



ANNUAL REPORT 2011

ASEAN Sustainable Business Leader



THE SIAM CEMENT PUBLIC COMPANY LIMITED

SCG, a conglomerate of business operations, is working to serve as a leading company in ASEAN on the way toward establishing its competitiveness in the global market. SCG conducts its businesses in line with good corporate governance and the principles of sustainable development. The Group commits itself to its longstanding tradition of organizational and employee development, which helps drive innovation in products, services, work processes and business models, all of which creates higher value to all parties concerned. Beyond this, SCG pledges its commitment to contributing to the sustainable progress of the communities where it operates.

SCG believes that as ASEAN nations work toward becoming an integrated ASEAN Economic Community (AEC), their efforts will contribute significantly to the region’s economic development and enhanced competitiveness. SCG is committed to expanding within ASEAN to further build its trading and investment network and to rise to the challenges of regional economic integration in the years to come.

SCG was established in 1913 following a royal decree of His Majesty King Rama VI to produce cement, a main building material for infrastructure projects that greatly contributed to the progress of the country during that period. The Group has diversified into five core businesses which include SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, and SCG Distribution.



SCG, the sustainable development role model, has been ranked as Sector Leader in DJSI Building Materials & Fixtures by SAM. SCG has been in 'Gold Class', the highest group, for 4 consecutive years.

Content

Investor Information	1
Financial Overview	2
Message from the Board of Directors	4
Organizational Structure	6
Operating Results	8
SCG Chemicals	10
SCG Paper	12
SCG Cement	14
SCG Building Materials	16
SCG Distribution	18
Corporate Governance Report	20
Supplementary Information	34
Financial Statements	87
Report on the Board of Directors’ Responsibilities for Financial Statements	88
The Audit Committee’s Report	89
Consolidated Financial Statements of The Siam Cement Public Company Limited and Its Subsidiaries	91
Financial Statements of The Siam Cement Public Company Limited	163

Investor Information

Stock Code	SCC (Listed on the Stock Exchange of Thailand - SET)
Registration No.	0107537000114
Type of Business	Holding company
Website	www.scg.co.th
Year of Establishment	1913
First Trade Date	April 30, 1975
Headquarter Address	1 Siam Cement Road, Bangsue, Bangkok 10800
Registered Capital	1,600 Million Baht
Paid-up Capital	1,200 Million Baht Comprised of 1,200 Million ordinary shares
Par Value	1 Baht par value
Preferred Share	None
Fiscal Year	January 1 - December 31 of each year
Shareholders	The Crown Property Bureau Group holds approximately 31.94% of shares while the remaining shares are held by other institutional and individual shareholders

Contacts

Corporate Headquarters

Tel. 66-2586-3333, 66-2586-4444

Fax 66-2586-2974

e-mail: info@scg.co.th

Corporate Secretary Office

Tel. 66-2586-3012

Fax 66-2586-3007

e-mail: corporate@scg.co.th

Investor Relations Department

Tel. 66-2586-3309

Fax 66-2586-3307

e-mail: invest@scg.co.th

Corporate Communications Office

Tel. 66-2586-3770

Fax 66-2586-2974

e-mail: corpcomm@scg.co.th

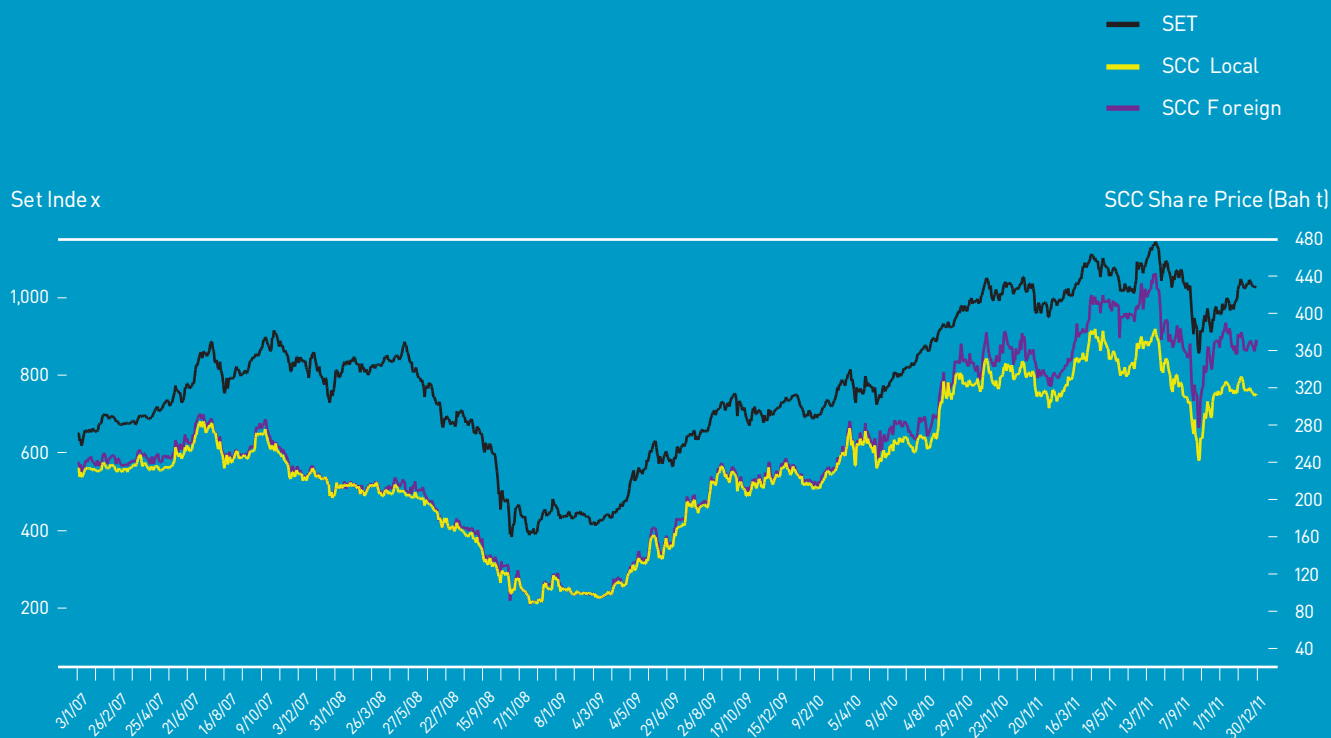
Designated Directors as Minority Shareholders' Representative

Fax 66-2586-3007

e-mail: ind_dir@scg.co.th

5 Years Share Prices (2007 - 2011)

Compared to SET Index



Financial Overview

The Siam Cement Public Company Limited and Its Subsidiaries

	2011	2010	2009	2008	2007
Income Statements (Million Baht)					
Revenue from sales	368,579	301,323	238,664	293,230	267,737
Costs and expenses	354,997	282,911	216,767	281,457	247,719
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA)	46,253	45,949	47,116	38,783	50,008
Profit for the year without non-recurring items ¹	25,298	27,387	24,408	16,479	25,841
Profit for the year ²	27,281	37,382	24,346	16,771	30,352
Statements of Financial Position (Million Baht)					
Assets	374,738	359,219	315,992	285,776	248,256
Liabilities	211,769	199,649	184,571	174,428	139,717
Shareholders' equity	162,969	159,570	131,421	111,348	108,539
Equity attributable to owners of the parent ³	140,199	133,117	104,510	87,220	86,131
Financial Ratio					
Total number of shares issued (Million Shares)	1,200	1,200	1,200	1,200	1,200
Book value per share (Baht)	116.8	110.9	87.1	72.7	71.8
Earnings per share (Baht)	22.7	31.2	20.3	14.0	25.3
Dividends per share (Baht)	12.5	12.5	8.5	7.5	15.0
Dividends payout ratio on profit for the year (%)	55.1	40.1	41.9	53.6	59.3
Return on revenue from sales (%)	7.4	12.4	10.2	5.7	11.3
Return on equity (%)	20.0	31.5	25.4	19.3	37.7
Return on assets (%)	7.4	11.1	8.1	6.3	12.8
EBITDA on total assets (%)	12.6	13.6	15.7	14.5	21.1
Debt to equity ratio (Times) ⁴	1.3	1.3	1.4	1.6	1.3
Price earnings ratio (Times) ⁵	13.8	10.9	11.6	7.4	9.2
Net debt to EBITDA ratio (Times)	2.4	1.8	2.6	3.1	2.0

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

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

3 The figure for year 2010 is restated for comparative purpose with 2011.

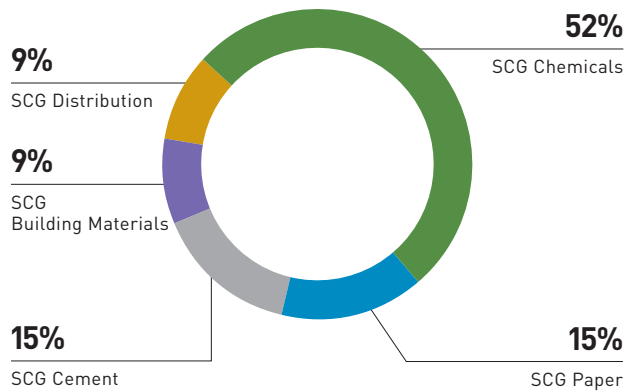
4 Debt to equity ratio = Liabilities divided by shareholders' equity.

5 Price is the year ended price at which a security is traded in the local board of SET.

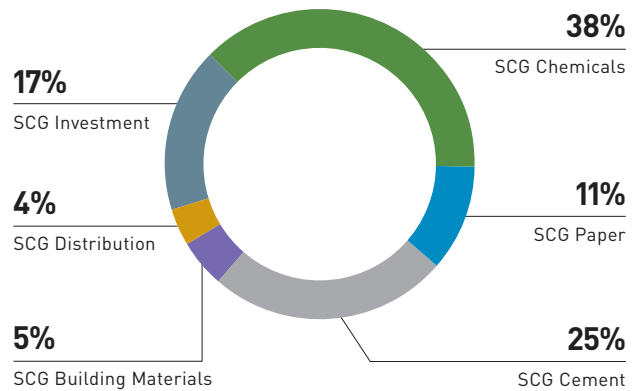
Operating Results

The Siam Cement Public Company Limited and Its Subsidiaries

Revenue from Sales breakdown 2011

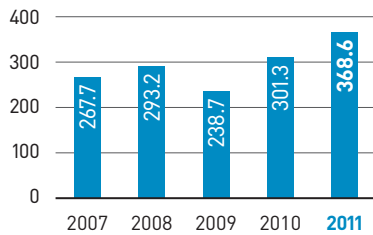


Profit for the Year* breakdown 2011



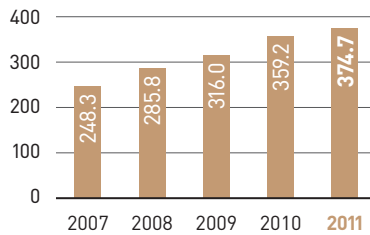
Revenue from sales

(Billion Baht)



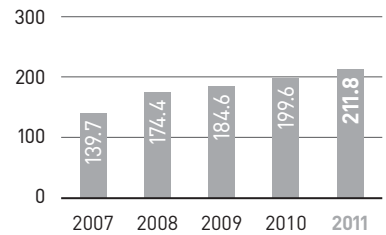
Assets

(Billion Baht)



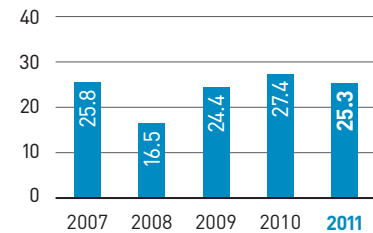
Liabilities

(Billion Baht)



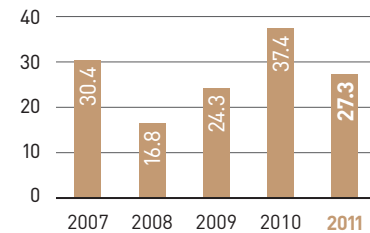
Profit for the year without non-recurring items

