

PART 1

Company's Business

1. Over all of business and corporate policy

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

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

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

A new chapter was turned over in 1998 when Holcim Limited of Switzerland became a shareholder and strategic partner. In 1999, after completing debt restructuring and refinancing, the Company increased its capital to 3 billion Baht, from which the proceeds were used to upgrade its production facilities, improve quality and operational efficiency as well as develop and introduce new products to the market.

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

In 2013, SCCC acquired assets of two light-weight block plants, the 1st plant in Singburi from Superblock Public Company Limited early in the year, and the 2nd plant in Ratchaburi plant from Prosperity Concrete Company Limited towards the end of the year.

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

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

Corporate Vision

To Provide Foundations for Society's Future

Corporate Mission

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

Core Values

At Siam City Cement, We Deliver

Corporate Fundamental Goals

To be preferred.....

by customers:

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

by community:

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

by business partners:

To collaborate with all stakeholders to grow business opportunities together
by employees:

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

1.2 Strategy and Major Development

Growth strategy and key developments in 2014

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

In 2014, the Company successfully reactivated its mothballed Kiln No. 1 at Saraburi and added 1.2 million tons of clinker production capacity. Further clinker and cement production capacity expansion in Thailand and in Southeast Asia are in the pipeline and are currently under in-depth feasibility studies. In order to support the mid to long term demand growth in the region as well as to enhance our cost competitiveness, we plan for our first cement kiln outside Thailand to be achieved around 2018, and in the meantime, the Company has invested in cement grinding capacity upgrades with the objective not only to increase grinding capacity but also to reduce electrical energy consumption. Similarly, investment on the capacity upgrade of existing Kilns together with the installation of the Waste Heat Recovery system are being planned. To further enhance the performance of our cement in various applications, the enhanced quality clinker were successfully developed and produced, allowing SCCC to offer high performance cement for the demanding applications, including concrete products (CPM) and ready-mixed concrete (RMX).

Moreover, the Company has expanded its INSEE Mortar cement production by adding Production Line No. 3 in 2014 which has increased its total capacity to 0.75 million tons in 2015. With our target of achieving higher market share, the establishment of Production Line

No. 4 is also being planned. In the past year, INSEE Mortar has also developed a number of new products such as tile adhesive, skim coat mortar, and rigid water-proofing mortar, etc. All these new products were introduced to the market together with services, delivering application solutions for the customers.

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

On SCCC's ready-mixed concrete (RMX) business, Siam City Concrete Company is currently under rapid expansion through expanding its own plant network, acquiring production units from local players, and through franchising. In 2014, the number of Siam City Concrete Company's own RMX plants were expanded to 100 units, and is expected to reach 130 units by 2017 with nationwide coverage. In parallel, increasing sales to the Large Infrastructure Project (LIP) and developers were key drivers for business growth. In addition, the development of Value Added Solution (VAS) started in 2014 which emphasizes the Company's plan to incorporate sustainable solutions for our RMX users. A number of VAS products were introduced in 2014, including FloorCrete, SpeedCrete, Minimix, and LightCrete (i.e. wall solution).

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

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

To continue building up its waste management business focusing on professional industrial waste management (IW), the Company has established a new transfer station located in

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

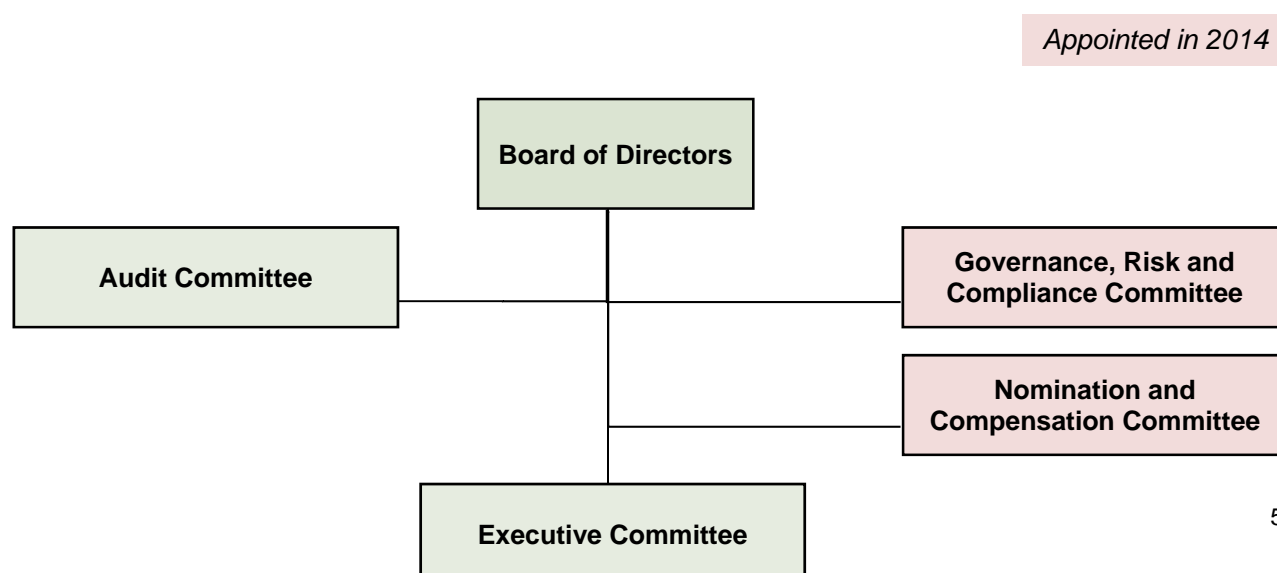
In the near future, the Company expects to strengthen its competitive position and to create growth opportunities with digital technology. Therefore, the Company has proactively invested over a billion Baht to implement a state-of-the-art IT platform via the INSEE SMART project. The first phase is expected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

