	700	1,612,947	1,695,560
Disposals and write-off	-	(10,176)	(786,555)	(12,359)	(16,430)	-	(825,520)
Transfer in (out)	-	389,941	1,065,634	220,098	48,694	(1,727,277)	(2,910)
31 December 2015	1,182,218	7,499,240	24,673,639	1,655,248	1,504,629	1,851,563	38,366,537
Additions	4,997	57,782	67,520	17,866	909	2,012,302	2,161,376
Disposals and write-off	-	(3,355)	(375,254)	(21,400)	(48,843)	-	(448,852)
Transfer in (out)	(12,191)	(165,350)	870,713	73,725	170,151	(1,445,138)	(508,090)
31 December 2016	1,175,024	7,388,317	25,236,618	1,725,439	1,626,846	2,418,727	39,570,971
Accumulated depreciation:							
1 January 2015	45,267	4,421,207	17,225,995	1,077,421	952,017	-	23,721,907
Depreciation for the year	3,767	195,994	573,470	88,541	78,824	-	940,596
Disposals and write-off	-	(9,106)	(669,857)	(10,381)	(11,701)	-	(701,045)
31 December 2015	49,034	4,608,095	17,129,608	1,155,581	1,019,140	-	23,961,458
Depreciation for the year	5,796	203,939	645,965	105,685	93,317	-	1,054,702
Disposals and write-off	-	(1,312)	(304,651)	(20,688)	(27,664)	-	(354,315)
Transfer out	-	(71,320)	-	-	-	-	(71,320)
31 December 2016	54,830	4,739,402	17,470,922	1,240,578	1,084,793	-	24,590,525
Allowance for impairment:							
1 January 2015	-	-	15,054	438	-	-	15,492
31 December 2015	-	-	15,054	438	-	-	15,492
31 December 2016	-	-	15,054	438	-	-	15,492
Net book value:							
31 December 2015	1,133,184	2,891,145	7,528,977	499,229	485,489	1,851,563	14,389,587
31 December 2016	1,120,194	2,648,915	7,750,642	484,423	542,053	2,418,727	14,964,954

Depreciation for the year

2015 (Baht 914 million included in cost of sales and services, and the remaining balance included in selling and distribution expenses and administrative expenses)

940,596

2016 (Baht 993 million included in cost of sales and services, and the remaining balance included in selling and distribution expenses and administrative expenses)

1,054,702

On 5 April 2016, INSEE Ecocycle Company Limited, a subsidiary, entered into assets sales and purchase agreement to acquire part of assets of Valence Corporation Limited which is engaged in industrial cleaning service business at the amount of Baht 260 million. On 1 June 2016, the assets which consist of inventories, property, plant and equipment and intangible assets had been transferred to the subsidiary.

As at 31 December 2016 and 2015, 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 13,415 million and Baht 8,762 million, respectively (Separate financial statements: Baht 9,568 million and Baht 7,963 million, respectively).

16. 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 2015	415,822	148,165	326,129	7,343	897,459
Disposals and write-off	(26,910)	(14,849)	(389)	-	(42,148)
Transfer in	-	-	2,910	-	2,910
31 December 2015	388,912	133,316	328,650	7,343	858,221
Increase from business combinations	23,747	429,175	836,013	-	1,288,935
31 December 2016	412,659	562,491	1,164,663	7,343	2,147,156
Accumulated depreciation:					
1 January 2015	-	102,029	291,675	5,277	398,981
Depreciation for the year	-	2,511	2,819	730	6,060
Disposals and write-off	-	(13,349)	(369)	-	(13,718)
31 December 2015	-	91,191	294,125	6,007	391,323
Increase from business combinations	-	350,464	705,758	-	1,056,222
Depreciation for the year	-	2,097	324	-	2,421
31 December 2016	-	443,752	1,000,207	6,007	1,449,966
Allowance for impairment:					
1 January 2015	108,082	9,482	-	-	117,564
Increase (decrease) during the year	(26,910)	(529)	28,742	-	1,303
31 December 2015	81,172	8,953	28,742	-	118,867
Increase from business combinations	-	78,711	130,255	-	208,966
Increase (decrease) during the year	(74,123)	(666)	(2,142)	1,336	(75,595)
31 December 2016	7,049	86,998	156,855	1,336	252,238
Net book value:					
31 December 2015	307,740	33,172	5,783	1,336	348,031
31 December 2016	405,610	31,741	7,601	-	444,952

Depreciation for the year

2015 (included in administrative expenses)	6,060
2016 (included in administrative expenses)	2,421

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Total
Cost:					
1 January 2015	429,088	148,165	326,129	7,343	910,725
Disposals and write-off	(26,910)	(14,849)	(389)	-	(42,148)
Transfer in	-	-	2,910	-	2,910
31 December 2015	402,178	133,316	328,650	7,343	871,487
31 December 2016	402,178	133,316	328,650	7,343	871,487
Accumulated depreciation:					
1 January 2015	-	102,029	291,675	5,277	398,981
Depreciation for the year	-	2,511	2,819	730	6,060
Disposals and write-off	-	(13,350)	(369)	-	(13,719)
31 December 2015	-	91,190	294,125	6,007	391,322
Depreciation for the year	-	2,098	323	-	2,421
31 December 2016	-	93,288	294,448	6,007	393,743
Allowance for impairment:					
1 January 2015	104,402	9,481	-	-	113,883
Increase (decrease) during the year	(26,910)	(529)	28,742	-	1,303
31 December 2015	77,492	8,952	28,742	-	115,186
Increase (decrease) during the year	(74,123)	(666)	(2,142)	1,336	(75,595)
31 December 2016	3,369	8,286	26,600	1,336	39,591
Net book value:					
31 December 2015	324,686	33,174	5,783	1,336	364,979
31 December 2016	398,809	31,742	7,602	-	438,153

Depreciation for the year

2015 (included in administrative expenses)	6,060
2016 (included in administrative expenses)	2,421

During 2016, the Company reversed allowance for impairment of assets not used in operations of Baht 75.6 million (2015: recorded allowance for impairment of Baht 1.3 million).

The 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.

17. Intangible assets

(Unit: Thousand Baht)

Consolidated financial statements							
	Mining concession	Computer software	Customer relationships	Brands	Other intangible assets	Intangible assets under development	Total
Cost:							
1 January 2015	2,130,195	257,966	-	-	271,375	96,000	2,755,536
Additions	122,232	96	-	-	4,064	993,318	1,119,710
Write-off	-	(181)	-	-	-	-	(181)
Translation adjustment	-	(100)	-	-	-	-	(100)
31 December 2015	2,252,427	257,781	-	-	275,439	1,089,318	3,874,965
Increase from business combinations	3,870,050	116,351	86,421	3,994,246	156,560	32,387	8,256,015
Additions	-	1,677	38,726	-	25,487	302,259	368,149
Write-off	(381)	-	-	-	-	-	(381)
Transfer in (out)	23,382	1,102,826	-	-	(16,002)	(980,613)	129,593
Translation adjustment	(272)	(92)	-	-	(341)	-	(705)
31 December 2016	6,145,206	1,478,543	125,147	3,994,246	441,143	443,351	12,627,636
Accumulated amortisation:							
1 January 2015	271,575	85,052	-	-	148,462	-	505,089
Amortisation during the year	39,762	31,706	-	-	1,550	-	73,018
Write-off	-	(181)	-	-	-	-	(181)
Translation adjustment	-	(27)	-	-	-	-	(27)
31 December 2015	311,337	116,550	-	-	150,012	-	577,899
Increase from business combinations	70,457	81,155	-	-	38,517	-	190,129
Amortisation during the year	102,173	114,926	8,910	-	5,790	-	231,799
Translation adjustment	(148)	(79)	-	-	(82)	-	(309)
31 December 2016	483,819	312,552	8,910	-	194,237	-	999,518
Net book value:							
31 December 2015	1,941,090	141,231	-	-	125,427	1,089,318	3,297,066
31 December 2016	5,661,387	1,165,991	116,237	3,994,246	246,906	443,351	11,628,118