(Billion Baht)



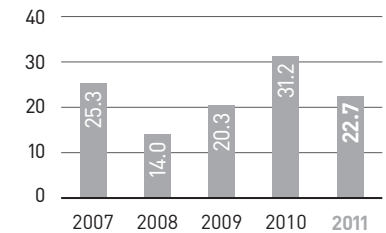
Profit for the year*

(Billion Baht)



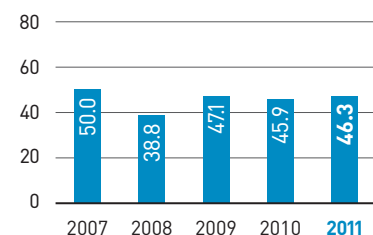
Earnings per share

(Baht/share)



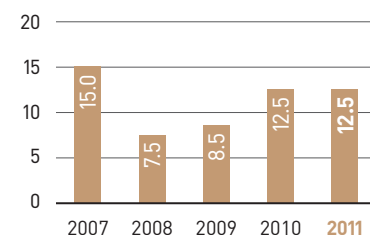
EBITDA

(Billion Baht)



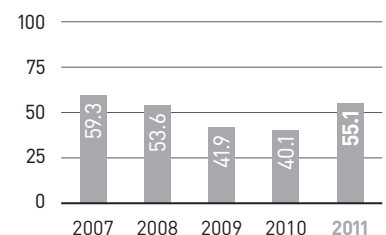
Dividends per share

(Baht/share)



Dividends payout ratio on profit for the year*

(Percent)



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

Message from the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

In 2011, the global economic slowdown persisted as a consequence of the financial crisis in Europe and the United States, while Asian economies, including Thailand, witnessed steady and robust growth. Toward the end of the year, Thailand was ravaged by the worst floods in over half a century, causing sharp economic contraction over a short period, but without disruption to SCG's operations.

Benefiting from its thoughtful business approach and its effective Business Continuity Management (BCM) fundamentals, SCG continues to be competitive, possess solid financial position, and grows sustainably within the region. In 2011, SCG reported revenue from sales of 368,579 Million Baht and profit for the year 27,281 Million Baht. Having taken into account the Group's performance, its overall financial status and global economic conditions, the Board of Directors has resolved to propose to the 2012 Annual General Meeting of Shareholders a full-year dividend of 12.50 Baht per share, representing 55% of consolidated profit for the year.

In the efforts to become a sustainable ASEAN business leader, SCG has employed two key strategies in its organizational development: 1) expansion into the ASEAN region and 2) the development of high value added products and services (HVA), while building a better quality of life and a sustainable society under SCG's sustainable development framework. Both of these strategies will lend substantial benefits to SCG as the mechanisms and

measures of the ASEAN Economic Community (AEC) help drive cooperation among ASEAN countries. The AEC's key features are a single market and production base as well as the liberalization and facilitation of the movement of products, services, capital and human resources in ASEAN.

Striding Towards Becoming an ASEAN Sustainable Business Leader

With the firm belief that a comprehensive integration of ASEAN nations in the AEC will contribute significantly to economic development and enhanced competitiveness, SCG is fully committed to expanding in ASEAN countries, especially Indonesia, Vietnam, and the Philippines. This runs concurrent with building a comprehensive network of trading and investment, so as to rise to the challenge of the AEC's establishment in the foreseeable future.

With over 15 years of operational experience in Indonesia, SCG continues to compound and increase its investments in this country. In 2011, SCG acquired a 30% stake in PT Chandra Asri Petrochemical Tbk, Indonesia's leading petrochemical company. To further strengthen its reach in the building materials and distribution businesses, SCG acquired a 93.5% stake in PT Keramika Indonesia Assosiasi Tbk (KIA), a major ceramic tile manufacturer, and a 99% stake in PT Kokoh Inti Arebama Tbk (KOKOH), a large distributor of building materials with an extensive sales network across the country. The investment was to expand the existing ceramic production base of SCG in Indonesia and was also an extension for the supply chain of SCG building materials products.

SCG has also put emphasis on Vietnam. In 2011, SCG acquired a stake in Alcamax Packaging (Vietnam), a leading producer of corrugated containers. In addition, SCG expanded its cement business by acquiring a 99.2% stake in Buu Long Industry & Investment Joint Stock Company. In the Philippines, SCG has established SCG Marketing Philippines to further solidify its distribution channel for the building materials business.

For the operating results of SCG in the ASEAN region exclusive of Thailand in 2011, revenue from sales amounted to 23,670 Million Baht, accounting for 7% of total revenue, an increase of 17% from the previous year. At present, SCG's assets in ASEAN amounted to 46,000 Million Baht, or 12.5% of the Group's total assets.

Promoting Research and Development to Address Every Customer Need through Creative Marketing

SCG gives much importance to its research and

development activities. In 2011, the Group invested over 1,111 Million Baht in R&D, representing an increase of 21% from the previous year, to develop high value added products and services, in addition to the 'SCG eco value' label that encompasses a diverse range of eco-friendly products. Examples include compostable plastic that will decompose in natural composting and landfill environments, 'Green Carton' eco-friendly corrugated containers that reduce paper consumption yet offer 25% higher structural strength, and SCG House Cooling Systems that reduce household power consumption.

SCG's sales of HVA have grown steadily from 29% of revenue from sales in 2010 to account for 32% of revenue from sales in 2011, while sales of 'SCG eco value' products accounted for 13% of revenue from sales in 2011.

Moreover, SCG stresses the importance of customers, so as to better assess and address their real needs, thus reaffirming SCG's status as a sustainable business leader in ASEAN. In 2011, SCG highlighted the 'Human Value Marketing' concept, a new development in marketing that is designed to satisfy customer demand with enhanced and innovative products and services while building a better quality of life and sustainable future.

Building Upon the Sustainable Development Concept and Joining Forces to Create Value for Communities

SCG conducts its business in accordance with the concept of sustainable development, focusing on achieving a balance among economic, social and environmental commitments. The Group employs advanced, environmentally-friendly production technology and works in collaboration with various organizations to enhance the quality of life for its employees, surrounding communities and society as a whole. In 2011, SCG organized the 'Thailand Sustainable Development Symposium' for the second consecutive year. Attended by scores of executives from the government, business and education sectors as well as independent regulatory agencies and the press, both local and foreign, the Symposium shared knowledge in managing sustainable development, a concept that has been embraced globally. It also offered opportunities for all sectors to work together to find solutions to mitigate the challenges and impacts by adopting the sustainable development concept as a key strategic tool in business operations. We believe that these endeavors will help drive the nation's economy while balancing economic, social and environmental considerations.

Beyond this, SCG, the sustainable development role model, has been ranked as Sector Leader in DJSI Building Materials & Fixtures by SAM. SCG has been in 'Gold Class', the highest group, for 4 consecutive years.

Business Continuity Management during Crisis

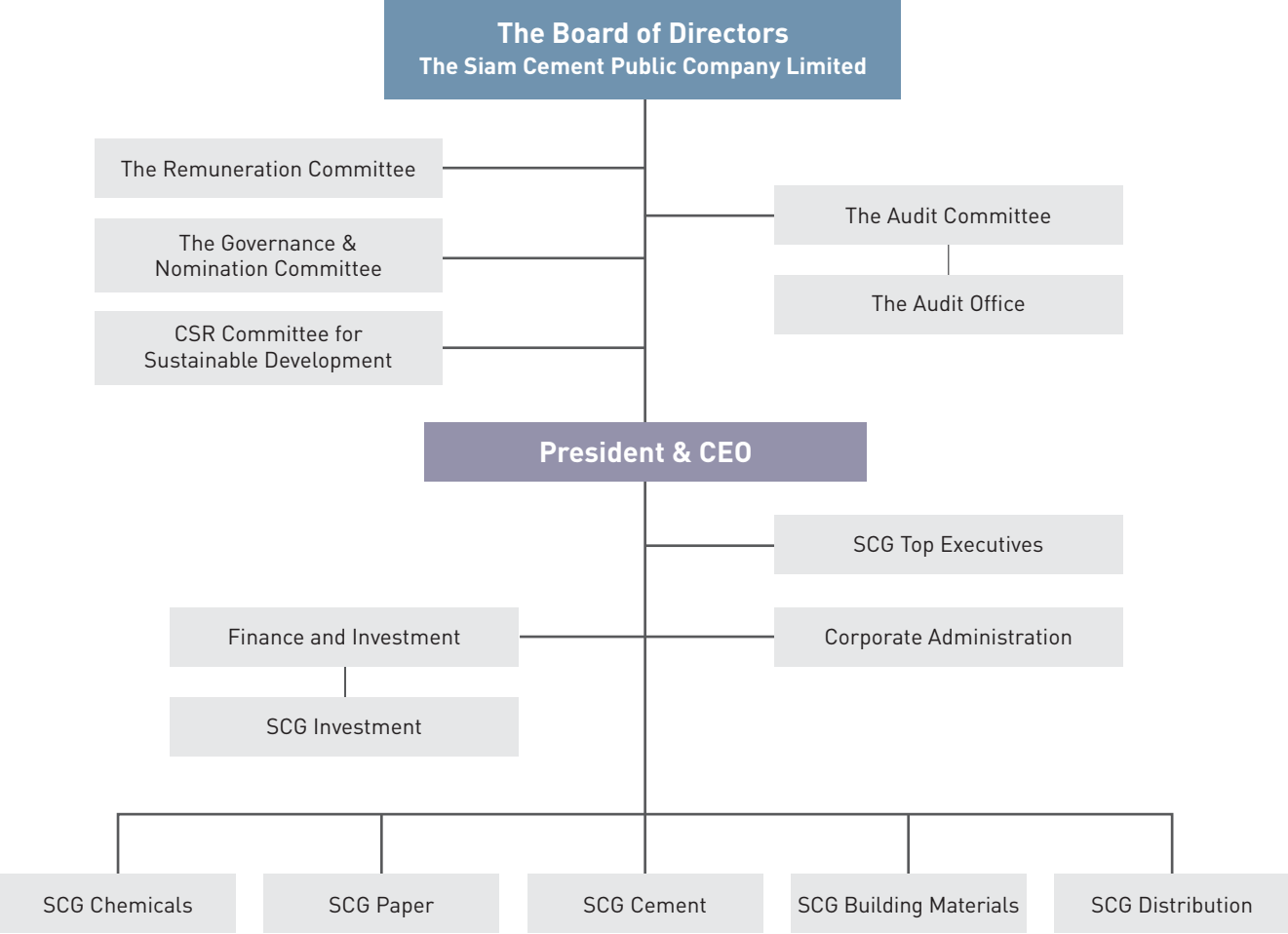
In late 2011, Thailand was ravaged by the country's worst flooding in many decades, which caused enormous damage locally and even had global repercussions. Nevertheless, SCG managed to cope with the crisis effectively. The Group's Business Continuity Management Unit (BCM) kept close track of comprehensive information from various sources. Based on this, analysis and evaluation of the situation was carried out to create an emergency-preparedness plan and make informed decisions. At the same time, SCG provided support and relief to its employees and their families as well as the general public. Efforts to assist victims of the deluge were categorized into four concrete approaches: providing flood prevention materials, distributing immediate relief, rebuilding after water receded, and developing innovations that can accommodate future disasters.

Post-flood, SCG would like to sincerely express its gratitude to all joint venture and business partners for their deep concern and sympathy during times of hardship. The encouragements were a call to all Thais to stand side-by-side in overcoming the epic flood crisis. We believe that the combined cooperation of all sectors will help rebuild the country's economy, society and the environment, making it stronger than ever. SCG pledges to take part in driving Thailand toward more solid growth.