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

Significant development in management structure

In year 2014, the Board of Directors appointed two Sub-Committee, the Governance Risk and Compliance Committee and the Nomination and Compensation Committee, in order to strengthen the Company's adherence to the principles of good corporate governance and international management practices.

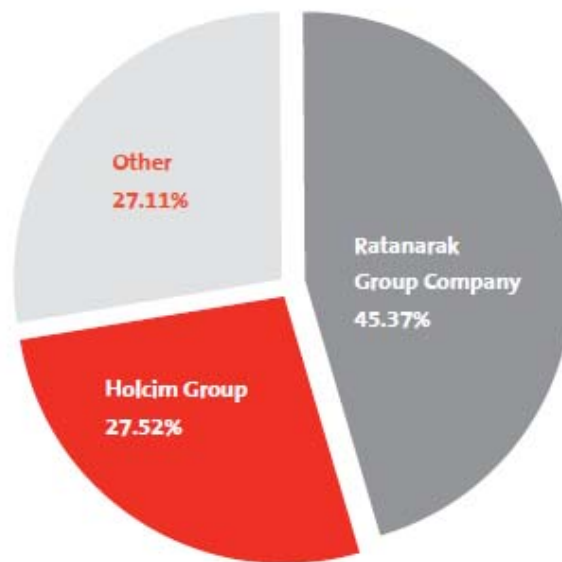
Management structure as of 31 December 2014



The Change of Shareholding structure in the past 3 years

On 21 December 2012, a change in major shareholding occurred when Thai Roc-Cem Company Limited and HOLDERFIN B.V. sold their holdings in the amount of 21,390,000 shares in the aggregate, representing 9.3 percent of the issued and outstanding capital shares of the Company, to Bangkok Broadcasting and Television Limited, a Company in the Ratanarak Group. Thus, the proportion of the Ratanarak Group shareholding to increase to 104,360,272 shares or approximately 45.37 percent of the issued and outstanding capital shares.

Shareholding Structure of Siam City cement Public Company as of 31 December 2014



In February 2014, the board of directors of Holcim, after regularly reviews Holcim's portfolio, has decided that Holcim Group's non-controlling stake of 27.5 percent, equivalent to 63,289,533 shares in the Company held by it through Thai Roc-Cem Ltd, its indirect wholly owned subsidiary, is available for sale.

SCCC achieves the highest ‘Green’ accolade for industry

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

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

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

The Ministry’s initial two-prong directions are:

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

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

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

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

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

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

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

Siam City Cement, being a long-time active practitioner of the environmentally sound industry with its own stringent standards automatically qualified for Green Industry – Level 1 (Green Commitment) and Level 2 (Green Activity). Further, the Company was awarded ISO-14001 Standard as long as 16 years ago in 1998. As the ISO-14001 covers the requirements for Green Industry – Level 3 (Green System), SCCC perfunctorily received the Level 3 awarded from the Ministry of Industry at the end of 2011.

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

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

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

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

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

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

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

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

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

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

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

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

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

Major Construction Projects & Value Added Solutions

Pruksa Precast (Nawanakorn)

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

PTT LNG Project

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

The Promenade Phase 2

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

Rayong Institute of Science & Technology

Rayong Institute of Science & Technology comprises two projects. The first is the establishment of the Institute of Higher Education and Science School. The PTT Eastern Phase 1 Group of the Institute of Science and Technology, Rayong (RAIST) Project consists of 23 buildings worth 1.35 billion Baht with a construction period of 14 months. The second project is the establishment of the Institute of Higher Education and Science School. The PTT Eastern Phase 1 Group of the Science Schools (RASA) Project includes 13 buildings worth approximately 545 million Baht with a construction period of 12 months. INSEE

concrete service supply 76,900 cubic meters construction for the above executed by Ritta Company limited.