Amortisation for the year

2015 (Baht 40 million included in cost of sales and services, and the remaining balance included

in selling and distribution expenses and administrative expenses)

73,018

2016 (Baht 163 million included in cost of sales and services, and the remaining balance included

in selling and distribution expenses and administrative expenses)

231,799

(Unit: Thousand Baht)

	Separate financial statements				
	Mining concession	Computer software	Other intangible assets	Intangible assets under development	Total
Cost:					
1 January 2015	1,966,023	219,019	268,057	96,000	2,549,099
Additions	122,232	-	3,215	993,318	1,118,765
Disposals	-	(181)	-	-	(181)
31 December 2015	2,088,255	218,838	271,272	1,089,318	3,667,683
Additions	-	-	22,772	101,434	124,206
Transfer in (out)	23,382	1,096,578	(16,002)	(978,887)	125,071
Disposals/write-off	(381)	(1,267,308)	-	-	(1,267,689)
31 December 2016	2,111,256	48,108	278,042	211,865	2,649,271
Accumulated amortisation:					
1 January 2015	257,234	53,084	148,476	-	458,794
Amortisation during the year	36,631	28,782	1,061	-	66,474
Disposals	-	(181)	-	-	(181)
31 December 2015	293,865	81,685	149,537	-	525,087
Amortisation during the year	44,906	57,484	4,139	-	106,529
Disposals/write-off	-	(104,923)	-	-	(104,923)
31 December 2016	338,771	34,246	153,676	-	526,693
Net book value:					
31 December 2015	1,794,390	137,153	121,735	1,089,318	3,142,596
31 December 2016	1,772,485	13,862	124,366	211,865	2,122,578

Amortisation for the year

2015 (Baht 37 million included in cost of sales and services, and the remaining balance included in selling and distribution expenses and administrative expenses)	66,474
2016 (Baht 48 million included in cost of sales and services, and the remaining balance included in selling and distribution expenses and administrative expenses)	106,529

18. Bank overdrafts and short-term loans from other financial institutions

As at 31 December 2016, the Company and its subsidiaries had bank overdrafts and short-term loans from commercial banks of Baht 5,861 million (2015: Baht 651 million) which carry interest at the rate of 1.75 to 9.75 percent per annum (2015: 2.8 to 11.0 percent per annum).

A portion of a subsidiary's short-term loans of USD 72.6 million or equivalent to approximately Baht 2,614 million is guaranteed by the Company and secured by the pledge of share certificates of two subsidiaries. The loan agreement contains covenant with which the Company and its subsidiary must comply, pertaining to maintaining of certain financial ratios.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties	145,436	126,511	145,436	126,511
Trade payables - unrelated parties	3,422,413	2,615,472	1,781,258	1,888,266
Other payables - related parties	41,688	38,554	472,617	299,975
Other payables - unrelated party	110,000	-	-	-
Total trade and other payables	3,719,537	2,780,537	2,399,311	2,314,752

20. Long-term loans from other financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Long-term loans from other financial institutions	418,845	437,518	-	-
Less: Portion due within one year	(263,499)	(78,747)	-	-
Long-term loans from other financial institutions - net of current portion	155,346	358,771	-	-

Movements in long-term loans from other financial institutions during the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2015	437,518	-
Add: Increase from business combinations	711,660	-
Less: Repayment during the year	(728,848)	-
Translation adjustment	(1,485)	-
Balance as at 31 December 2016	418,845	-

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 2020.

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 installments from July 2016 to April 2021.

A Thai subsidiary entered into 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.

On 27 June 2016, the overseas subsidiary prepaid the remaining long-term loans.

As at 31 December 2016, an overseas subsidiary had long-term loans from other financial institutions of USD 2.5 million and LKR 1,376.9 million or equivalent to Baht 418.8 million which carry interest at the rate of 4.34 to 14.01 percent per annum and are repayable during 2017 - 2019.

21. Debentures

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Debentures	9,987,091	5,993,320	9,987,091	5,993,320
Less: Portion due within one year	(3,998,935)	-	(3,998,935)	-
Debentures - net of current portion	5,988,156	5,993,320	5,988,156	5,993,320

Movements in debentures during the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2015	5,993,320	5,993,320
Add: Net cash received from issuance of debentures during the year	3,990,075	3,990,075
Amortisation of transaction costs during the year	3,696	3,696
Balance as at 31 December 2016	9,987,091	9,987,091

On 13 February 2013, the meeting of the Company's Board of Directors approved the issuance and sales 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 series of unsubordinated, unsecured and no discount debentures with a name-registered debenture certificate as detailed below.

- The debenture series 1 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 series 2 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.

On 7 April 2016, the Annual General Meeting of the shareholders of the Company approved the issuance and sales 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.

On 29 April 2016, the Company issued 2 series of unsubordinated, unsecured and no discount debentures with a name-registered debenture certificate as detailed below.

- The debenture series 1 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 8-year tenor, due on 29 April 2024, at the coupon rate of 2.46 percent per annum with interest payable semi-annually.
- The debenture series 2 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 10-year tenor, due on 29 April 2026, at the coupon rate of 2.70 percent per annum with interest payable semi-annually.

Debenture agreements contain a covenant with which the Company must comply, pertaining to maintaining financial ratio.

On 9 December 2016, the Extraordinary General Meeting of the shareholders of the Company approved the issuance and sales of all types of debentures in the principal amount not exceeding Baht 15,000 million depending upon the market suitability at each time of offering.

Fair values of debentures, which are the latest price as at 31 December 2016 and 2015, stated below.

Debenture series No./Year	Fair values (Baht per unit)	
	2016	2015
1/2013	1,009	1,026
2/2013	1,065	1,073
1/2016	959	-
2/2016	941	-

22. Provision for long-term employee benefits

22.1 Defined contribution plans

The Company, the local 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. Moreover, the subsidiaries in Sri Lanka and their employees have jointly registered a provident fund and trust fund on which the subsidiaries contribute at the rate of 12 percent and 3 percent to the provident fund and trust fund, respectively.

During the year 2016, the Company and its subsidiaries recognised the contributions of Baht 148 million (2015: Baht 122 million) and the Company recognised the contributions of Baht 97 million (2015: Baht 93 million) as expenses.