The Board of Directors wishes to express sincere appreciation to all shareholders, debenture holders, joint-venture partners, suppliers, customers, staff, stakeholders, and domestic and international financial institutions for the continued support that has helped render SCG's success. We promise that SCG will continue to conduct business with integrity, prudence and adherence to its code of conduct, good corporate governance, and sustainable development principles, acting in the best interests of all parties. We believe that by doing so, SCG will prosper, and so will Thailand, along with ASEAN. Thus, we will all realize our vision.

Bangkok, January 25, 2012

Organizational Structure



The Board of Directors

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Chirayu Isarangkun Na Ayuthaya
Chairman 2. Kamthon Sindhvananda
Director 3. Snoh Unakul
Director 4. Sumet Tantivejkul
Director 5. Pricha Attavipach
Director 6. Panas Simasathien
Director | <ol style="list-style-type: none"> 7. Yos Euarchukiati
Director 8. Arsa Sarasin
Director 9. Chumpol NaLamlieng
Director 10. Tarrin Nimmanahaeminda
Director 11. Pramon Sutivong
Director 12. Kan Trakulhoon
Director, President & CEO |
|--|---|

SCG Top Executives

(As at January 1, 2012)



Kan Trakulhoon
President & CEO
SCG



Chaovalit Ekabut
Vice President – Finance and Investment & CFO
SCG
President
SCG Investment



Aree Chavalitcheewingul
Vice President – Corporate Administration
SCG



Cholanat Yanaranop
President
SCG Chemicals



Somchai Wangwattanapanich
Vice President – Operations
SCG Chemicals



Roongrote Rangsiyopash
President
SCG Paper



Pramote Techasupatkul
President
SCG Cement



Pichit Maipoom
President
SCG Building Materials



Kajohndet Sangsuban
President
SCG Distribution

Operating Results

SCG Chemicals	10
SCG Paper	12
SCG Cement	14
SCG Building Materials	16
SCG Distribution	18



SCG

Consolidated revenue from sales was 368,579 Million Baht. Consolidated EBITDA was 46,253 Million Baht, and consolidated profit for the year was 27,281 Million Baht, declining 27% from the previous year's profit for the year which included non-recurring gain from the divestment of shares in PTT Chemical Public Company Limited. SCG has continued its strategy to expand business within ASEAN while developing high value added products and services.

SCG Chemicals

Revenue from sales was 192,929 Million Baht. EBITDA was 14,394 Million Baht, and profit for the year was 11,190 Million Baht, declining 51% from the previous year's which included non-recurring gain of 9,963 Million Baht from the divestment of shares in PTT Chemical Public Company Limited. SCG Chemicals focuses on developing high value added products and services along with expanding its operations in ASEAN with strategic partners.

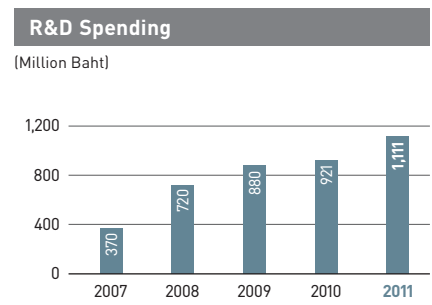
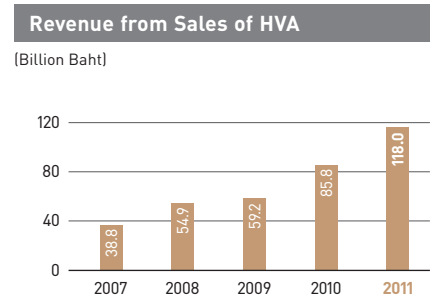
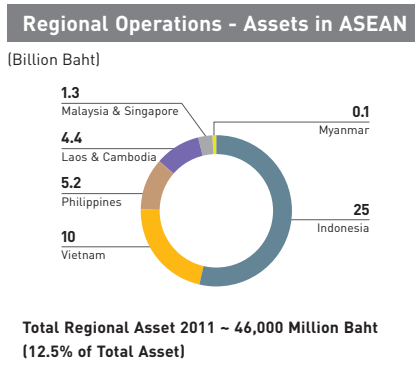
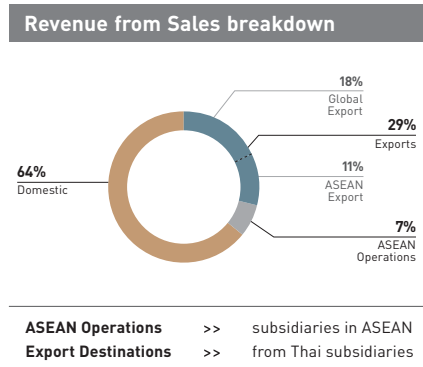
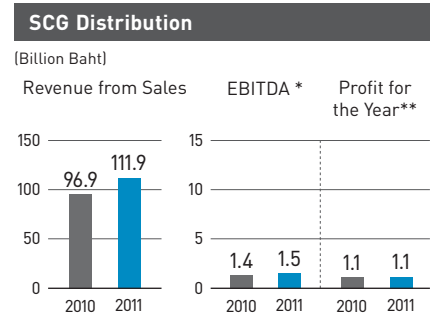
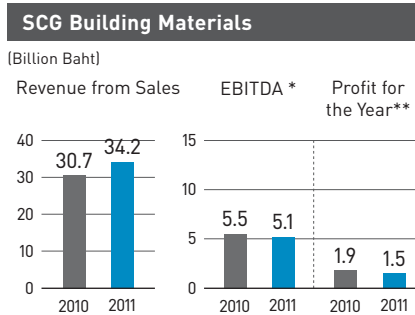
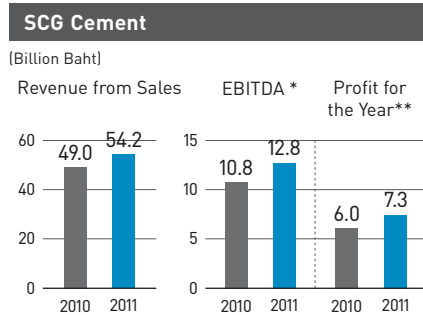
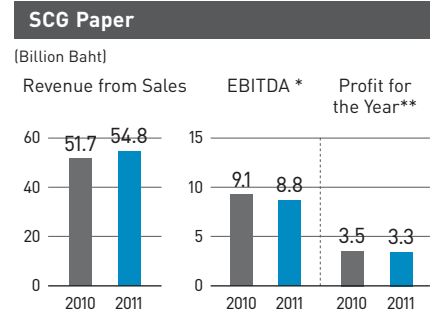
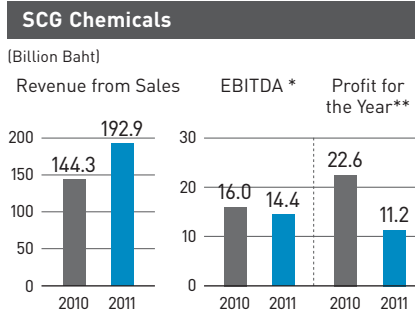
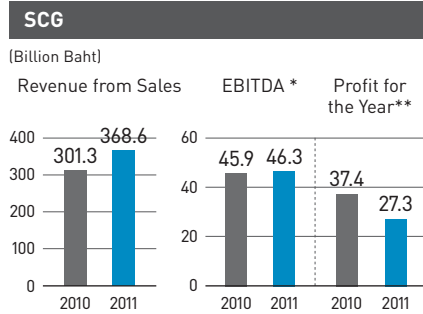
SCG Paper

Revenue from sales was 54,839 Million Baht. EBITDA was 8,811 Million Baht and profit for the year was 3,331 Million Baht, a decrease of 5% from the previous year due to increase of production cost and decrease of printing and writing paper prices as a result of soft demand. SCG Paper focuses on business expansion in ASEAN and products and services innovation to enhance competitiveness and better serve various customer requirements.

SCG Cement

Revenue from sales was 54,249 Million Baht. EBITDA was 12,781 Million Baht and profit for the year was 7,288 Million Baht, up 21% from the previous year on the back of increase in sales volume and selling price. SCG Cement focuses on development of eco-friendly production technologies that consume less energy and expands its production base to other ASEAN countries.

Summary of Operating Results



SCG Building Materials

Revenue from sales was 34,171 Million Baht. EBITDA was 5,060 Million Baht and profit for the year was 1,476 Million Baht, a decline from the previous year as a result of higher energy and raw material costs and domestic flood situation. SCG Building Materials focuses on expansion of operation bases and export to ASEAN countries as well as brand building and the development of environmentally friendly products and integrated solution.

SCG Distribution

Revenue from sales was 111,920 Million Baht. EBITDA was 1,532 Million Baht and profit for the year was 1,075 Million Baht. SCG Distribution focuses on expanding dealer network in Thailand, developing distribution channels in overseas markets, and expanding trading businesses and logistics services in ASEAN.

SCG Investment

EBITDA inclusive of dividend from associated companies was 3,818 Million Baht and profit for the year was 5,037 Million Baht, up 8% from the previous year due to gain from divestment. SCG Investment focuses on investment in business with positive growth, yielding favourable returns, and is actively involved in strengthening JV companies.

* Includes dividends from associates.

** Profit for the year attributable to equity holders of the parent.

	2011	2010	2009	2008	2007
Information from Statements of Financial Position					
Current assets ¹	43,257	38,178	31,339	28,039	36,009
Assets	176,583	165,087	165,964	138,504	123,205
Liabilities	95,884	93,875	96,998	78,355	59,824
Shareholders' equity	80,699	71,212	68,966	60,149	63,381
Information from Income Statements					
Revenue from sales	192,929	144,317	101,115	136,527	130,223
Costs and expenses	192,642	138,380	89,407	133,694	118,533
Profit for the year without non-recurring items ²	9,762	12,641	12,681	5,869	13,741
Profit for the year ³	11,190	22,609	12,556	6,136	16,982
EBITDA ⁴	14,394	16,024	19,482	12,598	22,611

1 The figure for year 2010 is restated for comparative purpose with 2011.

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

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

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

Operating Results

In 2011, the petrochemicals business highly fluctuated due to changes in global economic conditions and regional demand and supply position, especially in the second half of 2011 where the concern over European debt crisis led to a slowdown of overall market and, consequently, decreased product-to-feed margins. Prices of Naphtha, main feedstock, remained high on the back of rising crude oil prices and USD depreciation. The average Naphtha price in 2011 was 938 USD per ton, an increase of 214 USD per ton over last year. The average HDPE price was 1,373 USD per ton, an increase of 149 USD per ton over last year, from higher feedstock cost.

Revenue from sales of SCG Chemicals amounted to 192,929 million Baht, a 34% increase from the year before, owing to the increased olefins production after the startup of joint-venture downstream facilities and higher plastic resin prices. EBITDA was 14,394 Million Baht, a 10% decrease from 2010, caused by narrower product-to-feed margins. Profit for the year was 11,190 Million Baht, reducing by 51% from the previous year's which included the non-recurring gain of 9,963 Million Baht from the divestment of shares in PTT Chemical Public Company Limited.

Organizational Development

Business Development

- Acquired 30% shares of PT Chandra Asri Petrochemical Tbk (CAP) which is a leading petrochemical company in Indonesia to expand business base and foster sustainable petrochemical leadership in ASEAN.

- Increased production capacity of rotational molding powder by 7,000 tons per year.

- Developed specialty resins for various applications such as medical disposables, mining pipes, gas pipes, hot water pipes, electrical appliances, bottle caps, wires and cable, and flexible packaging. Sales of high value added (HVA) products accounted for 38% of revenue from sales compared to 34% in the year before.

- Implemented 'Building Success Together' projects with business partners under the co-creation strategy in order to truly understand real customer needs. One example is co-creation with Betagro to develop frozen food packaging with specialty resin that can reduce 20% of packaging thickness but increase the strength of packaging from better sealability, toughness and impact strength. This reduces waste from packaging leakage and requires less energy in packaging production.

Human Resources Development

- Transformed organization into market-facing operation with 6 functions namely Basics, Compound and Formulation, Fabricated Products, Technology Business, Operations, and Finance and Investment. This leads to an adoption of new ways of thinking, working practices, and employee capability development programs to achieve better response to different requirements of each customer group.