MRT Red Line (Bangsue – Rangsit)

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

Value Added Solutions (VAS)

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

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

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

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

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

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

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

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

Major Development & Initiative of 2014

People and Organizational Performance

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

Marketing & Sales

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

Saraburi Operations

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

Outbound Logistics

- Launch INSEE Road Safety Library Project to create a road safety database by combining delivery truck tracking system with the internet and INSEE road safety route survey
- Launch INSEE Driver Academy to enhance drivers to mitigate risks of accident by developing and certifying INSEE drivers in defensive driving
- Initiate Back-hauling Development to create transportation cost competitiveness and to protect Company market share, by managing the fleet efficiently
- Implement Behavioral Based Safety (BBS): Speed limitation to mitigate risks of accident by enforcing driving speed limitation and to monitor and cooperate with transport partners/drivers to increase awareness through positive reinforcement

Finance and Controlling

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

Legal

- Set up two additional Board Committees, namely the Governance, Risk and Compliance Committee and the Nomination and Compensation Committee to strengthen and promote the Company's corporate governance
- Establish the Company's Corporate Governance Policy in line with the international practices

- Sign up the anti-corruption program, namely “Thailand’s Private Sector Collective Action Coalition Against Corruption” under the Thai Institute of Director or IOD.

INSEE Aggregates

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

Conwood

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

Geocycle

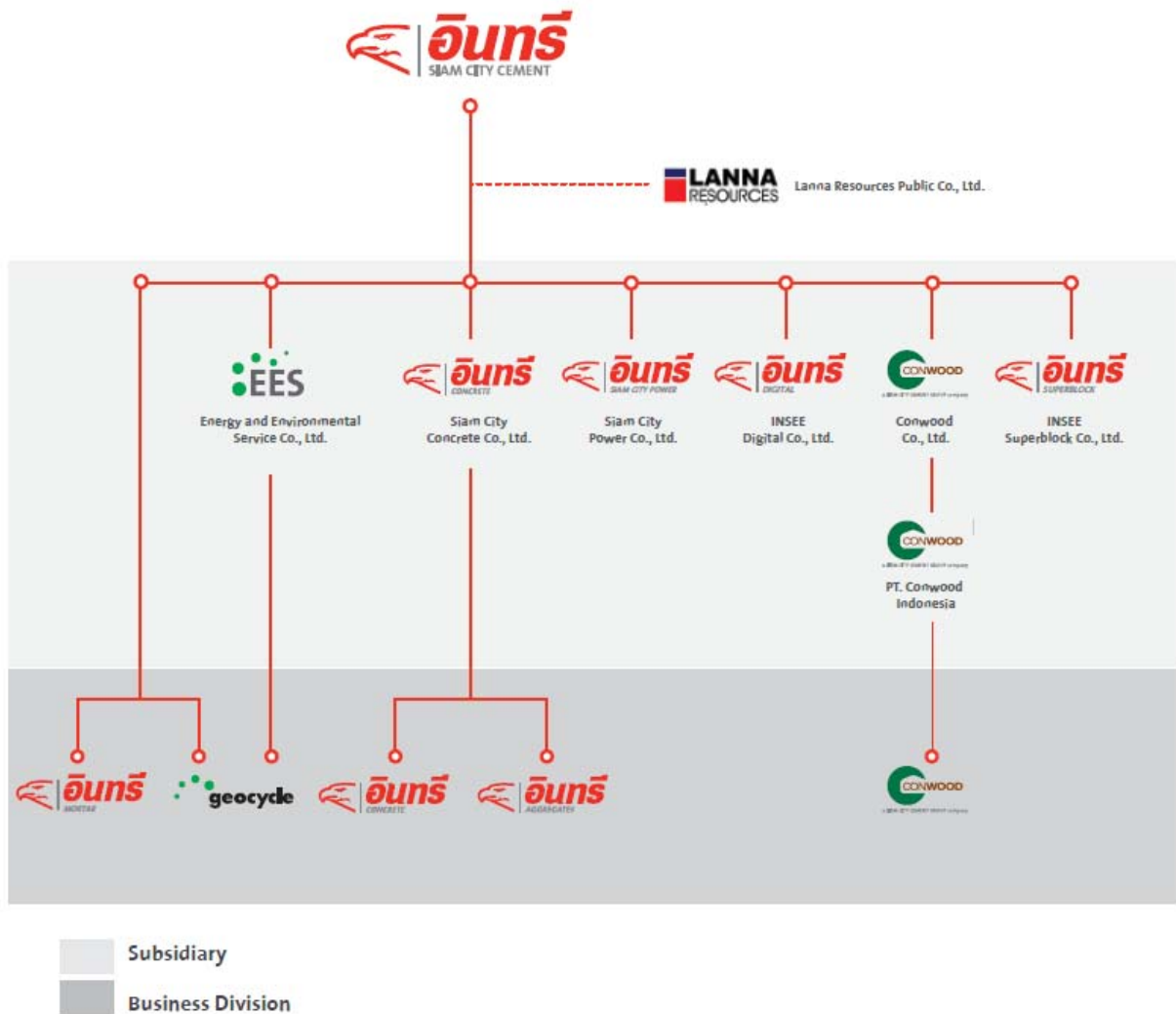
- Launch a new Alternative Fuel Preparation Plant in Hemaraj Industrial Estate, Chonburi to enhance waste management capacity to 46,000 tons/year