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 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 2015	668,107	446,405	47,326	1,161,838
Included in income statement:				
Current service cost	19,403	37,170	6,644	63,217
Interest cost	26,893	17,412	2,088	46,393
Employee contributions	19,220	-	-	19,220
Benefits paid during the year	(15,649)	(11,124)	(15,158)	(41,931)
Balance as at 31 December 2015	717,974	489,863	40,900	1,248,737
Increase from business combinations	-	179,417	246	179,663
Included in income statement:				
Current service cost	19,010	45,597	21,609	86,216
Interest cost	27,646	25,653	2,029	55,328
Actuarial loss				
Financial assumptions changes	-	-	1,254	1,254
Experience adjustments	-	-	350	350
Included in statement of comprehensive income:				
Actuarial loss				
Demographic assumptions changes	-	1,466	-	1,466
Financial assumptions changes	156,852	206,219	5,611	368,682
Experience adjustments	95,472	19,694	19,730	134,896
Employee contributions	19,671	-	-	19,671
Benefits paid during the year	(28,477)	(26,073)	(29,576)	(84,126)
Translation adjustment	-	(150)	-	(150)
Balance as at 31 December 2016	1,008,148	941,686	62,153	2,011,987

(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 2015	569,548	370,065	40,456	980,069
Included in income statement:				
Current service cost	15,552	24,929	5,315	45,796
Interest cost	22,830	14,496	1,832	39,158
Employee contributions	15,653	-	-	15,653
Benefits paid during the year	(15,649)	(10,932)	(13,844)	(40,425)
Balance as at 31 December 2015	607,934	398,558	33,759	1,040,251
Included in income statement:				
Current service cost	15,932	25,455	4,960	46,347
Interest cost	23,219	15,547	1,775	40,541
Actuarial loss				
Financial assumptions changes	-	-	1,226	1,226
Experience adjustments	-	-	392	392
Included in statement of Comprehensive income:				
Actuarial loss				
Financial assumptions changes	129,263	148,351	4,368	281,982
Experience adjustments	86,052	17,458	18,668	122,178
Employee contributions	15,932	-	-	15,932
Transfer out to subsidiary	(4,861)	(16,561)	(2,212)	(23,634)
Benefits paid during the year	(25,176)	(15,801)	(21,584)	(62,561)
Balance as at 31 December 2016	848,295	573,007	41,352	1,462,654

Line items in the income statements under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Production cost of goods sold	38,356	68,217	16,121	52,004
Selling and distribution expenses and administrative expenses	104,792	41,393	72,385	32,950
Total expenses recognised in the income statements	143,148	109,610	88,506	84,954

The Company and its subsidiaries expect to pay Baht 50 million of long-term employee benefits during the next year (Separate financial statements: Baht 44 million) (2015: Baht 42 million, separate financial statements: Baht 38 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee

benefit for the Company and local subsidiaries is 18 years and for the overseas subsidiaries is 15 years (Separate financial statements: 18 years) (2015: 17 years, separate financial statements: 17 years).

Significant actuarial assumptions are summarised below.

	Consolidated financial statements		Separate financial statements	
	2016 (% per annum)	2015 (% per annum)	2016 (% per annum)	2015 (% per annum)
Discount rate	2.5, 12.0	4.1	2.5	4.1
Salary increase rate	6.0, 10.0	5.0	6.0	5.0

The result of sensitivity analysis for significant assumptions that affect the present value of the

long-term employee benefit obligations as at 31 December 2016 and 2015 is summarised below.

(Unit: Thousand Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(207.3)	242.1	(150.9)	175.4
Salary increase rate	118.9	(102.9)	74.6	(64.7)

(Unit: Thousand Baht)

	As at 31 December 2015			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(129.3)	149.6	(104.3)	120.2
Salary increase rate	68.9	(59.5)	53.2	(46.2)

23. Provision for site restoration and decommissioning costs

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for site restoration	Provision for decommissioning costs	Total
As at 1 January 2015	72,298	6,803	79,101
Increase during the year	2,479	497	2,976
Utilised during the year	(4,319)	-	(4,319)
Decrease from discount rate adjustment	(11,087)	-	(11,087)
As at 31 December 2015	59,371	7,300	66,671
Decrease during the year	(140)	(326)	(466)
Utilised during the year	(1,686)	-	(1,686)
Increase from discount rate adjustment	4,996	-	4,996
As at 31 December 2016	62,541	6,974	69,515

(Unit: Thousand Baht)

	Separate financial statements
	Provision for site restoration
As at 1 January 2015	67,536
Increase during the year	2,364
Utilised during the year	(4,319)
Decrease from discount rate adjustment	(10,701)
As at 31 December 2015	54,880
Decrease during the year	(462)
Utilised during the year	(1,686)
Increase from discount rate adjustment	4,996
As at 31 December 2016	57,728

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 classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Raw materials and supplies used	9,281,531	9,248,656	5,812,478	6,065,365
Changes in inventories of finished goods and work in process	176,962	100,472	118,252	82,125
Other production expenses	7,990,172	6,638,570	6,068,456	6,431,596
Salaries, wages and other employee benefits	4,087,752	3,604,543	2,615,389	2,540,363
Depreciation and amortisation (Note 26)	1,928,705	1,447,465	1,168,151	1,013,130
Directors and management's benefits	153,377	121,813	153,377	121,813
Other expenses	5,737,685	4,186,545	3,365,849	3,025,316
Total expenses	29,356,184	25,348,064	19,301,952	19,279,708

26. Summary of depreciation and amortisation

(Unit: Thousand Baht)

	Consolidated financial statements				
	2016			2015	
	Cost of sales and services	Selling and distribution expenses and administrative expenses	Total	Cost of sales and services	Selling and distribution expenses and administrative expenses
Property, plant and equipment	1,599,126	95,359	1,694,485	1,330,960	37,427
Assets not used in operations	-	2,421	2,421	-	6,060
Intangible assets	163,294	68,505	231,799	39,871	33,147
Total depreciation and amortisation	1,762,420	166,285	1,928,705	1,370,831	76,634
					1,447,465

(Unit: Thousand Baht)

	Separate financial statements					
	2016			2015		
	Cost of sales and services	Selling and distribution expenses and administrative expenses	Total	Cost of sales and services	Selling and distribution expenses and administrative expenses	Total
Investment properties	-	4,499	4,499	-	-	-
Property, plant and equipment	992,805	61,897	1,054,702	914,338	26,258	940,596
Assets not used in operations	-	2,421	2,421	-	6,060	6,060
Intangible assets	48,213	58,316	106,529	36,637	29,837	66,474
Total depreciation and amortisation	1,041,018	127,133	1,168,151	950,975	62,155	1,013,130

27. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	950,416	1,200,382	709,618	1,015,013
Adjustment in respect of income tax of previous year	(8,562)	(25,261)	(10,781)	(25,261)
Deferred tax:				
Relating to origination and reversal of temporary differences	37,470	(73,673)	120,983	(32,499)
Income tax expenses reported in the income statements	979,324	1,101,448	819,820	957,253

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to actuarial loss	(97,338)	-	(78,165)	-