Innovation Development

- Developed specialty PP resins for new applications such as syringe plungers and coating for woven bags and specialty PVC resins for high quality vinyl records and carpet backing.

- Innovated 'EL Green' plastics compound which is 100% compostable and eco-friendly, and 'WaveMe' microwaveable melamine compound that conforms to international standards relating to food contact plastic materials.

Specialty resin for frozen food packaging that gives better freeze resistance, toughness, and impact strength, resulting in thinner packaging with better leak-proof performance



“ SCG Chemicals has continuously expanded its regional distribution network and strategic long-term partnership to get ready for the ASEAN Economic Community (AEC) in 2015. Examples are establishment of sale offices across ASEAN, share acquisition of PT Chandra Asri Petrochemical Tbk in Indonesia, and feasibility study of the first petrochemical complex in Vietnam. These collaborations are to foster the development of ASEAN petrochemical industry in order to serve regional demand growth for plastic products and promote sustainable competitiveness of related industries. ”

Kulachet Dharachandra

Business Development Director, SCG Chemicals Co., Ltd.

- Conducted own conceptual design for olefins plant expansion and developed flare gas recovery system to reduce hydrocarbon loss from hydrocarbon gas emission and decrease carbon dioxide disposal.

Sustainable Development in Business Operations

- Implemented Green Manufacturing to protect the environment by controlling environmental impacts and eliminating community concerns on scenery, air quality, noise pollution, illness, and safety in order to achieve a good balance among environment, society, and economy.

- Improved production processes to become Eco Factory by installing flare gas recovery system to retain excess hydrocarbon gas from one olefins plant for use in the other olefins plant, implementing 3R (Reduce, Reuse/ Recycle, and Replenish) practices, and continuing VOCs Free Program to reduce VOCs emission with a target of 50% lower than standard regulations.

- Promoted the SCG Green Procurement to purchase reusable materials to reduce hazardous wastes in order to meet the corporate 'zero waste to landfill' goal by the middle of 2012.

- Implemented waste heat recovery system to reduce energy consumption by 124,898 gigajoules per year by installing steam flash drum to produce low pressure steam from waste heat in replace of low pressure steam purchase.

- Installed fiber reinforced plastic (FRP) fan which is lighter and more aerodynamic to improve cooling tower efficiency, reducing energy consumption by 1,699 gigajoules per year.

- Decreased steam consumption at the Dearator unit by using quench water to heat condensate, reducing energy consumption by 37,000 MMKCal per year, equivalent to an annual saving of 44 Million Baht.

- Installed Reverse Osmosis system at Map Ta Phut Olefins Co., Ltd. to treat cooling water blowdown for reuse in the production process.

- Implemented monomer recovery system at Thai MMA Co., Ltd. to recover up to 336 tons of MMA per year by evaporating waste water from machine cleaning.

- Replaced the aerobic wastewater treatment system at Siam Mitsui PTA Co., Ltd. with a more efficient anaerobic treatment system that yields an annual saving of 95 Million Baht. The biogas produced as byproduct is used to substitute 199,830 MMBtu of natural gas per year for fuel used in the PTA production. The new system can reduce 13 MMkwh of electricity consumption per year and 20,115 tons of sludge per year.

	2011	2010	2009	2008	2007
Information from Statements of Financial Position					
Current assets	16,963	16,088	13,121	14,010	14,334
Assets	52,534	50,127	47,942	51,089	46,454
Liabilities	20,007	19,957	19,780	23,683	20,372
Shareholders' equity	32,527	30,170	28,162	27,406	26,082
Information from Income Statements					
Revenue from sales	54,839	51,714	42,729	47,110	43,890
Costs and expenses	50,461	46,972	39,740	44,909	40,514
Profit for the year without non-recurring items ¹	3,331	3,490	2,286	1,658	2,353
Profit for the year ²	3,331	3,490	2,286	1,658	2,353
EBITDA ³	8,811	9,129	7,901	6,660	7,943

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

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

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

Operating Results

In 2011, the economy in countries in this region including Thailand grew in the first half of the year. However, the economic slowdown in Europe, the persistent downturn in the United States, and flood crisis in Thailand had clearly impacted the overall industry.

Revenue from sales of SCG Paper amounted to 54,839 Million Baht, a 6% increase from the previous year. EBITDA was 8,811 Million Baht, a 3% decrease from the year before. Profit for the year was 3,331 Million Baht, down 5% year-on-year.

Business Chain: Packaging Paper and Corrugated Container: Total sales volume rose by 3% from the year before on the back of rising local demand in packaging especially in food industry and consumer products and additional sales from plants in Vietnam and the Philippines. However, the flooding affected several industries, reducing packaging paper demand in the fourth period.

Business Chain: Pulp and Printing & Writing Paper: Total sales volume remained the same as last year while the average price decreases by 1%. The higher production cost and the effect from the flood in Thailand affected printing houses and the demand during the end of the year. Short fiber pulp prices in the region declined in the second half of the year from new pulp capacity startups in China and others in ASEAN.

Organizational Development

Business Development

- Focused on becoming leader in the paper and packaging business in ASEAN with extensive investments

in the Philippines, Vietnam, Malaysia, and Singapore. In 2011, the business had also acquired Alcamax Packaging (Vietnam) Co., Ltd., the leading corrugated container producer in Vietnam. This acquisition places SCG Paper as the 3rd in corrugated production capacity in Vietnam.

Human Resources Development

- Organized several training programs to build staff capacities at all levels in accordance with corporate growth strategy to ensure the business sustainable excellences.

- Cultivated knowledge-sharing and joint learning culture among professional group and also emphasized openness and courage to share new ideas in working together.

- Placed importance on cross cultural environment in oversea offices as well as diversities among staff in Thailand.

- Promoted culture and awareness in occupational safety of both staff and all concerned parties, focusing on work achievements, healthiness, and good relationships among colleagues.

Innovation Development

- Developed sales in High Value Added Products and Eco Products to respond to customers' needs and create value for them. The business also encouraged continuant innovations of products and services to increase competitiveness.

- Developed Green Carton, the eco-friendly corrugated container, using less paper while maintaining their strengths, resulting in less consumption of paper pulps and trees. The product satisfies both eco-friendly consumers and general consumers who want a lighter packaging.

Green Carton, the eco-friendly corrugated container reduces paper consumption while maintaining their strengths for maximum stacking capability.



“ SCG Paper is the leader in corrugated container in ASEAN with over 15 plants in Thailand, Malaysia, Singapore, and Vietnam. We continue to strive to satisfy all consumers’ needs. Heading toward ASEAN Economic Community (AEC) where certain markets will grow and some will have advantage in labor cost, our leadership will be strengthened by uplifting quality of our products and services. We are confident in our staff capabilities and ready to face the challenges in the constantly changing market environment to drive the business into the future. ”

Poramate Larnroongroj

Managing Director, Thai Containers Group Co., Ltd.

- Became the first company in Thailand to be certified ‘FM’ (Forest Management) and ‘CoC’ (Chain-of-Custody) by FSC (Forest Stewardship Council) standard in forest management, pulp production, and paper production.

- Became the first paper packaging in Thailand to be certified ‘FSC Recycled’ for the development of the coating of TTF packaging paper produced from 100% recycled pulp. The ‘FSC Recycled’ certifies products are produced from at least 85% post-consumer recycled material.

Sustainable Development in Business Operations

- Emphasized eco-friendly process which reduces raw materials and resources in the production. The business focused on efficient utilization of each material, starting with the collection and segregation of waste paper for use as main material, as well as treating waste water, chemicals, and other materials for reuse in the production thus reducing production wastes.

- Operated under sustainable development concept with awareness in balancing and promoting the economic, social, and environmental development and created values to all stakeholders. In 2011, SCG Paper organized several key projects that promoted community participations such as:

- The Shred2Share#3 campaign was held under the theme ‘Change Your Secret into Love’ by InfoZafe Co., Ltd. in collaboration with 55 business partners. Educational supplies and occupational and basic necessities

were donated to 7 Border Patrol Police schools in Kanchanaburi province.

- The Green Read Writer Academy under the theme ‘Short Story’ was held for readers who want to be writers by organizing training in several topics by distinctive professors and experienced writers.

- ‘SCG Paper Green Academy #4’ fostered local youths in surrounding communities to learn life skills, build knowledge, and raise awareness of environmental conservations as well as to create networks of local youths for continual activities. This lays strong foundations in economic, social, and environmental aspects as well as sustainable development. In 2011, SCG Paper promoted paper recycling and waste paper segregation to add value. About 400 local youths around its 7 facilities, namely Ban Pong Complex, Wang Sala Complex, Phoenix Pulp and Paper Public Company Limited, Thai Union Paper Public Company Limited, Thai Cane Paper Public Company Limited - Kanchanaburi and Prachinburi, and Thai Containers Group Co., Ltd. – Ratchaburi Plant attended a youth camp in October 2011 at Cha-am, Phetchaburi province.

	2011	2010	2009	2008	2007
Information from Statements of Financial Position					
Current assets ¹	11,882	9,675	9,013	9,886	10,075
Assets	60,126	61,018	60,681	60,770	60,132
Liabilities	19,150	16,364	12,424	11,932	14,846
Shareholders' equity	40,976	44,654	48,257	48,838	45,286
Information from Income Statements					
Revenue from sales	54,249	48,954	46,661	49,999	44,087
Costs and expenses	44,482	41,189	38,694	42,124	36,943
Profit for the year without non-recurring items ²	7,304	6,001	6,124	6,004	5,467
Profit for the year ³	7,288	6,014	6,214	6,006	5,463
EBITDA ⁴	12,781	10,810	11,616	11,272	10,198

1 The figure for year 2010 is restated for comparative purpose with 2011.

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

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

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

Operating Results

In 2011, domestic cement business had a total production capacity of 56 million tons, whereas market demand totaled 27 million tons, a demand increase of 3% compared to the previous year due to domestic economic growth especially in private investment in both industry and commercial sectors, even though the flood affected the last quarter of the year.

Export to ASEAN markets in the first three quarters was reduced to respond to higher domestic demands. Export in the fourth quarter faced logistic problems because of the flood. However, export to the ASEAN markets especially Cambodia had been constantly growing.

Revenue from sales of SCG Cement amounted to 54,249 Million Baht, an increase of 11% compared to the previous year. EBITDA was 12,781 Million Baht, up 18% year-on-year, and profit for the year was 7,288 Million Baht, an increase by 21% from the year before on the back of higher sales volume and price.

Grey Cement: Revenue from sales increased by 12%, reflecting a 20% rise in domestic sales, whereas export sales dropped by 8% compared to the previous year.

Ready-Mixed Concrete: Revenue from sales grew by 11% on a rise in domestic sales volume as a consequence of real estate development and construction from government sector despite the effect of the flood crisis in the fourth quarter.

White Cement: Revenue from sales declined by 4%, as domestic sales dropped by 11%, whereas export sales increased by 7% compared to the year before.

Mortar: Revenue from sales grew 36% from an increase in domestic sales.

Refractory: Revenue from sales was similar to the previous year.

Organizational Development

Business Development

- Installed pre-grinding facilities using Roller Press technology at the Lampang plant to reduce electricity consumption in cement production.

- Increased production capacity of mortar in the central region at Khao Wong plant to meet the unceasingly growing demand.

- Increased number of dry mortar spraying and silo service fleets to respond to customer demand for fast, quality wall-coating work.

- Expanded production capacity of white cement and grey cement to Vietnam by acquiring 99.2% shares in Buu Long Industry & Investment Joint Stock Company which produces 80,000 tons of white cement and 100,000 tons of Grey Cement per year.

- Formed an overseas joint venture with Anhui Conch Cement Company Limited in Wuhu district, Anhui province, China, to establish a refractory brick production facility with capacity of 50,000 tons per year.

Human Resources Development

- Built staff competency to fit with business strategy and promoted openness culture that encourages them to express their creativities in meeting customers' latent needs.