INSEE Superblock (ISUB)

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

1.3 Business Group Structure

Business Structure Chart



2. Business Description

Nature of business of the subsidiaries and related companies

Investment in the subsidiaries and related companies both direct and indirect					
As at 31 December 2014					
Company	Location	Nature of Business	Share capital		% of ownership
			Issued and fully paid up (Million Baht)	Paid-up (Million Share)	
Held by the Company					
1. Siam City Concrete Co., Ltd.	Thailand	Ready-mixed concrete and aggregates	2,500	25	99.99
2. Siam City Power Co., Ltd.	Thailand	Electricity generation from waste heat	2,000	20	99.99
3. Conwood Co., Ltd.	Thailand	Construction Material	300	3	99.99
4. INSEE Superblock Co., Ltd.	Thailand	Light-weight concrete products	500	5	99.99
5. Energy and Environmental Services Co., Ltd.	Thailand	Industrial waste disposal and alternative fuel and raw material trading	180	1.8	100.00
6. INSEE Digital Co., Ltd.	Thailand	Technical service and information technology management and development services	30	1	100.00
7. Khmer Cement Industry Co., Ltd.	Cambodia	Cement trading	USD 2.505 million	0.001	100.00
8. Lanna Resources Plc. Ltd.	Thailand	Coal Mining	525	525	44.99
9. Thai Agro Energy Plc. Ltd.	Thailand	Ethanol production and distribution	1,000	1,000	4.72
10. Holcim Cement (Bangladesh) Co., Ltd.	Bangladesh	Cement	8.82 million Taka	0.09	10.42
Held by Conwood Co.,Ltd.					
1. PT. Conwood Indonesia	Indonesia	Construction Material	USD 10 million	10	99.99

Revenue Structure

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

* Which were eliminated upon consolidation.

Business Operation, Marketing and Competition of Each Product Line

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

Siam City Cement Public Company Limited (SCCC)

2.1 Products and Services

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

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

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

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

- Plastering mortar: For general plastering, Fine plastering, Light-weight block plastering, Fine light-weight block plastering, Concrete plastering and Skim Coating

- Brick laying mortar: For normal bricklaying and Light-weight block brick laying
- Floor leveling: For floor screeding and leveling
- Tile adhesive: For general application, High adhesion application and Tile on Tile application

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

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

2.2 Marketing Direction and Competition

A. Marketing Direction

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

The Company's main strategies included the improvement of end-user product experiences, channel efficiency enhancement to strengthen its business partners and the capability to distribute its products to the market while securing customer base by providing an integrated business model to improve relationships with customers, including retail shop transformation and INSEE Concrete Franchise for producers.

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

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

B. Market Competition

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

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

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

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

2.3 Procurement of Raw Materials and Services

A. Production Capacity

The Company has been the second in cement industry of Thailand (27% market share) which has 3 plants, 5 cement production lines, with total clinker production capacity of 11.6 million tons per year or cement production capacity of 14.7 million tons per year.

Raw Materials and Raw Material Suppliers

Materials	Procurement	#Supplier	Purchase Ratio	
			Domestic	Foreign
Main Raw Materials				
Limestone	Own resource and production	-	-	-
Shale	Own resource and production	-	-	-
Clay	Long-term purchasing contract, own resource with employ contract to produce and occasionally purchase (High Alumina Clay and Alkali Clay)	About 3	100%	0%
Gypsum	Long-term purchasing contract	1	100%	0%
Copper Slag	Long-term purchasing contract for 3 year	1	0%	100%
Kraft Paper	Yearly purchasing contract and occasionally purchase	4	10%	90%
Jumbo Bag	Yearly purchasing contract and occasionally purchase	About 4	100%	0%
WPP Bag	Long-term purchasing contract	2	100%	0%
Main Fuel				
Coal	Yearly purchasing contract and additional occasionally purchase	4	-	100%
Lignite	Long-term purchasing contract	2	100%	-
Diesel Oil	Occasionally purchase	5	100%	0%
Bunker Oil	Occasionally purchase	5	100%	0%

B. Environmental Impact

One of the SCCC's Policies is "Social Responsibility Concern". Therefore, the business has done not only to reduce the environmental impacts from the cement production process or waste but commit to protect the environment and operate its business on sustainability concept also.

1. The business has chosen "Clean Technology" which is up-to-date, efficient, energy saving and environmental friendly technology – in the production process with the Best Available Control Technology which are one of the business' commitment to protect the environment and operate its business on sustainability concept.
2. The business has given precedence to the Best Practices with targets to reduce energy and resource utilization.
3. Aim to reduce emission to be less than the standard to comply with Thailand's legal
4. Aim to achieve zero waste to landfill and push forward to make a value for waste by using 5Rs (Reduce Reuse Recycle Reinvent and Replace) through Green Bank Projects
5. All plants have continuously applied and certified with ISO 14001 Environmental Management Standard.
6. Carbon Reduction label, develop Eco-Friendly Product named Green Heart Label
7. Promote the environmental conscious to all stakeholders certified by the first cement Company in Thailand to achieve Green Industry Awards level 5 (Green Network) for all factories from the Ministry of Industry (MOI) receiving the Green Industry Mark granted by the Ministry of Industry.
8. All plants have continuously reduced water utilization by water conservation and management policy to achieve target of zero water discharge within the beginning of year 2015
9. Waste heat recovery from Clinker Cooler and Preheater to produce electrical power by clean technology without any problematical pollution at kiln line no.4. Dust emission in waste gas and external electrical energy are reduced by this project.