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	4,893,234	5,680,655	4,774,373	5,693,562
Applicable tax rates	20%, 25%, 28%, 35%	20%, 25%	20%	20%
Accounting profit before tax multiplied by income tax rates	1,130,746	1,119,413	954,875	1,138,712
Adjustment in respect of income tax of previous year	(8,562)	(25,261)	(10,781)	(25,261)
Effects of:				
Promotional privileges (Note 35)	(126,901)	(119,828)	-	-
Utilisation of tax loss carried forward	(75)	(104)	-	-
Non-deductible expenses	117,167	44,790	33,856	40,648
Income not subject to tax	(116,541)	(36,843)	(151,084)	(195,343)
Additional expense deductions allowed	(7,551)	(1,503)	(7,046)	(1,503)
Unrecognised tax losses as deferred tax assets	44,281	120,784	-	-
Recognition of tax loss carried forward of previous years	(28,852)	-	-	-
Others	1,819	-	-	-
Total	(116,653)	7,296	(124,274)	(156,198)
Reversal of deferred tax liabilities from business combinations	(26,207)	-	-	-
Income tax expenses reported in the income statements	979,324	1,101,448	819,820	957,253
Effective income tax rate	20.0%	19.4%	17.2%	16.8%

As at 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Provision for long-term employee benefits	369,113	214,647	261,491	179,001
Property, plant and equipment and assets not used in operations	-	88,464	20,419	47,114
Deferred revenue	147,172	208,571	142,022	203,547
Unused tax losses	151,146	22,774	-	-
Others	126,606	151,145	65,285	102,373
Total	794,037	685,601	489,217	532,035
Deferred tax liabilities				
Property, plant and equipment	512,802	-	-	-
Intangible assets	2,174,098	-	-	-
Total	2,686,900	-	-	-
Total deferred tax assets (liabilities) - net	(1,892,863)	685,601	489,217	532,035

As at 31 December 2016 and 2015, the above deferred tax assets and deferred tax liabilities are

presented in the statements of financial position as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	740,771	685,601	489,217	532,035
Deferred tax liabilities	(2,633,634)	-	-	-
Total deferred tax assets (liabilities) - net	(1,892,863)	685,601	489,217	532,035

During the year 2016, the Group recognised deferred tax liabilities from business combinations of Baht 2,628.7 million and translation adjustments for deferred tax assets and deferred tax liabilities of overseas subsidiaries of Baht 9.6 million.

As at 31 December 2016, an overseas subsidiary had unused tax losses of Rupiah Indonesia 402,161 million or equivalent to Baht 1,078 million (2015: Rupiah Indonesia 352,471 million or equivalent to Baht 925 million) that were not recognised deferred tax assets.

Details of expiry date of unused tax losses of the overseas subsidiary are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2016	2015
31 December 2017	9	8
31 December 2018	133	176
31 December 2019	247	258
31 December 2020	492	483
31 December 2021	197	-
	1,078	925

As at 31 December 2016, the Group has not recognised deferred tax liabilities in respect of temporary differences in respect of investments in overseas subsidiaries, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

28. 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.

29. Dividends

On 7 April 2015, the Annual General Meeting of the shareholders of the Company passed a resolution to approve 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 Company paid such dividend on 6 May 2015.

On 28 July 2015, 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 2015 of Baht 8.0 per share, totaling Baht 1,840 million. The Company paid such interim dividend on 27 August 2015.

On 7 April 2016, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a final dividend for 2015 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 2015 amounted to Baht 15.0 per share. The Company paid such dividend on 4 May 2016.

On 22 July 2016, 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 2016 of Baht 8.0 per share, totaling Baht 1,840 million. The Company paid such interim dividend on 19 August 2016.

30. 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's and

its subsidiaries' operating segments for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

	For the years ended 31 December											
	Cement		Concrete and aggregates		Others		Total segments		Adjustments and eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	24,260	21,209	8,426	8,397	1,506	1,514	34,192	31,120	-	-	34,192	31,120
Inter-segment revenue	3,436	3,051	301	261	-	-	3,737	3,312	(3,737)	(3,312)	-	-
Interest income	32	44	9	9	3	1	44	54	-	-	44	54
Interest expenses	369	238	126	14	72	152	567	404	(34)	-	533	404
Depreciation and amortisation	1,497	1,065	302	239	139	143	1,938	1,447	(9)	-	1,929	1,447
Share of profit from investments in joint venture and associated companies accounted for by the equity method	83	141	-	-	-	-	83	141	-	-	83	141
Income tax expenses	905	948	25	107	49	46	979	1,101	-	-	979	1,101
Material non-cash items other than depreciation and amortisation:												
Increase (decrease) in impairment loss	(76)	1	111	-	-	-	35	1	-	-	35	1
Segment profit	10,419	10,037	1,925	1,859	530	473	12,874	12,369	-	-	12,874	12,369
Segment total assets	38,034	26,820	22,034	8,465	3,146	3,170	63,214	38,455	(1,470)	(947)	61,744	37,508
Investments in joint venture and associated companies accounted for by the equity method	3,387	2,429	-	-	-	-	3,387	2,429	-	-	3,387	2,429
Additions (deductions) to non-current assets other than financial instruments and deferred tax assets	20,588	896	119	1,244	(109)	(81)	20,598	2,059	-	-	20,598	2,059

Geographic information

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

(Unit: Million Baht)

	2016	2015
Revenue from external customers		
Thailand	24,748	25,068
Sri Lanka	3,562	147
Cambodia	2,448	2,645
Singapore	812	515
Bangladesh	805	142
Vietnam	468	18
Laos	331	509
Philippines	308	442
Indonesia	171	461
Myanmar	125	779
Others	414	394
Total	34,192	31,120
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	43,330	26,480
Sri Lanka	3,188	-
Indonesia	1,399	1,430
Bangladesh	591	-
Total	48,508	27,910

Major customers

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

31. Bank guarantees

31.1 As at 31 December 2016 and 2015, there were outstanding bank guarantees of approximately Baht 91 million and Baht 87 million, respectively (Separate financial statements: Baht 45 million and Baht 45 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.

31.2 As at 31 December 2016, the associated companies had outstanding bank guarantees of approximately Baht 5.7 million, Indonesian Rupiah 34,845 million and USD 0.2 million (2015: Baht 5.7 million, Indonesian Rupiah 28,175 million and USD 0.2 million) issued by banks on behalf of the associated companies as required in the normal course of their businesses.

32. Commitments

32.1 As at 31 December 2016, the Company and its subsidiaries had the following significant outstanding commitments:

32.1.1 The Company and its subsidiaries entered into the service agreements with a subsidiary in respect of the Company's and its subsidiaries' computer system. The Company and its subsidiaries are committed to pay the fees on the basis and at the rate as stipulated in the agreements.

32.1.2 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.

32.1.3 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.

32.1.4 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 2016 and 2015, the future lease and service fees payable by the Company and its subsidiaries are as follows:

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
In up to 1 year	827	338	179	193
In over 1 year and up to 5 years	695	500	198	315
In over 5 years	66	80	-	-

32.1.5 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.

32.1.6 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.

32.1.7 The Company entered into an agreement with a company in respect of computer software implementation. The Company is committed to pay a fee on the basis and the rate as stipulated in the agreement.

32.1.8 The Company has commitment regarding the contribution to the funds in accordance with the requirements and legally applicable rate specified by Department of Primary Industries and Mine.

32.1.9 The Company and its subsidiaries had outstanding capital expenditure and construction commitments of Baht 1,997 million (Separate financial statements: Baht 705 million) (2015: Baht 1,696 million and separate financial statements: Baht 1,246 million).