Easy Compacting Mortar for wall system significantly reduces time, labor cost, and cement bag usage.



“ Having focused on meeting customers’ demands, we collaborated with RTH Construction Co., Ltd., a leading construction company, in conducting research and development for high rise building ‘Easy Compacting Mortar’ for wall system. This wall system reduces construction time and labor cost and consumes fewer cement bags. In preparing for ASEAN Economic Community (AEC) in 2015, the company plans to increase the export to ASEAN markets, namely Cambodia, Myanmar, the Philippines, and Laos and also to conduct feasibility studies for investment in new Mortar facilities in the future. ”

Rewat Suriyapananont

Managing Director, Siam Mortar Co., Ltd.

- Prepared staff for domestic and overseas business expansion, through recruitment efforts, enhancing skills and work knowledge, cultivating business ethics, and optimizing compensation, benefits, and working environments.

Innovation Development

- Developed Self-curing Cement that could build compressive strength without traditional curing and yield the same concrete quality as that from Portland cement type 1.
- Developed Under-water Concrete for construction under the water such as rivers and sea with a special property in lowering concrete washed by water.
- Developed Easy Compacting Mortar for wall system that shortens time to build inner wall.
- Developed Super Skim Coat and Premium Color Skim Coat for decorative rendering by reducing water penetration and increasing strength and smoothness of the surface.
- Developed External Color render mortar with a special quality in reducing efflorescence, creating a more beautiful and longer lasting wall.
- Developed new Tiger White Cement that increases bonding suitable for tile and sanitary ware installation.

Sustainable Development in Business Operations

- Integrated sustainable development philosophy into business vision, strategy, policy, and operations. SCG Cement is the only company in Thailand to join the World Business Council for Sustainable Development-Cement Sustainability Initiative (WBCSD CSI), a group of the world’s leading cement producers with the shared goal of applying sustainable development to their business operations.
- Stipulated that all staffs take responsibility for environmental conservation and strictly comply with the laws. SCG Cement closely monitors its efforts by having periodical audits conducted by government agencies and independent appraisers. Local communities and interested individuals are welcome to visit the facilities to observe the company’s green manufacturing process.
- Built the confidence and trust of all stakeholders by responding to their needs. SCG Cement encourages employees’ participation through the ‘One Cell One Project’ whereby staff of each production unit (or so-called ‘cell’) carries out dialogues with local communities and engages in a project that reflects community needs.

	2011	2010	2009	2008	2007
Information from Statements of Financial Position					
Current assets ¹	13,025	9,240	8,677	8,326	7,576
Assets	35,848	24,796	22,991	22,654	19,863
Liabilities	23,847	14,209	13,916	15,435	13,540
Shareholders' equity	12,001	10,587	9,075	7,219	6,323
Information from Income Statements					
Revenue from sales	34,171	30,719	26,873	23,351	21,281
Costs and expenses	32,478	28,519	25,135	22,739	20,536
Profit for the year without non-recurring items ²	1,476	1,816	1,538	754	950
Profit for the year ³	1,476	1,872	1,617	778	950
EBITDA ⁴	5,060	5,489	4,907	4,085	3,928

1 The figure for year 2010 is restated for comparative purpose with 2011.

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

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

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

Operating Results

In 2011, the building materials business continued to grow in the first three quarters. Despite the flood crisis in the fourth quarter, domestic sales grew compared to the previous year. In addition to that, the significant growth in ASEAN economies contributed to notable growth in export, especially to the Philippines, Vietnam, and Myanmar.

Revenue from sales of SCG Building Materials amounted to 34,171 Million Baht, an 11% increase from the previous year. EBITDA was 5,060 Million Baht and profit for the year was 1,476 Million Baht, lower than that of last year due to rising energy and raw materials costs and the aftermath of the flood in Thailand.

Organization Development

Business Development

- Invested 750 Million Baht in construction of a light weight concrete block facility in Nong Khae, Saraburi province with a production capacity of 6 million square meters per year. The operation is expected to begin in the first quarter of 2013.

- Acquired 93.5% shares of PT Keramika Indonesia Assosiasi Tbk (KIA) in Indonesia with a production capacity of 27 million square meters of ceramic tiles and 23 million ceramic roof tiles and accessories per year.

Human Resources Development

- Organized the 'Turn Pro with Home Solution' camps in cooperation with technical colleges nationwide and recruited 83 qualified staffs from 270 students who enrolled in the program in 2011.

- Expanded the bilateral project 'Home Solution Career Choice' with Saraburi Technical College, initiating a new curriculum and improving the existing curriculum to enhance professional potentials. The project focused on building practical experiences and professional skills along with ethics by including community services as part of the curriculum.

- The technical training center has provided 20 training programs covering all important skills to 1,530 technicians of SCG Building Materials.

- Adapted franchise concept to the integrated learning system or 'C-Building' to cover all companies in the business. The project promotes learning organization and stimulates innovative thinking among staff. So far, 496 staffs have completed the 'C-Building' program.

Innovation Development

- Reorganized research and development operations to align with a more 'solution oriented' business goal by centralizing all R&D departments in the business and creating a pool of researchers specialized in areas such as Home and Building System Development and Ceramic Technology.

- Formed networks and alliances in knowledge and technology development with public and private research centers such as National Science and Technology Development Agency (NSTDA) and Mahidol University. Also searched for specialists in housing development systems to team up with the research and development unit.

- Established the foundation to test newly developed systems such as the assembly plant of the modular home

SCG House Cooling Systems fosters happiness and comfort of living while conserving energy and the environment.



“ The key strategy in establishing a strong presence of the SCG brand in the ASEAN market is to offering a wide selection of quality building products and services including tiles, sanitary wares, and faucets under SCG and COTTO brands. The brand building efforts are complemented by continuous marketing activities designed to create customers’ brand awareness, recognition, and experience. We are confident that our broad capabilities will contribute to a better quality of life for people in ASEAN as well as a sustainable growth of the ASEAN Economic Community. ”

Anuvat Chalermchai

Brand Director, Brand Management Office, SCG Building Materials

system and the testing center of ‘genius home’ which focuses on central control and energy conservation.

- Researched and developed innovations to meet consumer needs that are in line with corporate vision and strategy such as Interlock Thai Kitchen, Interlock tile system, vertical garden, prototype machines that automatically compile and load roof tiles.

Sustainable Development in Business Operations

- Focused on development and introduction of innovative building materials for eco homes. Created value for consumers and responded to consumers and stakeholders’ demands within all dimensions such as SCG House Cooling Systems which incorporate three main modules, namely SCG Cool Roof & Ceiling System, SCG Cool Siding System and SCG Cool Outer House System. This brings about happiness and comfortable living, saves the energy, promotes environmental conservation, and comes with certified SCG eco value.

- Researched and developed eco-friendly products and concentrated on maximizing efficiency of resource consumption such as COTTO eco tiles that are produced from more than 60% recycled tiles and COTTO sanitary wares and faucets that lower resource consumption.

- Introduced products that uplift and enhance the wellbeing of senior citizens under the ‘Universal Design’ concept, for example, the adjusted seat height in the COTTO Water Closet ‘For All’ Series which is the same as a

wheelchair, making it easier to sit down and get up, broaden toilet seat for better balance, and narrow the opening of toilet to lower risk of slipping into the toilet.

- Installed tile grinder at CPAC Roof Tile Co., Ltd. to recycle defective tiles. This helped save 25,000 tons of defected tiles per year from landfill.

- Reduced energy consumption by 6,646 gigajoules per year by installing a Variable Speed Drive (VSD) to the blower of combustion air fans at Thai Ceramic Co., Ltd.

- Saved 4,002 gigajoules of energy consumed per year in tile burning process by installing high quality burner at Thai Ceramic Roof Tile Co., Ltd.

- Development of rope safety tools for staff and business partners working on roof installation or renovation, for Cementhai Home Services Co., Ltd.

	2011	2010	2009	2008	2007
Information from Statements of Financial Position					
Current assets	12,167	9,196	6,941	7,807	8,528
Assets	16,282	12,177	10,110	10,903	11,143
Liabilities	11,251	8,550	7,333	7,557	8,834
Shareholders' equity	5,031	3,627	2,777	3,346	2,309
Information from Income Statements					
Revenue from sales	111,920	96,898	86,641	102,672	86,440
Costs and expenses	110,885	95,942	85,821	101,582	85,415
Profit for the year without non-recurring items ¹	1,075	1,061	1,077	1,211	939
Profit for the year ²	1,075	1,061	1,077	1,211	939
EBITDA ³	1,532	1,440	1,581	1,739	1,576

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

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

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

Operating Results

In 2011, the distribution business gained the benefit from market growth in the first three quarters. Despite the flood crisis in the fourth quarter, the distribution business still grew 16% from its diverse businesses both domestically and internationally.

Revenue from sales of SCG Distribution amounted to 111,920 Million Baht, 16% increase from the previous year. Sales of non-SCG products accounted for 37% of the revenue from sales. EBITDA was 1,532 Million Baht, 6% increase from last year, and profit for the year was 1,075 Million Baht, an increase by 1% from the previous year.

Domestic Distribution Business: Revenue from sales increased by 19% from the previous year as a result of 52% sales growth of non-SCG products and 13% sales growth of SCG products.

International Trading Business: Revenue from sales rose by 7% from last year because of increases of cement export and import of coal, waste paper, and steel scrap.

Logistics Business: Revenue from sales increased by 4% from the previous year due to growth of building and construction materials market and increasing numbers of non-SCG customers.

Organization Development

Business Development

- Expanded domestic distribution network by increasing 12 authorized dealers and 10 Home Mart stores.

- Developed project management program as one stop solution that provides real time services and enables

customers and SCG's manufacturers to effectively manage products flow in each construction project.

- Expanded 'Pro Shop' service for technicians and sub-contractors in 30 stores with 12,000 'Red Card' loyalty program members.

- Improved Multi-sourcing and Supplier Relationship Management (SRM) to foster 50% business growth per year and improve procurement efficiency and management of non-SCG building material products.

- Developed distribution channels for building materials in ASEAN countries by establishing SCG Marketing Philippines Co., Ltd. in the Philippines and four SCG Authorized Dealers in Cambodia and Myanmar.

- Secured supply of transportation and enhanced operation efficiency in truck, ship, and warehouse operation to support business growth of SCG and non-SCG customers, including services expansion to new industries such as electrical appliances and food & beverage.

- Expanded warehouses at Lam Chabang for Export Service Center (ESC) with the total area of more than 58,000 square meters.

- Expanded logistics services in Indonesia and Myanmar.

- Acquired PT Kokoh Inti Arebama Tbk (KOKOH) in Indonesia. The company is a distributor of floor and wall tiles, ceramic roof tiles, and other building materials with 22 branches all over Indonesia.

- Invested in renewable energy business through joint venture with a waste management company in the Philippines to set up Refuse Derived Fuel (RDF) operation.

Safety Monitoring System: the system that enhances safety standard of our transportation services.



“ SCG Logistics seeks opportunities in the new, large markets while preparing ourselves for competition in ASEAN. For domestic business, to keep our leading position, we have set up warehouses in strategic locations, secured supply of transportation to serve increasing demand, improved operation efficiency, applied new technology to improve our operations, and built capability for both employees and truck drivers. For international business, we have expanded our footprint into ASEAN focusing on supporting SCG businesses and building platforms for sustainable business in the region. ”

Nithi Patarachoke

Managing Director, SCG Logistics Management Co., Ltd.

Human Resources Development

- Developed new generation managers with Constructionism and Coaching programs to support domestic and international business expansion.
- Promoted positive work environment to encourage employee engagement.

Innovations Development

- Increased high value added products and services to 23,000 Million Baht, a 90% increase from the previous year, such as ‘Tra Chang’ steel bar, high quality screened coal, and Pro Shop.
- Developed e-Marketing system to improve customer service and product distribution. The system includes e-Auction, e-Trading, e-Clearance, and e-Catalog.
- Implemented Safety Monitoring System to enhance transportation safety standard that closely tracks the location of all trucks in real time.