2.4 Work in Progress

None

Business Operation of Each Product Line

Siam City Concrete Company Limited

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

INSEE Concrete

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

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

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

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

INSEE Aggregates

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

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

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

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

Market and Competition

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

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

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

Conwood Company Limited (Conwood)

Products and Services

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

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

Market Direction and Competition

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

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

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

Conwood distributes most of its products through a network of traditional dealers numbering about 500 wholesalers and retailers nationwide, accounting for 75 percent of the net sales, and through leading modern retail channels such as HomePro, Thai Watsadu, and Siam Global House, forming 20 percent of the net sales. The Company also exports its products to many countries such as Vietnam, Singapore, Malaysia, India, Laos, Cambodia, Myanmar,

and the Philippines, generating 5 percent of the net sales. Conwood also recognizes increasingly greater opportunities in distribution to export markets, especially countries in the ASEAN Economic Community (AEC), Middle East, and South Asia.

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

Sourcing and Producing

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

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

INSEE Superblock Company Limited

Products and Services

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

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

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

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

Marketing Direction and Competition

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

- **Product Quality**

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

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

Another INSEE Superblock advantage point is product customization, our product thickness can vary by every 5 mm while most of the products in the market vary by only every 25 mm. We can therefore serve the needs of customers for every type of wall construction. Recently, the Company launched a new product with 30 cm height (standard is 20 cm) which will

reduce work time by 20 percent with 30 percent plastering mortar saved as there would be fewer joints.

- **Price**

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

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

- **Service**

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

- **Distribution**

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

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

- **Promotion Campaign**

INSEE Superblock Co., Ltd. has connected with marketing events of Siam City Cement Public Company Limited and has a product presence with large developers and contractors.

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

Lightweight Industry and Competitiveness

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

Sourcing and Producing

- **Production**

INSEE Superblock factories No.1 and No. 2 are located at 9/1 Moo 11 Singburi-Pakdong Rd., Bangrachan Sub-District, Khai Bangrachan District, Singburi Province, and factory No. 3 is located at 133 Moo 9, Hinkong Sub-District, Muang District, Ratchaburi. The total capacity in 2015 will be around 8.0 million sq.m. after the completion of the expansion project in 2014. INSEE Superblock has its own sandpit located quite close to the factory in Singburi. The sandpit has high quality sand that can serve production needs well into the future.

- **Raw Material Provider**

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

Geocycle and Energy and Environmental Services Company Limited

Products and Services

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

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

Marketing Direction and Competition

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

Geocycle's goal is to make a real difference for its customers, their communities and the environment. Sustainable development is at the heart of its business and Geocycle is proud of the fact that so many of its customers share its devotion for doing the right thing. Hence, its intent is the development of waste management as a sustainable business, which adds value, provides a service and contributes to safe and healthy living conditions for society at large. Geocycle is committed to managing its use of natural resources responsibly through re-use and renewal, as well as minimizing the impact of its operations on the environment.

Thailand faces waste problems both with industrial and municipal solid waste due to the rapid development and changing lifestyle in growing cities. The annual increase in waste

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

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

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

Services

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

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

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

Geocycle services include:

- Consultancy:
Geocycle's team of experts has a wide range of experience in the waste management industry. The Company assists waste generators in identifying the most efficient and effective solutions to meet their needs. These recommendations ensure a minimum impact on the environment, and are in compliance with local regulations and international standards.
- Waste analysis and evaluation:
Geocycle can boast of skilled personnel and state-of-the art laboratory equipment for analyzing the physical and chemical properties of waste materials. The Company ensures that the waste materials from its customers comply with all safety and environmental standards and do not have any negative impact on its cement quality or the operation and community.
- Waste transportation:
Geocycle provides transportation in a variety of containers for non-hazardous and hazardous waste. Most of its trucks are equipped with GPS for real-time vehicle tracking efficiency. Its transportation is carried out in accordance with the relevant regulations and by operators with the required skills and qualifications.
- Waste pre-processing and co-processing:
Geocycle currently operates high standard, licensed pre-processing facilities and equipment located adjacent to the Siam City Cement Plant in Saraburi Province. Its AFR facilities include a liquid waste blending plant, solid waste shredders, and several automatic feeding systems for fine and course solid wastes as well as high viscosity waste or sludge.
- Value Added Services:
Geocycle has a full team of experts for providing a waste management service to its customers at their site. The service includes:
 - Professional team to provide a waste management consultancy, safety training, technical support, engineering support and skilled labor;

- Service team to assist customers, classify, pack and transport their waste as well as assist to clean up and maintain waste yards; and
- Equipment such as forklifts, cranes, variety of trucks to facilitate its customers on waste management.