32.1.10 A subsidiary entered into an agreement with the third party to acquire land and raw material resources. Subject to certain conditions, the subsidiary will purchase assets at the price as specified in the agreement.

32.1.11 A subsidiary 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.

32.1.12 A subsidiary entered into an agreement with a company in respect of computer software license. The subsidiary is committed to pay a license fee on the basis and at the rate as stipulated in the agreement.

32.1.13 A subsidiary entered into an electricity supply agreement with a local power plant with 15-year duration from the operation date. The subsidiary shall purchase and pay electricity supply at the quantity and the rate as stipulated in the agreement.

32.1.14 A subsidiary has commitment regarding the contribution to the Power Development Fund in accordance with the regulation required by the Energy Regulatory Commission. The contribution is calculated based on the sale quantities and legally applicable rate.

32.2 The associated companies and joint venture entered into several lease agreements in respect of the lease of land, office building space, motor vehicles, and other services. As at 31 December 2016, the future lease and service fees payable by the associated companies and joint venture under these lease and service agreements amounted to approximately Baht 85 million (2015: Baht 47 million).

32.3 The associated companies and joint venture had outstanding capital expenditure and construction commitments of USD 107.2 million and Baht 43.4 million, totaling approximately Baht 3,904 million (2015: USD 154.4 million and Baht 33 million, totaling approximately Baht 5,605 million).

33. Fair value hierarchy

As at 31 December 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	Level 1	Level 2	Level 1	Level 2
Assets measured at fair value				
Derivatives				
Forward exchange contracts	-	84.3	-	-
Liabilities measured at fair value				
Derivatives				
Cross currency and interest rate swap	-	(119.1)	-	-
Forward exchange contracts	-	(0.2)	-	(0.2)
Assets for which fair value is disclosed				
Investments in associated companies	3,365.0	-	3,365.0	-
Investment properties	-	-	-	625.5
Derivatives				
Forward exchange contracts	-	48.7	-	48.7
Liabilities for which fair value is disclosed				
Debentures	-	9,965.0	-	9,965.0

34. Financial instruments

34.1 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, short-term loans, trade and other payables, bank overdrafts and short-term borrowings, long-term borrowings 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's and its subsidiaries' exposure to interest rate risk relates primarily to their interest-bearing cash at banks, short-term loans, bank overdrafts and short-term borrowings, long-term borrowings and debentures. However, since most of the Company's 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 2016 and 2015 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 As at 31 December 2016							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (%p.a.)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	400	-	-	1,941	1,189	3,530	0.01 - 7.50
	400	-	-	1,941	1,189	3,530	
Financial liabilities							
Short-term loans from related financial institution	10,599	-	-	-	-	10,599	2.20 - 2.40
Bank overdrafts and short-term loans from other financial institutions	5,861	-	-	-	-	5,861	1.75 - 9.75
Long-term loans from related financial institution	-	-	-	509	-	509	THBFIX plus a margin
Long-term loans from other financial institutions	264	155	-	-	-	419	4.34 - 14.01
Debentures	3,999	1,997	3,991	-	-	9,987	2.46 - 4.30
	20,723	2,152	3,991	509	-	27,375	

(Unit: Million Baht)

	Consolidated financial statements As at 31 December 2015					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (%p.a.)
	Within 1 year	1-5 years				
Financial assets						
Cash and cash equivalents	640	-	1,451	238	2,329	0.01 - 2.25
	640	-	1,451	238	2,329	
Financial liabilities						
Short-term loans from related financial institution	230	-	-	-	230	2.45 - 2.85
Short-term loans from other financial institutions	651	-	-	-	651	2.80 - 11.00
Long-term loans from related financial institution	-	-	1,008	-	1,008	THBFIX plus a margin
Long-term loans from other financial institution	-	-	438	-	438	JIBOR plus a margin
Debentures	-	5,993	-	-	5,993	3.79 - 4.30
	881	5,993	1,446	-	8,320	

(Unit: Million Baht)

Separate financial statements As at 31 December 2016						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (%p.a.)
Within 1 year	1-5 years	Over 5 years				

Financial assets

Cash and cash equivalents	-	-	-	1,142	133	1,275	0.01 - 1.50
Short-term loans to related parties	3,330	-	-	-	-	3,330	2.18 - 2.39
	3,330	-	-	1,142	133	4,605	

Financial liabilities

Short-term loans from other financial institutions	3,200	-	-	-	-	3,200	1.75 - 1.80
Debentures	3,999	1,997	3,991	-	-	9,987	2.46 - 4.30
	7,199	1,997	3,991	-	-	13,187	

(Unit: Million Baht)

Separate financial statements As at 31 December 2015						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (%p.a.)
Within 1 year	1-5 years	Over 5 years				

Financial assets

Cash and cash equivalents	-	-	981	131	1,112	0.01 - 1.00
Short-term loan to related party	100	-	-	-	100	2.36
	100	-	981	131	1,212	

Financial liabilities

Debentures	-	5,993	-	-	5,993	3.79 - 4.30
	-	5,993	-	-	5,993	

Foreign currency risk

The Company and its subsidiaries have a foreign currency risk in respect of the sales/purchase transactions in foreign currencies. The Company and its subsidiaries manage their exposure to foreign currency risk by natural balancing net position of receipt and payment of the foreign currency

transactions in each period. The Company and its subsidiaries seek to reduce the risk on net position by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2016 and 2015 are summarized below.

(Unit: Million)

As at 31 December 2016						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December 2016 (Baht per foreign currency unit)	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying rate	Selling rate
US dollar	28	79	32	5	35.6588	36.0025
Euro	-	4	-	3	37.3791	38.1362
Yuan Renminbi	-	9	-	-	5.0831	5.2165
Yen	-	1	-	1	0.3046	0.3113
Vietnamese Dong	-	10	-	-	0.0016	0.0016

(Unit: Million)

As at 31 December 2015						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December 2015 (Baht per foreign currency unit)	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying rate	Selling rate
US dollar	37	6	36	5	35.9233	36.2538
Euro	-	2	-	2	39.0780	39.7995
Yen	-	8	-	2	0.2965	0.3028

Forward exchange contracts outstanding as at 31 December 2016 and 2015 are summarised below.

As at 31 December 2016			
Foreign currency	Bought amount (Million)	Contractual exchange rate for amount bought (Baht per 1 foreign currency unit)	Contractual maturity date
Euro	141	37.4500 - 38.3925	4 January 2017 - 28 February 2017
US dollar	73	34.6500 - 34.7200	30 June 2017

As at 31 December 2015			
Foreign currency	Bought amount (Million)	Contractual exchange rate for amount bought (Baht per 1 foreign currency unit)	Contractual maturity date
Euro	9	38.6411 - 40.7000	4 January 2016 - 28 April 2016

As at 31 December 2016, the subsidiary had outstanding cross currency and interest rate swap agreement to swap loan amount of Baht 630 million to USD 20.7 million (2015: swap loan amount of Baht 810 million to USD 26.6 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.

34.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments bear floating interest rates or fixed interest rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position, except for the fair value of debentures which had been disclosed in Note 21 to the financial statements.