Sustainable Development in Business Operations

- Developed Human Resources Management Program for dealers by Home Mart Academy and collaboration with dealers, focusing on organization development, recruitment, and employee development programs.
- Engaged and built relationship with the community in surrounding areas of coal operation as well as educated in closed operation system to minimize environmental effect.

- Trained over 10,000 truck drivers of partners on skills and knowledge in truck driving, especially safety awareness, by SCG Skills Development.
- Enhanced efficiency in multimodal transportation to reduce energy consumption and logistics costs.
- Provided free transportation services to help flood victims by collaboration with truck partners.

Corporate Governance Report

SCG's Principles of Corporate Governance

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

SCG considers corporate governance to be a part of its business policy, which the Board of Directors has agreed to review and evaluate on an annual basis. In addition, the Company makes improvements, amendments and changes in corporate governance in line with the changing economic and social situation. The Board of Directors has assigned the Governance and Nomination Committee to take charge of corporate governance matters as well as to consider trends and new developments at the international level. For example, the Committee considers the rules and practices of the world's leading companies and stock exchanges with those of SCG in order to find areas for improvement. The Board of Directors, moreover, specifies corporate governance to be one of the main items on the agenda at the Board of Directors' meeting. The Company published booklets on SCG's corporate governance policy and Code of Conduct and distributed them to employees. To ensure that employees understand these policies clearly and put them into practice effectively, the Company conducts related informational events. SCG expects all employees to adhere strictly to the SCG Code of Conduct, which is a prime factor considered in the annual evaluation of employees at the supervisory level and above. Employees and the public are welcome to study the content and details of these policies as described on SCG's website, www.scg.co.th.

In 2007, SCG updated the SCG Code of Conduct by adding guidelines for each business, illustrative examples, clearer practices, and a whistleblower policy that protects any employee who files a complaint or reports on improprieties or suspected violations of laws, SCG rules, regulations, or the SCG Code of Conduct. Moreover, the Company has formed a working team responsible for devising the policies and providing consultancy regarding the SCG Code of Conduct. This team comprises top management from functions responsible for ensuring

compliance with the SCG Code of Conduct and from the business units. This working team will monitor performance and give advice on relevant issues. Moreover, the Audit Office is also responsible for maintaining communication channels to receive complaints and implementing the whistleblower policy.

Throughout 2011, the Corporate Governance Development Unit devoted its effort to monitoring adherence to the principles of corporate governance while sharing knowledge and promoting the SCG Code of Conduct to employees at all levels. The focus of this work was on raising employees' awareness, starting from the very first days of their employment. To that effect, the team distributed the SCG Code of Conduct handbook to all new SCG employees. In addition, the Company provided consultative systems related to the Code via the SCG Code of Conduct website, SCG Code of Conduct guidance system and whistleblower policy system. At the same time, the Audit Office continuously carried out workshops on topics related to good corporate governance and the code of conduct. The record showed that in 2011, there were 27 complaints via the whistleblower system. Investigations of all these complaints have been concluded, six of which are regarded as instances of fraud with immaterial economic value. However, these too were taken into consideration for fine-tuning the Company's system to prevent fraud in the future.

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

In addition, stakeholders have the opportunity to participate in improving the Company's operating results through communications with the Investor Relations

Department via e-mail at invest@scg.co.th. All suggestions will be considered carefully prior to reporting to SCG's top executives and the Board of Directors for acknowledgement and consideration.

In 2011, SCG won four awards from FinanceAsia magazine in its latest annual ranking, Asia's Top Companies 2010 as follows:

- Best Managed Company Award
- Best Corporate Governance Award
- Best Corporate Social Responsibility Award
- Most Committed to a Strong Dividend Policy

In addition, SCG won a rating of 'Excellent' in the Thai Investors Association's 2011 Annual General Meeting Checklist (AGM Checklist) survey. The Thai Institute of Directors gave SCG an 'Excellent CG Scoring' in the 2011 Corporate Governance Report on Thai Listed Companies. The Stock Exchange of Thailand has given the Company its Award of Honor in two categories: Best Corporate Social Responsibility Awards and Best Investor Relations Awards.

Guidelines on SCG's Corporate Governance

The Rights of Shareholders

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

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

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

shareholders of the information through SCG's website and the SET.

2. SCG sends all shareholders significant and sufficiently detailed information concerning the Shareholders' Meeting date and the Meeting agenda prior to the date of the Meeting. Such information will be posted on SCG's website around two months before the related documents are submitted to shareholders, and not less than 20 days prior to the Meeting. The shareholders' right to attend the Meeting and the right to vote on resolutions will be clearly stated in the Meeting notice submitted by the Company.

3. Any shareholder who is unable to attend a Meeting is entitled to appoint a representative, e.g., an independent director or other person, to act as proxy, using the proxy form attached to the notice of the Meeting. The Company has prepared the proxy forms in compliance with the specifications defined by the Ministry of Commerce whereby the shareholders can exercise their voting rights as wished. The proxy forms can also be downloaded from SCG's website. For shareholders' convenience, SCG provides the duty stamp to be sealed on the proxy form. Shareholders who arrive after the Meeting has commenced are able to vote on the agenda item being considered provided that a resolution is not yet made. Late-arriving shareholders shall constitute part of the quorum starting from the agenda item for which they are in attendance and can exercise their voting rights unless the Meeting states otherwise.

4. Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company have the right to suggest issues to be included in the agenda of the Annual General Meeting of Shareholders for 2012. Shareholders were allowed to exercise this right three months in advance between September 1 – 30 November, 2011 so that the Governance and Nomination Committee could screen the issues before presenting them to the Board of Directors for consideration. Should the proposed issue be included on the Meeting agenda, the Company shall specify in the notice of the Meeting that the agenda item was proposed by a shareholder. However, in case the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders. Moreover, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members in the same period. The Governance and Nomination Committee shall consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of

directors. The Committee then presents the nominees to the Board for consideration before proposing them to the Shareholders' Meeting for approval. The Company made available a form for advance proposals for the Meeting agenda and director candidates, for the convenience of shareholders. However, no shareholder proposed any agenda item or candidate prior to the Meeting.

5. In 2011, the SCG Annual General Meeting of Shareholders was held on March 30, 2011, whereby all 12 directors attended the Meeting. The Company deemed it appropriate to organize the Meeting at Athenee Crystal Hall on the 3rd floor of Plaza Athenee Bangkok, a Royal Meridien Hotel, as was previously done in 2010. The change was made in 2010 in consideration of the increasing numbers of shareholders attending the Meeting each year, because SCG would like to make it easier for them to attend, raise questions, and express opinions all in the same room in order to ensure a smooth and effective meeting. In addition, an exhibition was organized to keep shareholders abreast of SCG's business operations and product innovations.

6. On the date of the Meeting, the Company uses a barcode system for registration to ensure convenience for shareholders based on the reference number already included in the registration form and proxy form. In addition, for each agenda item, the Company will collect the ballot papers from shareholders who vote 'disapprove' or 'abstain' in order to deduct the votes from the total entitled voting rights. The Company applies the e-voting system to perform the calculation using electronic PDA (Personal Digital Assistant) and socket scanners in order to ensure immediate voting results in time for announcement right after the end of each agenda item. Shareholders are entitled to verify each voting result after the Meeting.

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

In order to comply with the criteria of the Thai Institute of Directors and AGM Checklist concerning good corporate governance, listed companies are

recommended to allow shareholders to elect each director individually. Therefore, in 2011, the Governance and Nomination Committee proposed the Board of Directors to amend Articles of Association to allow shareholders to elect each director individually. The Board of Directors resolved to propose to the 2012 Annual General Meeting of Shareholders to approve the amendment of the Articles of Association, which will take effect at the 2013 Annual General Meeting of Shareholders for election of directors.

8. At the Meetings, shareholders are allowed to freely express their opinions, give suggestions and raise questions on any agenda item before casting votes, so that shareholders can obtain sufficiently detailed information on the matter in question. Should shareholders have questions or inquiries, specialists in specific fields are available to answer queries under the authority of the Board.

9. For any item on the agenda at the Shareholders' Meeting, the shareholders can call for a casting of votes by secret ballot if five shareholders make such request. The Shareholders' Meeting shall resolve to approve the casting of votes by secret ballot upon a majority of votes.

10. An agenda item regarding the Board's remuneration is included to inform shareholders of the amount and type of remuneration received by each director including meeting allowance and bonus. Full details can be found in the Company's Annual Report on page 80.

11. The agenda of the 2011 Annual General Meeting of Shareholders was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request for the Meeting to consider any agenda item other than those specified in the invitation letter.

The Equitable Treatment of Shareholders

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

Assigning Independent Directors to Take Care of Minor Shareholders

Minor shareholders can contact the independent directors directly to give suggestions, express opinions or file complaints, via e-mail at ind_dir@scg.co.th. The independent directors are responsible for handling each matter appropriately. For example, in case of a complaint, the independent directors will investigate and seek a proper solution. On the other hand, if there is a suggestion that

is considered to affect the stakeholders or the business, the independent director will report it to a Board of Directors' meeting for consideration and include it in the agenda of the Shareholders' Meeting.

Establishing Sound Relationships with Shareholders

In 2011, SCG invited interested shareholders to participate in the Company's CSR activities alongside our directors and employees, which helped promote good relations with shareholders while contributing to the betterment of society and the environment. In this regard, SCG provided equal rights for both major and minor shareholders. Two such CSR activities were held during the year. On May 21, 2011, the Company organized the 'Building Check Dams with SCG to Restore Balance to Khao Yai Da' program at Khao Yai Da, Amphoe Muang, Rayong province and on August 2-3, 9, 2011, and the 'Cherish the National Heritage at Rattanakosin Exhibition' program at Rattanakosin Exhibition Hall in Bangkok. Both programs were well received by shareholders.

SCG has also planned to organize two other CSR activities: the 'SCG Conserves Mae Ramphung Beach' program in Rayong province and the 'Building Check Dams with Kaeng Khoi Plant' program in Saraburi province in November and December, 2011. A large number of shareholders expressed great interest in participating in both activities. Unfortunately, Thailand's worst flooding in decades that spread across several provinces from October through December prompted the programs to be postponed for the sake of shareholders' safety. However, the Company plans to hold more activities to maintain and grow relationships with shareholders.

Internal Information Control

The Board of Directors has established measures to control the use, and prevent misuse of internal information, especially as regards Insider Trading for the personal benefit of concerned persons, namely the Board of Directors, SCG's top executives and related employees, including their spouses and children who are minors. They are as follows:

- All concerned persons are prohibited from trading Company shares for a two-week period prior to release of the Company's quarterly and annual financial statements, and for 24 hours after the release (Blackout Period).
- Should they have knowledge of confidential information that could have any impact on the Company's share price, they are prohibited from trading Company shares until 24 hours after the public disclosure.
- The secretary to the Board and the corporate secretary will inform the directors, SCG top executives

and related employees of the prohibition period not less than one week prior to such period.

- In addition, the Board of Directors will monitor all required actions in accordance with the related measures. Any changes in a director's or top executive's shareholding must be reported in the Board of Directors' meeting.

Preventing Conflicts of Interest

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

- SCG has a clear and transparent shareholder structure. There is no cross-holding among major shareholders, thereby preventing any conflict of interest or transfer of benefits from one party to another. The shareholder structure of SCG and its subsidiaries is published in the Company's annual report, as are each Board member's holdings of ordinary shares and debentures.
- There is a clear separation of duties and responsibilities among the Board, management, and shareholders, thereby ensuring no overlap of duty or responsibility. Any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.
- The Company has an established policy governing the use of internal information and has incorporated the power of authorities and employee regulations in writing, with penalties for the executives or employees in the event the internal information is disclosed to the public or used for personal benefit.

- Directors, top executives, employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading stock futures linked to SCG ordinary shares in order to ensure compliance with SCG's Corporate Governance Policy.