Siam City Power Company Limited (SCP)

Products and Services

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

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

Production Capacity

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

Raw Materials

The entire 100 percent of main raw materials to produce electrical power are the waste gases from Clinker Cooler and Pre-heater of SCCC's kilns 5 and 6.

Environmental Impact

The business has 2 parts of waste gases; first part comes from Clinker Cooler and the second one come from Preheater of SCCC's kiln line 5 and line 6. Heat from waste gas is exchanged with water to produce steam for turbines and generators to generate electrical

power with the design capacity of 18 MW each line. Previously waste gas directly released to atmosphere.

Therefore, this business results in positive impact e.g. less dust emission from kiln process and low temperature of waste gas to atmosphere. In addition, it can potentially help to reduce the Carbon Dioxide emission through the reduction of consuming the fossil fuel based power generation from Electric Generating Authority of Thailand (EGAT). By the way, this business has obtained the investment promotion from Thailand's Board of Investment (BOI) for import tax privileges on machinery.

INSEE Digital Company Limited

Products and Services

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

3. Risk Factor

Business risk

Economic downturn risk

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

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

Another effective way to mitigate risks was to provide better value proposition to the customers which came from improved cost effectiveness and enhanced product quality. SCCC has implemented several cost reduction programs such as separated grinding, and alternative fuel and raw materials, which could help the Company to save costs thus enabling our products to be offered in the market at competitive prices and uncompromised quality. Furthermore, SCCC kept working hard on product development to best respond to customers' needs. Value-added products such as FloorCrete, Wall Solution, Minimix, and Tile adhesive were focused upon and offered in the market. With these mitigation plans, SCCC was able to increase our competitive level with a decent revenue growth in 2014.

Opportunity in domestic cement demand

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

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

Environmental & community risk

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

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

- INSEE Green Village: This project encompasses several activities such as, raising awareness on increasing green areas, managing potable water, and community waste management. This program was first implemented at Moo 1 in Tabkwang Sub-district in 2011, through community consultation and need assessment. The success of the “Green Village Project” has resulted in the expansion of the concept to Moo 5, Moo 2 and Moo 3 respectively under each village’s context and needs.
- INSEE Green Park (Suan Ming Mongkol): The concept of the Green Park is “beyond the typical park”, as it represents a learning site on energy conservation, and the construction of the park itself made full use of SCCC’s green products. Moreover, the park also grows local flora for students and the general public to visit and learn. Vendors from the surrounding communities could also use the park as an outlet to market their “One Tambon One Product (OTOP)” goods, thus providing a channel at which to earn some livelihood.
- Integrated Green School was another noteworthy program undertaken by SCCC in cooperation with the Border Patrol Police to build a new school in Mae Hong Son Province to support children from more than 200 Lisu families. The school acts as a center for students to learn how to grow organic produce and utilize water supply and alternative energy efficiently.

Operational risk

Energy and raw material supply risk

Fuel and electricity costs play an important role in the cement industry, as they represent more than 70 percent of the total cement production cost. Although coal price was on the

downward trend in 2014, it is prudent to not ignore the fact that prices can climb again in the future. On the other hand, electricity cost has continued to rise due to fixed tariff (FT) adjustment by the government. As a cement producer, we are alert and actively look for ways to implement production cost saving projects.

In order to capture downward trend in 2014, we optimized our fuel mix portfolio by consuming variety of coal for the operation. Moreover, two cement mills was upgraded this year to help reduce electricity cost by minimizing the operation during on-peak period. Alternative fuel and raw material have also contributed significantly. There were many investments in 2014 to expand Geocycle's waste management capacity to support more consumption of alternative fuel in the production. Besides, another waste heat recovery project is in the pipeline to further reduce energy cost.

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

Safety risk

As a heavy industry, cement production involves machines, extreme heats, heights and many other hazardous elements and situations. At SCCC, safety risk is one area that we focus strongly on and have implemented many proactive safety management programs. We embed safety attitude across the Company and establish it as a culture. In the past year, we implemented a safety leader program to ensure that our employees from the middle to senior levels are acquainted with safety priorities and can help prevent risks to their subordinates as well as being a role model on safety discipline. SCCC not only focuses on protecting our people, but also pays attention to all our stakeholders. For example, we partner with independent driving training schools and our transporters to set up a driving training center to train our contractors on the safety driving program. All SCCC contractors were trained and certified before they start working with us. As a result, we are proud to say that our Loss Time Injury rate is one of the lowest in the world.

Exchange rate risk

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

4. OPERATING ASSETS OF THE COMPANY AND ITS SUBSIDIARIES

4.1 Property, Plant and Equipment

Objective: For business operations of the Company and its subsidiaries as at 31 December 2014.