The estimated fair value of derivatives is as follows:

(Unit: Million Baht)

	As at 31 December 2016	As at 31 December 2015
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Derivatives		
Forward exchange contracts	84.1	0.4
Cross currency and interest rate swap	(119.1)	(169.6)

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable, short-term loans, accounts payable and bank overdrafts and short-term borrowings, their carrying amounts in the statements of financial position approximate their fair value.

b) For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

c) For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.

d) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Company and its subsidiaries had considered the counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

35. Promotional privileges

The Company and its subsidiaries 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 Public Co., Ltd.	Siam City Power Co., Ltd.	Siam City Power Co., Ltd.	INSEE Digital Co., Ltd.
1. Certificate No.	1524(2)/2550	2331(2)/Aor./2554	59-1306-1-00-1-0	59-1354-1-00-2-0
2. Certificate date	25 May 2007	10 November 2011	6 October 2016	19 October 2016
3. Promotional privileges for	Industrial waste management	Electric power generator from waste heat of cement production	Electric power generator from waste heat of cement production	Development of enterprise software and/or digital content
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	3 years	5 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	3 years	5 years
4.3 Exemption from import duty on machinery as approved by the board.	Granted	Granted	Granted	Granted
4.4 Permission to bring in foreign technician or expertise including his/her spouse and person under his/her patronage to work in the kingdom only position and within the number and period as approved by the board.	-	-	-	Granted

During the years ended 31 December 2016 and 2015, the subsidiaries had revenue from manufacturing and sales of electric power and provision of technical services, management and development of data system derived from the promoted operations of Baht 1,116 million and Baht 797 million, respectively, which were wholly sold and serviced to the Group.

36. 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 2016, the Group's debt-to-equity ratio was 1.79:1 (2015: 0.70:1) and the Company's was 0.96:1 (2015: 0.60:1).

37. Events after the reporting period

37.1 Change in the Company's registered share capital

On 10 February 2017, the meeting of the Company's Board of Directors passed a resolution to change its registered share capital from Baht 2,800 million (280,000,000 ordinary shares of Baht 10 each) to Baht 2,300 million (230,000,000 ordinary shares of Baht 10 each) by cancelling the 50,000,000 authorized but unissued ordinary shares, at a par value of Baht 10 and passed a resolution to increase its registered share capital from Baht 2,300 million (230,000,000 ordinary shares of Baht 10 each) to Baht 2,980 million (298,000,000 ordinary shares of Baht 10 each) through the issuance of 68,000,000 new ordinary shares of Baht 10 each. However, the change and the increase in the registered share capital is subject to the approval of the Annual General Meeting of the Company's shareholders to be held in March 2017.

37.2 Proposed dividends of the Company

On 10 February 2017, the meeting of the Company's Board of Directors approved to pay a final dividend for 2016 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 2016 amounted to Baht 15.0 per share. The final dividend of Baht 1,610 million will be paid on 28 April 2017. However, such dividend payment is subject to the approval of the Annual General Meeting of the Company's shareholders to be held in March 2017.

37.3 Proposed dividends of the subsidiary

On 8 February 2017, the meeting of the Board of Directors of Siam City Power Company Limited ("the subsidiary") approved to pay a final dividend for 2016 of Baht 7.75 per share, totaling Baht 155.0 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 2017.

37.4 Establishment of new subsidiary

On 10 February 2017, the meeting of the Company's Board of Directors approved to establish "Siam City Cement Trading Company Limited", a new subsidiary, which is principally engaged in trading business. The subsidiary will register its establishment with registered share capital of Baht 10 million (1,000,000 ordinary shares of Baht 10 each) in which the Company will hold 100 percent interest.

38. Reclassification

The Company and its subsidiaries reclassified the following amounts in the income statements for the year ended 31 December 2015 to conform with the current year's classification.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Cost of sales and services	18,751,241	17,336,033	14,528,591	13,210,628
Selling and distribution expenses	5,294,875	6,710,083	3,684,285	5,002,248

The reclassifications had no effect to previously reported profit or shareholders' equity

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 10 February 2017.

Management Discussion and Analysis

The following management discussion and analysis is intended to provide the reader with sufficient business insight to understand the financial position of the Company and should be read in conjunction with our financial statements and the accompanying notes.

Siam City Cement Public Company Limited is a cement and building materials business focused on helping people and businesses to achieve smart construction solutions.

Thailand's economy is expected to grow 3.0 percent in 2016 compared to 2.8 percent in 2015 largely driven by public spending and tourism amidst a stagnated global demand. However, the real economy was affected by sluggish private investment and subdued household incomes on top of high debt burden due to the contraction of exports and weaker agricultural sector.

The domestic cement industry performance has been impacted by oversupply in the market and the slowdown of domestic demand. The domestic cement consumption shrank 1.7 percent in 2016; however, export sales lifted total clinker production by 6.4 percent with steady demand from our new overseas subsidiaries and export clientele.

The outlook for 2017 is positive thanks to an accelerated program of investment to push infrastructure projects initiated by the Government in during 2016. Key projects on track to start include inter-city motorway network, mass rapid transit system, double track railway and airport expansion which will drive consumption of cement, ready-mixed concrete and aggregates.

Business group overview

The Cement business witnessed a contraction in domestic sales volume of around 1 percent compared to the previous year due mainly to soft demand in the bagged cement business. Public spending and some large infrastructure projects from the Government however enabled the bulk cement business to achieve domestic sales volume growth of 6 percent. Despite changes in both supply and demand environment, the Company maintained its market share of 27.5 percent in 2016.

New international businesses, Siam City Cement (Lanka) Limited and Siam City Cement (Bangladesh) Limited which were acquired during the year, contributed significant revenue to the group. The newly acquired companies currently enjoyed high cement consumption growth rates of around 12 to 14 percent per year as a result of the expansion in both private and public sectors. Synergies generated by the 3 new businesses, both domestic and international, enhanced the group's overall performance with a net sales contribution of 4,184 million baht for 5-8 months of operation consolidated in to SCCC Group.

The Ready-mixed concrete business posted a record sales volume with a growth rate of 11 percent compared to the previous year. This significant improvement in sales volume in a highly competitive environment was the result of a successful market-oriented sales and marketing strategy. The Company has also focused on the shift away from bag to bulk cement, and will continue to transform our business to seek future growth.

The Aggregates business achieved a fine sales volume growth rate of 15 percent compared to the previous year due to solid demand from infrastructure projects. The key driver of aggregate business is the crush stone operation with INSEE Suphanburi plant contributing an excellent performance in both sales volume and profitability.

The Mortar business expanded sales volume by 7 percent over the previous year despite a challenging market price situation by shifting its focus to project channels and bulk solutions in big cities. Innovative products have been continually introduced to the market to fulfill customer demand and improve profitability.

The Fiber cement business achieved sales volume growth of 2 percent compared to the previous year with including a progressive contribution from Conwood Indonesia. Conwood Indonesia successfully delivered its new innovative Conwood Home Project to the customers. The successful rollout of several home solutions has been planned and being executed to enable the business to be profitable in the incoming year.

The Light-weight concrete business reported sales volume growth of 6 percent compared to the prior year amidst high competition in the market. This was due to a collaborative sales strategy with cement, mortar and ready-mixed concrete products. High value products are being developed to strengthen further sales growth.