- The SCG Code of Conduct includes additional guidelines that prohibit employees from using the Company's assets or spending working hours to search, contact or conduct activities related to share-trading on a regular basis for personal gain or on behalf of others without justifiable reason and not for SCG's interests.

The Role of Stakeholders in Corporate Governance

SCG conducts business with the highest awareness of its responsibility to ensure sustainable and mutual benefits to all related parties. The Board of Directors oversees our management system to ensure that the Company acknowledges the rights of stakeholders, both

as stated by law and as clearly written in the SCG Corporate Governance, the SCG Code of Conduct, and Policies and Practices toward Stakeholders. The Company guarantees that those rights are protected and the shareholders, employees, customers and business partners are treated equally.

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

Employees: SCG truly believes that its employees are the most valuable assets and is determined to ensure that every employee is proud of and confident in the organization. During the previous year, the Company organized activities to promote a collaborative working environment to drive innovation and enhance the competence of employees, readying them to work overseas and to cope with the volatile economic situation. Furthermore, we focused on promoting employees' health and safety, excellent working conditions, and competitive remuneration. Moreover, during the flood situation, SCG opened The Assistance Coordination Center for SCG Employees to help the flood victims.

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

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

Contractors: SCG has a policy of taking good care of its contractors regarding the environment, work safety and remuneration. Further, the Company is resolved to develop the capabilities and knowledge of contractors both at work and beyond to enable them to work more efficiently.

Joint Venture Partners: SCG respects the rights of joint venture partners and treats every partner equitably

and fairly. The Company works collaboratively with joint venture partners to ensure that the joint ventures achieve the shared goals.

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

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

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

The Media: SCG stresses the importance of disclosing information to the media so that they can communicate the information to the public accurately and rapidly. To establish good relationships with the media, the Company organizes various activities such as plant visits and meetings to exchange views.

Society and Community: SCG conducts business with fairness to all related parties and with concern for social responsibility. In addition to full and accurate disclosure of information, the Company is open to comments and suggestions from every part of civil society to ensure a shared approach to operating business sustainably alongside social and community development. The Company supports activities that promote quality of life and create happiness for communities and the public wherever we operate, both in Thailand and in other ASEAN countries. We organize various activities for the benefit of society, especially projects to develop the potential of young people in different fields, namely, science, technology, sports, and arts. In addition, we provide emergency relief at times of disaster, especially in the latest flood situation.

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

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

Reflecting our concern for the environment and society, the Company has introduced the SCG eco value label for eco-friendly products and services that are produced by using special processes that minimize environmental impacts, based on the ISO 14021 standards. In 2011, 47 products received the SCG eco value label. Revenue from sales of SCG eco value products currently account for 13% of total revenue from sales. By 2015, the number is expected to increase to one-third of total sales.

SCG has set its sights on achieving 'zero waste to landfill' by 2012. The efforts include reducing waste at its source and selecting raw materials that produce the least waste. At the same time, waste will be separated or recycled for reuse as alternative fuels or materials in cement kilns. In addition, the Company has a policy of purchasing products from suppliers that recycle or reuse their used products to maximum benefit or purchasing products with a longer service life.

In addition, SCG, in cooperation with other businesses in the Map Ta Phut Industrial Estate, established the 'Community Partnership Initiative', which subsequently became 'Community Partnership Association', and reached a mutual agreement on the development of a prototype factory having higher environmental standards than the legal requirements. The association was also aimed at working with the community to solve problems together. In 2011, SCG joined forces with cement manufacturers in Saraburi including SCG Cement, Siam City Cement and the Thai Cement Manufacturers Association to set up a Cement Partnership Initiative, the first of its kind in Thailand. The objectives were to drive good practices in developing the cement industry into an eco-friendly industry while taking care of the community and supporting the development of quality of life earnestly

and sincerely. This is intended to enable industry and the local community to coexist symbiotically and sustainably.

SCG continues its focus on water conservation. The 'SCG Conserving Water for Tomorrow' project has made progress in providing support to communities for the building of check dams, which restore the balance of nature and lead to the sustainable growth of the community. Through the end of 2011, SCG, together with communities and networks, have built more than 30,000 check dams. The Company plans to build a total of 50,000 check dams by 2013 to celebrate 100 years of SCG. Moreover, SCG strives to raise awareness among the public and communities about conservation of water and the environment in order to achieve sustainable growth. Details of SCG's environmental and social activities are available in our annual Sustainability Report, which has been published each year since 2001, at www.scg.co.th.

SCG published a written 'SCG Stakeholder Engagement Policy' in 2010 in order to adhere to its responsibility to stakeholders and respond to changing social, environmental and business trends and the fact that stakeholders nowadays are more sophisticated with higher expectations regarding treatment, the expression of opinion, and decisions and actions taken on matters affecting them. The Policy gives employees clear guidelines on how to do business by adding value to shareholders in the long run while at the same time always considering the impacts on other stakeholders. The Company upholds its commitment to being a good citizen in society, especially in communities where its operations are located, by doing business with a sense of respect to the rights of stakeholders and ensuring that they are given fair treatment. The Company listens to opinions and concerns, promotes understanding among stakeholders, supports creative cooperation on matters of interest to stakeholders, and assists in the development of society and the environment, all of which are intended to ensure that SCG conducts business on the basis of fairness to all involved parties. The policy, which is published on the SCG website, covers four main areas:

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

In 2011, SCG compiled the existing policies and practices toward various groups of stakeholders as well as additional policies and practices and put them together in writing to provide employees with clear guidelines. Having been approved by the Board of Directors, 'SCG Policies and Practices Toward Stakeholders' have already been

introduced. They encompassed 12 groups of stakeholders as follows:

- | | |
|--|---------------------------|
| 1) Shareholders | 2) Customers |
| 3) Employees | 4) Suppliers |
| 5) Business partners | 6) Joint venture partners |
| 7) Creditors | 8) The community |
| 9) Government agencies | |
| 10) The Civil society sector, academia,
and opinion leaders | |
| 11) The media | 12) Competitors |

SCG Policies and Practices Toward Stakeholders are detailed on www.scg.co.th.

Disclosure and Transparency

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

1. Disclose accurate, complete and timely financial information and non-financial information.
2. Prepare a report on the Board's responsibility for financial statements and present it along with the Audit Committee's report in the Annual Report.
3. Establish a policy that requires the Company's directors and executives to report their own interests, and those of any related persons, which are vested interests relating to the management of the Company or its subsidiaries. The criteria and reporting procedures are as follows:
 - Report when first taking office as a director or executive.
 - Report every time there is a change in a director's or executive's vested interests.
 - Report at every year end.
 - A director retiring on rotation and being re-elected is not required to report his/her own interests again should there be no change in the information.
 - A director or executive shall submit the report via

the corporate secretary who will gather and store the documents and submit them to the chairman of the Board of Directors and the chairman of the Audit Committee for acknowledgement within seven days after the Company receives the documents.

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

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

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

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

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

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

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

11. Report on corporate governance policies and related performance.

12. Reveal significant investment projects and relevant impacts of the projects via the SET Community Portal of the Stock Exchange of Thailand and SCG website. In 2011, the Company disclosed its investment projects in the corrugated container business in Vietnam as well as in ceramic and distribution businesses and petrochemical business in Indonesia.

Moreover, in 2011, the Board of Directors still upheld information disclosure guidelines related to SCG so as to systematize the Company's information disclosure and avert any damage caused by improper disclosure. This reassured shareholders, investors, the general public and all stakeholders that SCG is committed to disclosing information clearly, equitably and in compliance with the law. To that effect, the existing practices have been compiled and formulated in SCG's Disclosure Policy set forth in 2008. The Company has designated the persons responsible for disclosing non-public information as well as establishing guidelines on the disclosure of different types of information to the public and setting up critical periods in which extreme caution should be taken prior to the disclosure of information to the public. Details of the guidelines are available for stakeholders and the general public on SCG's website.

The Investor Relations Department of SCG is responsible for communications with institutional investors, retail investors, shareholders, analysts and relevant government bodies on an equal and fair basis. Should the shareholders require additional information, they can contact the Investor Relations Department directly via invest@scg.co.th. In 2011, SCG arranged activities for the president & CEO and the vice president to meet retail investors, institutional investors and analysts on a regular basis, whereby the operating results, financial statements and position, management discussion and analysis, and industry trends were presented. During the year these activities included:

- Newly introduced domestic roadshows, whereby SCG visited institutional investors whose offices are in Bangkok in order to provide clarification and summary of SCG's general information.
- Investor meetings for the president & CEO as well as vice president to meet with domestic institutional investors at the SCG Headquarters in Bangsue, where clarifications and summary of general information were provided.
- Analyst conferences held on a quarterly basis.
- A total of 12 overseas roadshows.
- Various company visits as well as direct replies to inquiries from investors via telephone and emails on a regular basis.

The Board of Directors: Its Responsibilities, Structure, and Committees

The Structure of the Board of Directors

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

The number of directors is currently limited to 12, comprising 11 non-executive directors and one executive director, who is the company's president & CEO. The six independent directors, namely, ACM Kamthorn Sindhvananda, Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Mr. Tarrin Nimmanahaeminda, and Mr. Pramon Suthiwong (who has been qualified as an independent director since June 1, 2011). The qualifications of independent directors are in accordance with the criteria

(as reported in the 2011 Annual Report, pages 58-59) that the Board of Directors on May 25, 2011 resolved to revise, making them stricter than the requirements of the Capital Market Supervisory Board. Further, in 2011, the Board of Directors resolved to limit the number of terms for which an individual may serve as an independent director to a maximum of three consecutive terms. The first term started from May 25, 2011.

The Board has further established the Audit Committee, Governance and Nomination Committee, and Remuneration Committee to be responsible for their specific areas and report directly to the Board for its consideration or reference. The Board of Directors is entitled to form other sub-committees to handle any specific situations as seen appropriate. In this regard, SCG put in place its Committee Charter specifying rights and duties, which is published on the Company's website. Moreover, an evaluation of the committees' performance and review of their operational results are conducted at least once a year. In 2011, a slight modification was made to the evaluation form of the committees and sub-committees to facilitate the evaluations by the Board of Directors.

The Board of Directors' meeting on May 25, 2011 also resolved to approve the establishment of the CSR Committee for Sustainable Development dedicated to supervising policies on CSR activities and sustainable development.

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

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

The Audit Committee comprises four independent directors, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance. Mr. Tarrin Nimmanahaeminda, with his extensive knowledge and experience, is responsible for reviewing the reliability of the financial statements. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the Company's Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover,

the Committee is committed to promoting the advancement of SCG's financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. The Audit Committee acts and expresses opinions independently, with the Audit Office acting as an operations unit reporting directly to the Audit Committee. The Audit Committee also works regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee must set up meetings with the Company's external auditor, which exclude the management, at least once a year in order to hear their comments. In addition, the Committee may seek external consultation and professional advice from independent consultants or specialists, as deemed appropriate, at the Company's expense.

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

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

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

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

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

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

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

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

In 2011, SCG's top executives comprised nine executives including the President & CEO, Vice President – Finance and Investment & CFO, and Vice President – Corporate Administration as well as the Presidents of the five core businesses – SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, SCG Distribution, and Vice President-Operations, SCG Chemicals. The nine executives are authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy;

resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

Board of Directors' Meetings

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

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

In 2011, the Board held 11 meetings, eight scheduled meetings and three special meetings. Prior to each meeting, all members received the agenda and supporting documents well in advance to allow adequate time for preparation.

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

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

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

After the Meeting, the corporate secretary is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the chairman. Directors may make comments,

corrections or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely in the corporate secretary's office together with all related documents, which are backed up electronically to facilitate data searches.

The Secretary to the Board of Directors and the Corporate Secretary

The Secretary to the Board

The Board appointed Mr. Worapol Jannapar as the secretary to the Board of Directors responsible for providing advice to the Board regarding the performance of duties in compliance with the law, preparing the minutes of the Board's meetings, and attending every Board meeting. He is deemed by the Board to be highly knowledgeable and experienced, especially in legal matters, allowing him to provide appropriate advice to the Board regarding laws, rules, regulations and the SCG Corporate Governance Policy.