	Type of rights	SCCC	Subsidiaries	Total
Land, mineral reserve and site restoration	Owner	1,137	734	1,871
Building and structures	Owner	2,661	1,439	4,100
Machinery and equipment	Owner	7,127	3,678	10,805
Furniture, fixtures and office equipment	Owner	352	102	454
Motor vehicles	Owner	520	17	537
Assets under construction and installation	Owner	1,966	1,068	3,034
Total		13,763	7,038	20,801

Remark : Property, Plant and Equipment are not mortgaged.

4.2 The Company and subsidiaries carry on the business of real property

– N/A –

4.3 Intangible assets

(Million Baht)

	Type of rights	SCCC	Subsidiaries	Total
Mining concession	Owner	1,709	149	1,858
Computer software	Owner	166	7	173
Other intangible assets	Owner	119	4	123
Intangible assets under development	Owner	96	-	96
Total		2,090	160	2,250

The Company and its subsidiaries have trademarks and concessions for shale and limestone mining (for cement industry) in Kaengkhloi, Saraburi, limestone mining (for construction industry) in Uthong, Suphanburi, and for Gypsum mining in Nongbue, Nakornsawan and plant license for aggregates operation in Uthong, Suphanburi and land leasehold in Hemaraj, Supanburi for industrial waste disposal and alternative fuel and raw material trading.

Executive summary of the existing mining concessions

Concession Holder	Area	Type of Granted Mineral Concession	Number of Concession	Land Size (Rai)	Validity of Concession (year)	Concession Expiration (year)
Siam City Cement Public Company Limited	Nakornratchasima	Soil Cement of Cement Industry	1	126-1-99	7	2022
	Nakornratchasima	Soil Cement of Cement Industry	2	409-2-32	22	2037

Concession Holder	Area	Type of Granted Mineral Concession	Number of Concession	Land Size (Rai)	Validity of Concession (year)	Concession Expiration (year)
Siam City Cement Public Company Limited	Saraburi	Soil Cement of Cement Industry	3	146	7	2022
	Saraburi CEC	Limestone and Shale for Cement Industry	1	300	3 months	2015
	Saraburi	Limestone and Shale for Cement Industry	20	4420-3-02	15	2030
	Saraburi	Limestone and Shale for Cement Industry	1	229-0-72	14	2029
	Saraburi	Limestone and Shale for Cement Industry	11	2261-1-90	4	2019
	Saraburi	Limestone and Shale for Cement Industry	1	285-0-78	3	2018
	Saraburi	Limestone and Shale for Cement Industry	1	285-3-00	2	2017
	Saraburi	Limestone and Shale for Cement Industry	1	290-2-88	1	2016
	Nakornsawan	Gypsum	2	585-0-82	7	2022
	Lampang	Limestone and Shale for Cement Industry	6	1627-2-00	6	2021
	Suphanburi	Limestone for Construction Industry	1	293-1-15	1	2016
	Suphanburi	Limestone for Construction Industry	1	299-2-92	6	2021

4.4 The Policy on investment in Subsidiary and Associated Companies

The Company's business operation policy is to emphasize on its core business, i.e. cement manufacturing and distribution. Formation of any associated Company or investment in any subsidiary will be made only when it is in line with this policy. Generally, the Company's equity interest in a subsidiary is 100%, except in the case of a joint venture Company which would depend on the agreement with the joint venture partner(s). With respect to the management, the Company would normally have its representatives in the Board of Directors of the subsidiary and associated Company.

The Company's equity interest and control in the existing subsidiary and associated companies are as follows:

Company	Relation / % of shareholding	Number of Directors representing the Company/Total of Directors	Participation in policy setting
1. Siam City Concrete Co., Ltd.	Subsidiary / 99.99	5/5	Yes
2. Siam City Power Co., Ltd.	Subsidiary / 99.99	5/5	Yes
3. Conwood Co., Ltd.	Subsidiary / 99.99	6/9	Yes
4. INSEE Superblock Co., Ltd.	Subsidiary / 99.99	4/4	Yes
5. Energy and Environmental Services Co.,Ltd.	Subsidiary / 100	3/3	Yes
6. INSEE Digital Co.,Ltd.	Subsidiary / 100	3/3	Yes
7. Khmer Cement Industry Company Limited	Subsidiary / 100	2/2	Yes
8. Lanna Resources Public Company Limited	Associated / 44.99	3/14	No
9. Thai Agro Energy Public Company Limited	Holding/ 4.72	0/10	No
10. Holcim Cement (Bangladesh) Company Limited	Holding/ 10.42	1/5	No
Held by Conwood Co., Ltd.			
1. PT Conwood Company Limited	Subsidiary / 99.99	3/4	Yes

5. Legal Disputes

5.1 Dispute that may adversely affect the Company assets by over 5% of the shareholders' equity as at 31 December 2014.

-None.-

5.2 Pending dispute that may materially affect the Company's business operation that cannot be assessed in term of monetary value.