INSEE Ecocycle's business has been transformed by the strategic acquisition of Valence Corporation Limited's assets, a specialist industrial cleaning services provider with domestic and overseas operations. The Company has now emerged as Thailand's first environmental services solutions provider delivering one-stop convenience to high-value oil and gas, chemical and power plant customers, with a unique mix of specialist industrial cleaning and waste management. Meanwhile, the profitability of the waste management business has been enhanced by focusing in the high disposal fee industrial waste products.

The Digital business has primarily supported the existing operations and expansion of group companies through digitalization and secure IT operation to rapidly connect the financial and governance system of SCCC Group to the newly acquired overseas subsidiaries. Several business functions are benefiting from INSEE SMART Release 2 project which is currently being implemented to introduce more digitization.

Key opportunities and investments

Many businesses acquired in 2016 offered not only cement production capacity expansion but also additional synergy within Group companies. We have secured new and significant footholds in economies growing at 5-6 percent, much faster rate than Thailand and locking in future export volumes for clinker which also allows existing kilns to continue operating at optimal capacity utilization and efficiency. The acquisitions provide additional cement production capacity of 3.2 million tons representing a 22 percent increase in the existing total cement production capacity of 14.5 million tons. The full year benefits of these initiatives will continue to flow through into our 2017 performance.

Moreover, emerging markets such as Sri Lanka and Bangladesh offer an opportunity for other businesses (Ready-mixed concrete, Aggregates, Waste management services, Fiber cement, etc.) to introduce their products and services into these fast-growing markets. The Company will remain vigilant for future opportunities through expansion and rationalization of our existing businesses as well as introducing new products and services.

Outlook

Domestic demand for cement in 2017 is expected to be driven by the public investment projects coupled with a gradual recovery of investment by private sector. The intense competition in the domestic market is expected to remain however, despite an improved demand outlook. While the Company benefitted from low energy costs in 2016, the price increases of coal and oil are a key risk factor which could impact profitability so particular attention has been paid to cost reduction initiatives which have been implemented to contain our expenses.

Following a year of significant investment and transition, the Company is well placed to benefit from an improved domestic environment as well as the contribution of new cement subsidiaries in the region which we expect will help generate additional revenue and improved earnings for the SCCC Group.

Financial performance

Net sales grew 9.9 percent to 34,192 million baht for the full-year to 31 December 2016 compared to 31,120 million baht in 2015. A key factor lifting the net sales was the contribution of recent acquisitions which totaled 4,184 million baht. However, difficult market conditions in Thailand continued throughout the year with oversupply and slowing residential demand placing pressure on selling prices. Such a price decline was somewhat mitigated by favorable coal prices, lower electricity tariff rates and internal cost saving initiatives. Consolidated net profit fell 14.5 percent year on year to 3,914 million baht from 4,579 million baht in 2015, as the earnings were also impacted by one-time costs associated with acquisitions of 304 million baht and higher financial expenses of 276 million baht which was offset by a gain of 435 million baht from sale of stake in Holcim Cement (Bangladesh) Limited.

Analysis of Financial Performance

Revenues

Domestic cement businesses remained as the core revenue contributor accounting for 41 percent of total sales in 2016. Siam City Cement (Lanka) Limited, Siam City Cement (Bangladesh) Limited and Globe Cement Company Limited, three new businesses acquired in 2016 (only 5 to 8-months operation) began contributing sales to the group which accounted for 12 percent of total sales in 2016. These regional acquisitions have enabled the Company to diversify its revenue sources into high-growth emerging markets.

Revenue Structure

(Unit: Million Baht)

	As of December 31			
	2016	2015	+/-	+/- (%)
Revenues				
Net sales	34,192	31,120	3,072	10%
Gain on disposal of investment	435	-	435	100%
Gain on exchange	59	-	59	100%
Dividend income	8	21	(13)	(62%)
Other income	202	200	2	1%
Total Revenues	34,896	31,341	3,555	11%

Total net sales expanded by 10 percent reflecting the sales contribution from new business acquisitions in Thailand, Bangladesh and Sri Lanka. Strong growth in sales volumes and higher selling prices from new acquired companies added 4,184 million baht or 12 percent of net sales. However, net sale on like for like basis was decreased by 3.6 percent year on year due to weak domestic demand with intense competition from oversupply which resulted in significant decline of selling prices across most of the building materials.

Gain on disposal of investment of 435 million baht was achieved by sale of the 9,192 shares or 10.4 percent shareholding in Holcim Cement (Bangladesh) Limited.

Expenses

Total expenses rose 16 percent compared to the previous year mainly due to the consolidation of newly acquired subsidiaries and increase in sales and production volumes of clinker and cement, ready-mixed concrete and aggregates.

(Unit: Million Baht)

	As of December 31			
	2016	2015	+/-	+/- (%)
Expenses				
Cost of sales and service	21,318	18,751	2,567	14%
Selling and distribution expenses	6,078	5,295	783	15%
Administrative expenses	1,960	1,285	675	53%
Loss on exchange	-	17	(17)	(100%)
Total expenses	29,356	25,348	4,008	16%

Cost of sales and services increased primarily with the consolidation of the production cost from our new overseas subsidiaries which helped to increase our revenue by over 4 billion baht, increased production volume thereby cost of ready-mixed concrete and aggregates while service costs of the new digital IT company added as Cost of services. However, the production cost per ton of domestic cement has been improved by 7 percent

compared to the previous year. Thanks to our Good to Great (G2G) initiative, waste heat recovery project, favorable electricity tariff and milder fuel costs. However, this was not enough to prevent a decline in the domestic gross profit margin, from 40 percent in 2015 to 38 percent in 2016 due to the considerable impact of declining sales prices.

Selling and distribution expenses were higher than 2015 primarily due to the addition of expenses (representing approx. 49 percent of the increase) from our newly acquired overseas subsidiaries while the rest of the increase was attributable to higher transportation costs due to additional routes of export clinker and a new warehouse at Khonkaen Province.

Administrative expenses were higher than 2015 mainly due to the addition of expenses (represents approx. 39 percent of the increase) from our newly acquired overseas subsidiaries and one-time acquisition costs of 304 million baht. The remaining increase was from new hiring, salary increase, higher digital IT cost and general inflation.

Overall performances

	2016	2015
Gross profit margin	38%	40%
EBITDA	22%	25%
Net profit margin	11%	15%

Overall profitability ratios dropped by 2 to 4 percent primarily driven by the considerable decline in domestic selling prices due to the intense market competition exacerbated by weak demand and oversupply. The Cost saving programs initiated during the year to prevent erosion of profitability and new businesses acquired

to diversify the revenue base and enhance profit generation could only partially mitigate the negative impact to our margins. Once the positive effects of the newly acquired businesses are accounted in full and the expected synergies are integrated gradually in to the consolidated position, the revenue and profits are likely to increase in the future.

Analysis of Financial Position

Net Working Capital

	Unit	2016	2015
Accounts receivable turnover	Times	8.12	8.06
Days receivable outstanding	Days	44	45
Inventory turnover	Times	7.91	8.60
Days inventory outstanding	Days	45	42
Accounts payable turnover	Times	6.75	7.02
Days payable outstanding	Days	53	51

The Company has been able to maintain its working capital through better management of terms on accounts payable and accounts receivable. However, the number of days inventory outstanding was longer by three days as a result of the newly acquired subsidiaries typically carrying higher imported raw material stock for their grinding operations.