-None.-

5.3 Pending dispute not arising out of the normal course of business

-None.-

6. **General Information and other Important Information**

6.1 **General Information**

- (1) Company Name, Head Office, Type of Business, Registration No., Telephone No., Fax No., Homepage, Type and amount of issued/paid-up shares.

Company Name: Siam City Cement Public Company Limited
Registration No.: 0107536001346 (Formerly, Bor Mor Jor 208)
Stock Code: SCCC, Listed on the Stock Exchange of Thailand (SET)
Type of business: Cement manufacturing and distribution
Head office: Column Tower, 7th - 12th Floor,
199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Factory:

- Plant 1 and Plant 3, 99 Moo 9, Mitraparp Road Km. 129, Tabkwang Subdistrict, Kaengkhroi District, Saraburi, 18260, Thailand
- Plant 2, 219 Moo 5 Mitraparp Road Km. 131, Tabkwang Subdistrict, Kaengkhroi District, Saraburi, 18260, Thailand
- AFR Platform, 301 Moo 5, Mitraparp Road Km.133, Tabkwang Subdistrict, Kaengkhroi District, Saraburi 18260, Thailand
- Mortar Plant, 41/2 Moo 5, Mitraparp Road Km. 129, Tabkwang Subdistrict, Kaengkhroi District, Saraburi 18260, Thailand

Telephone: + 66 2 797 7000
Fax: + 66 2 797 7001 to 2
Website: www.siamcitycement.com

The Company's securities

1) Ordinary share

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

2) Debentures

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

Debenture Name: Siam City Cement Public Company Limited Unsubordinated and Unsecured Debentures, Tranche No. 1/2009, with maturity date in 2013

Credit Rating of Debenture: Rated A grade by Fitch Ratings (Thailand)

Tenor: 4 Years from the date of issuance

Issue Date: 16 June 2009

Maturity Date: 16 June 2013

Coupon Rate: 4.50% per annum

(2) Company Name, Head Office, Type of Business, Telephone No., Fax No. of the companies, held by the Company over 10% of paid-up shares of that companies, as of 31 December 2014.

Company Name	Location of Head Office	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
Held by Siam City Cement Public Company Limited					
1 Siam City Concrete Company Limited	Bangkok	Industrial Operation / Ready-mix Concrete and Aggregates	2,500	25	99.99
2 Siam City Power Company Limited	Bangkok	Energy	2,000	20	99.99
3 Conwood Company Limited	Bangkok	Industrial Operation / Construction Material	300	3	99.99
4 Insee Super Block Company Limited	Bangkok	Industrial Operation / Light Weight Block	500	5	99.99
5 Energy and Environmental Services Company Limited	Bangkok	AFR Business (Transfer station)	180	1.80	100.00
6.INSEE Digital Company Limited	Bangkok	Technical Service and Information Technology management and Development Services	100	1	100.00
7 Khmer Cement Industry Company Limited	Phnom Penh Cambodia	Cement Trading	2,505,000 USD	0.001	100.00
8 Lanna Resources Public Company Limited	Bangkok	Industrial Operation / Coal Production and Distribution	525	525	44.99
9. Thai Agro Energy Public Company Limited	Bangkok	Industrial Operation/ Ethanol Production and Distribution	1,000	1,000	4.72
10. Holcim Cement (Bangladesh) Limited	Bangladesh	Cement Trading	8.82 Taka	0.09	10.42
Held by Conwood Company Limited					
1 PTConwood Company Limited	Indonesia	Construction Material	10 USD	10	99.99

Siam City Concrete Company Limited	Column Tower, 7 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7555 Fax: + 66 2 797 7005
Siam City Power Company Limited	Column Tower, 7 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
Conwood Company Limited	Column Tower, 7 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7444 Fax: + 66 2 797 7004
Insee Super Block Company Limited	Column Tower, 7 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
Energy and Environmental Services Company Limited	Column Tower, 7 th – 12 th 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, 7 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
Khmer Cement Industry Company Limited	House No. 21, Street 310, Sangkat Boeng Keng Kang 1, Khan Chamkamorn, Phnom Penh, Kingdom of Cambodia Phone + 855 23 215 328 Fax + 855 23 215 329
Lanna Resources Public Company Limited	Mahathun Plaza Bldg., 9 th Floor, 888/99 Ploenchit Road, 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, 11 th Floor Pleonchit Road, Lumpini, Pathumwan, 10330, Thailand Phone + 66 2 627 3890-94 , + 66 2 255 4380-84 Fax. + 66 2 627 3889
Holcim Cement (Bangladesh) Limited	House No.8, Road No.14, Bandhara, Dhaka 1212, Bangladesh Phone + 880 2 988 1002 - 3, + 880 2 881 2485 Fax + 880 2 881 5249
PT Conwood Indonesia Limited	Menara Jamsostek, North Tower, 15 th Floor, Jl. Jenderal Gotot Subroto No. 38 South Jakarta 12930, Indonesia Phone +62 21 5296 2146 Fax +62 21 5296 2147

(3) Other references

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