Investments

Financial investments

As part of the corporate strategy to grow revenues and drive profitability of the group, the Company made significant financial investments in 2016 to participate in the high growth emerging markets, generating synergy and diversifying income sources.

The Company completed the acquisition of Globe Cement Co., Ltd. (formerly Cemex Thailand Co., Ltd.) and Siam City Cement (Bangladesh) Limited (formerly Cemex Cement (Bangladesh) Limited) on 3 May 2016 and 26 May 2016, respectively, with a total consideration of 2,176 million baht.

INSEE Ecocycle, a subsidiary, completed an acquisition of Valence Corporation Limited's assets with a total consideration of 260 million baht on 1 June 2016.

The Company also completed an acquisition of 98.9524 percent shareholding of Siam City Cement (Lanka) Limited (formerly Holcim (Lanka) Limited) with a total consideration of 13,030 million baht on 10 August 2016.

Investments in CAPEX

(Unit: Million Baht)

	As of December 31			
	2016	2015	+/-	+/- (%)
Property, plant and equipment	27,009	21,421	5,588	26%
Intangible assets	11,628	3,297	8,331	253%
Other non-current assets	255	261	(6)	(2%)

CAPEX (capital expenditure in Property, plant and equipment) was increased by a net amount of 5,588 million baht. Key projects to purchase new plant and equipment for the domestic businesses amounted to 3,432 million baht, offset by depreciation charges and impairment totaling 1,805 million baht while the net book value of total assets of the newly acquired businesses amounted to 4,208 million baht. The rest of the balance relates to disposals and write off during the year. Notable increases from Key projects in domestic operation in 2016 are listed below;

- Assets acquisition of Valence 260 million baht;
- Cement mill upgrade 834 million baht;
- Waste Heat Recovery power plant for Kiln no. 3 403 million baht;
- INSEE Superblock crushing plant line 2 of 143 million baht;
- Bag making machine modernization of 114 million baht;
- Packing plant modernization of 82 million baht;
- Ready-mixed plant expansion of 81 million baht

Capital expenditure relating to maintaining productive capacity totalling 1,753 million baht.

Intangible assets were increased by 8,331 million baht due mainly to the fair value of intangible items of newly acquired subsidiaries. The key intangible assets consist of Mining concession, Brands, Customer relationship and Computer software.

Funding

Outstanding debentures consisted of 4 sets of unsubordinated and unsecured debentures which were issued on 14 June 2013 totaling 6,000 million baht and on 29 April 2016 totaling 4,000 million baht.

Issued date	Amount Million Baht	Due date
14 June 2013	6,000	2017, 2020
29 April 2016	4,000	2024, 2026

Loans from financial institutions increased by 15,171 Million Baht mainly comprising of a bridge loan facility of 13,083 million baht arranged to fund the acquisition of Siam City Cement (Lanka) Limited.

Shareholder's equity

After the payment of final dividend of 7 baht per share from the profit of 2015 and 8 baht per share from the profit of first half period of 2016, the shareholder equity was 22,144 million baht as of 31 December 2016, marginally changed from the previous year.

In spite of the decline in net profit, the Company proposed to maintain the dividend payout at 15 baht per share from the profit for the year 2016. Therefore, dividend payout ratio for 2016 is 88.1 percent which is much higher than the Company's dividend policy of 60 percent. The dividend amount of 15 baht per share is distributed as follows, 8 baht per share of interim dividend which was already paid on 19 August 2016 and 7 baht per share as final dividend to be paid after the approval of shareholders at the Annual General Meeting to be held in March 2017.

As at 31 December 2016, the capital structure of the Company consisted of total liabilities at 39,599 million baht and shareholders' equity of 22,144 million baht. This represents total liabilities to equity ratio of 1.79 times (2015 : 0.70 times) which was increased due to the recent acquisitions.

Analysis of Cash Flow Statement

The Company reported cash and cash equivalent balance of 3,530 million baht as of 31 December 2016. Net cash generated from operating activities was lower by 1,189 million baht compared to the previous year mainly as a result of decrease in profit on high price competition, one time acquisition costs, finance higher expenses and relative change in working capital due to lower accrual and trade payables. However, the business acquisitions and capital expenditures for future growth were reflected in net cash outflow from investing activities amounting to 18,385 million baht. The net cash flows from financing activities of 14,398 million baht included the bridge loan facility to fund the acquisitions and newly issued debentures during 2016.

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.

During the years, SCCC and its Group company 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 of the Notes to Consolidated Financial Statements for the years ended December 31, 2016 and 2015.

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.

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	Company's Business		
1.1	Company History, over all of business, corporate policy, mission, vision, objective, goals, and strategy	<ul style="list-style-type: none"> • Vision Mission and Commitments • Company History • Business Growth and Development Plan • Group Business Portfolio 	04-05 16-17 21 29-40
1.2	Change and Major developments	<ul style="list-style-type: none"> • Milestone Changes in Business Operations • Major Development and Initiatives in 2016 	41-42 43-49
1.3	Shareholder Structure	Holding Structure	28
2	Business Description	Group Business Portfolio	29-40
2.1	Income structure	Summary of Key Financial Information/Revenue Structure	12
2.2	Product and services (in last year)	Group Business Portfolio	29-40
2.3	Market and Competition	The Cement Industry's 2017 Outlook	20
2.4	Supply of Products or Services	Group Business Portfolio	29-40
3	Risk factors	Risk factors	22-24
4	General information and other important information	General Information and Other Important Information	101-109
4.1	General information	General Information and Other Important Information	101-109
4.2	Other important information	General Information and Other Important Information	101-109
4.3	Company's securities	Company's Securities and Shareholder	105-109
5	Shareholder	Company's Securities and Shareholder	105-109
6	Dividend Policy	Dividend Policy and Allocation	108-109
7	Management Structure	Management Structure	51-59
7.1	Directors	Board of Directors	51-52
7.2	Executives	Executive Committee	54
7.3	Company Secretary	Company Secretary	55,128
7.4	Remuneration of directors and executives	Remuneration of the Board of Directors and the Executives	55
7.5	Personnel	Personnel	57
8	Corporate Governance	Corporate Governance	61-91
8.1	Corporate Governance Policy	Corporate Governance Policy	61-74
8.2	Sub-Committee of Directors	Committees	74-85
8.3	Nomination of Directors and Executives	Nomination of Director and Executive	86-88
8.4	Corporate Governance for operating	Corporate Governance for Subsidiaries and Associated Company	88-89
8.5	Supervision of inside information use	Supervision of the Use of Insider Information	89-91
8.6	Auditor fee	Auditor's Fee	91
8.7	SET's code of best practices	Compliance with SET's Code of Best Practice	91
9	Corporate Social and Responsibilities	Sustainable Development	94-100
10	Internal Control and Risk Management	Internal Control and Risk Management	25-27
11	Related Party Transaction	Related Party Transaction	207
12	Financial Summary Key Figures	Summary of Key Financial Information	12-15
	Key summary data of financial statements during the recent 3 years		
13	Management Discussion and Analysis: MD&A	Management Discussion and Analysis	201-206

For more information, the investor shall study the Company's information from the Annual Registration Statement (Form 56-1) at <http://www.sec.or.th> and <http://www.siamcitycement.com>
Annual Report 2016

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