The Corporate Secretary

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

Remuneration for the Board and the Top Executives

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

Apart from ordinary remuneration, the Shareholder's Meeting on March 24, 2004 passed a resolution approving the Company to pay a bonus to the Board of Directors in an amount not exceeding 0.5% of total dividends paid to

shareholders. The Board of Directors is responsible for consideration of the appropriate amount of bonus and the amount to be paid to each director. The resolution is effective from the date of approval until any subsequent resolution. The bonus for directors will be considered based on the growth of profits of the Company, while the bonus of top executives is considered based on the performance of each business as well as individual performance.

As for remuneration for the committees, the Board of Directors is entitled to set the remuneration for each committee according to Clause 40 of the Company's Article of Association. However, to ensure transparency in tune with good corporate governance, the Board found it appropriate to seek from the Shareholders' Meeting the approval of the remuneration for three committees, namely the Audit Committee, the Governance and Nomination Committee, and the Remuneration Committee. In 2006, the 13th Annual General Meeting of Shareholders on March 22, 2006 passed a resolution approving the remuneration for the committees at the same rates as proposed by the Board. Later in 2011, the 18th Annual General Meeting of Shareholders on March 30, 2011 approved new remuneration rates for the three committees.

Details of remuneration for the Board of Directors, both monthly payments and annual bonuses, as approved by the Shareholders' Meeting, including the remuneration for members of committees in 2011, are reported for each individual on pages 80 of the Annual Report.

Performance Appraisal and Knowledge Enhancement

Performance Appraisal of the Board

SCG makes available the performance evaluation form of the Chairman. The directors are required to appraise the Chairman's performance, since his role in defining policy and ensuring good corporate governance is essential to the Company. In addition, the performance appraisal of the Board consists of group assessment (as a whole) and self-assessment. The assessment results are reviewed in order to find ways to continue to improve the Board's performance.

The performance appraisal of the Board both as a whole and self-assessment comprises eight major topics as follows:

1. Knowledge and understanding about the role and responsibilities of a director in accordance with the laws, rules, and regulations stipulated by various agencies or institutions such as SEC, SET, or Federation of Accounting Professions.

2. Strategy setting and policy making.
3. Performance of duties as director /committee.
4. Monitoring financial performance and reporting.
5. Board of Directors' meetings.
6. Nomination of the Company's directors and President & CEO.
7. Setting remuneration for the directors and top executives.

8. Performance appraisal of the President.

In 2011, the assessment result of the Board as a whole was 95% and the result of self-assessment was 92%. Moreover, the Board of Directors added comments on the evaluation forms that the duties and responsibilities as prescribed by the laws of a director of a listed company were important. Currently, the criteria and regulations have undergone changes and become stricter. Thus, the Board found it appropriate for the management to organize a discussion on 'Laws, Rules and Regulations Related to Listed Companies That the Board of Directors Should be Informed of, and Suggestions to Prevent Mistakes' between the Board and top executives of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission on Wednesday, July 6, 2011. The objective was to exchange ideas and suggestions to improve the corporate governance practices of Thai listed companies.

SCG prepared a handbook for directors, which includes the summary of laws, rules and regulations related to the directors as well as practices to keep directors informed of roles, duties, principles and practices for a director. The handbook is distributed to all directors for use as reference regarding basic information. In addition, directors are also kept abreast of laws related to or promoting good corporate governance such as anti-corruption legislation.

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

1. To compile the necessary information for directors to ensure their compliance with laws, rules, and regulations related to the directors.

2. To provide important information essential for the directors' performance of duty such as the Articles of Association, SCG's director handbook, the handbook for directors of listed companies, and summary of operating results, for use as quick reference.

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

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

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

Performance Assessment of SCG's President & CEO and Top Executives

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

1. The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.

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

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

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

Nomination of Board Members

The Governance and Nomination Committee is responsible for selecting qualified candidates to replace the directors who are retiring on rotation at the end of their terms, or whatever the case may be, and proposing a list of nominees to the Board for resolution at the Shareholders' Meeting. The Governance and Nomination Committee selects the candidates with credentials in a wide range of professions, excellent leadership, breadth of vision, a proven record of ethics and integrity, and who are able to share their opinions independently.

Furthermore, the Governance and Nomination Committee shall consider the personal qualities of the candidates proposed for selection as Board members, as regards:

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

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

Internal Control and Audit System

1. Internal Control

SCG places high priority on internal control by stipulating that the Audit Committee is accountable for review of internal control systems to ensure they are sufficient and appropriate for the Company's business operations. To that effect, the Internal Control-Integrated and Enterprise Risk Management-Integrated Frameworks of the Committee of Sponsoring Organization of the Treadway Commission (COSO) are used as management tools to synergize the risk management process and internal control efforts. This corresponds to SCG's business operations and the eight components of enterprise risk management including internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring. Moreover, control self assessment (CSA) has been implemented, allowing employees to use it as a management tool for their work, to improve the internal control of work systems, to monitor and follow up work under their responsibilities completely, and to solve any problems promptly to achieve the established goals in an efficient manner.

In 2011, apart from the aforementioned internal control activities, SCG developed various systems to ensure the efficiency and effectiveness of the control system and to promote sustainable development. These work systems can be summarized as follows:

1. Raising employees' awareness about establishing preventive measures

SCG realizes the importance of preventive measures which employees and the internal control system play a key role in success in implementing and executing the measures. Hence, SCG has established an appropriate and strict internal control system, preventive measures, audit activities and corrective measures in order to mitigate risks and potential impacts. This runs concurrent with instilling ethical values into employees at all levels and developing employees' good understanding of corporate governance, starting from their first day of employment. Apart from an orientation program, employees undergo constant training and participate in workshops on compliance with the Company's Corporate Governance Policy and Code of Conduct. The Company has established a sound oversight system, having the Board of Directors to act as role models for all employees. In addition, SCG has developed work procedures, fraud prevention manuals and guidelines for all major business functions to promote employees' understanding, awareness, and observance of high ethical standards in performing their duties. Further, SCG has stipulated the use of Control Self Assessment (CSA) and established a whistleblower system in order to allow employees to report suspicious fraudulent acts or non-compliance with rules, regulations and laws. Where there is sufficient evidence of a fraudulent act, the Company appoints an investigation committee to ensure fairness to all concerned parties. Each instance of fraud will be used to help define preventive measures and as a case study.

2. Developing Customized Control Self Assessment (CCSA) Systems

SCG has implemented control self assessment (CSA) systems in the operations of various functions, which has met with sustained success. In 2011, to ensure that the control self assessment encompasses the key performance indicators (KPI) as well as the key internal controls of each business unit, and corresponds to the changing business environment, the Company enhanced the existing CSA system and customized it to better fit the nature of each business unit. The Company added assessment of key controls in line with the COSO guidelines defined internal control warning signals, prepared an executive

summary, and developed a self-check template so as to facilitate easier assessments by employees. Further, appropriate persons were designated to conduct assessments according to each specific type of internal control, i.e., a monthly operational control and a quarterly general control, in addition to monitoring the assessment results and improvement of controls.

3. Developing continuous monitoring and continuous auditing system for the business units

To ensure that the business units have tools for use as mechanisms to control and prevent fraud risks and to monitor the performance of each function efficiently, the Audit Office has developed a continuous monitoring and continuous auditing system using information technology (IT) to link the databases of different systems and detect transactions that show abnormal signs or potential problems that need to be kept track of or fixed. This keeps the persons in charge promptly informed while ensuring a more efficient internal control and audit system.

2. Internal Audit

The Audit Committee supervises the Audit Office to ensure that it works with independence, integrity, and proper ethics under the Audit Office charter, which clearly prescribes the mission, scope of work, authority, duty, and responsibility as well as the operating and auditing guidelines. The Audit Committee also assesses the sufficiency and efficiency of internal control systems and enterprise risks so as to ensure that the operations are in line with SCG's vision and the constantly-changing business environment. This enables employees at all levels to perform their duties efficiently and effectively. In 2011, the efforts can be summarized as follows:

1. Audit enhancement to create high value services

In addition to focusing on providing independent and objective assurance and consulting services creating values for SCG and contributing to operational improvements, the Audit Office has committed to audit enhancement to create high value services in a sustainable and continuous manner. To achieve this goal, the Office prepared the annual risk-based audit plan and promoted 'Global Auditing Excellence' by benchmarking SCG's internal audit practices against those of leading professional audit firms with the focus on implementation. The high value services are as follows:

1.1 Organized team for high-risk projects by integrating computer audit, business unit audit and audit development. All concerned parties collaborate to assess risks and

provide recommendations for improving business processes. Information technology is used to enhance efficiency of the audit process and facilitate monitoring and detection of abnormal signs.

1.2 Performed proactive preventive audit by examining the shortcomings in operations in order to develop an appropriate system and also made suggestions to the management of each business unit or function , or other involved departments to prevent the errors from happening among other companies in the Group.

1.3 Acted as the business partner of each company with the focus on providing consultancy and application. To do so, the Audit Office provided information and suggestions on accurate work procedures and the internal controls appropriate for the nature of each business every time the Office carried out an audit at a company and found points needing improvement. The audit results from the company were encapsulated into the lessons learned for application and use in workshops to prevent mistakes from happening again.

2. Auditors' competency development

At present, internal audit work develops rapidly with a stronger emphasis on professionalism to enhance the knowledge, skills, and competency of auditors to reach international standards, enabling them to work more efficiently and effectively and with better quality. This helps add more value to the organization. The Audit Office provides constant training to equip internal auditors with professional and business knowledge as a means to enhance their competence. In addition to systematic knowledge management, the internal auditors are encouraged to attain major international audit certifications. The knowledge provided for auditors is specified as follows:

2.1 Global IA knowledge

- Exchanged and learned internal audit practices from multinational conglomerates and the world's leading audit firms (Big 4) to compare SCG's audit practices and those of leading corporations and use the results to streamline SCG's audit work in line with the nature of SCG's business.

- Encouraged the internal auditors to develop and undergo both in-house and outside training continuously so they are equipped with knowledge, competence, and expertise in internal auditing as well as other skills needed at SCG.

- Stimulated and supported the internal auditors to develop themselves to achieve major professional audit certifications or attain other related professional certifications.

2.2 Business knowledge

- Enhanced the internal auditors' business acumen by inviting representatives of each business unit to share knowledge about the business and its major changes, enabling the auditors to assess risks and provide practical consultancy.

- Set up a policy to recruit auditors by transferring employees with knowledge and expertise in operations from other departments and rotating out auditors to provide them opportunities to increase other areas of knowledge.

- Organized activities to present and share interesting issues or material findings in audit work.

2.3 IT knowledge

- Developed a web application for collecting information on computer applications used by each business unit for using in planning IT audits and developing auditors' skills and knowledge in line with the technology used for developing such computer applications.

- Developed a web-based audit performance and satisfactory appraisal application for managing the information rapidly and systematically, enabling the enhancement of audit efficiency and effectiveness.

Supplementary Information

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

Name	Principal Business / Products	Location (Head Office / Factory)
SCG Chemicals Subsidiaries		
1 SCG Chemicals Co., Ltd.	Holding company	Bangkok
2 Thai Polyethylene Co., Ltd.	Polyethylene	Rayong
3 Thai Polypropylene Co., Ltd.	Polypropylene	Rayong
4 SCG Plastics Co., Ltd.	Trading	Bangkok
5 SCG Performance Chemicals Co., Ltd.	Trading	Bangkok
6 SCG Polyolefins Co., Ltd.	Trading	Bangkok
7 Rayong Engineering & Plant Service Co., Ltd.	Engineering and plant service	Rayong
8 Protech Outsourcing Co., Ltd.	Engineering and plant service	Rayong
9 RIL 1996 Co., Ltd.	Industrial estate	Rayong
10 Texplore Co., Ltd.	Chemical technology licensing	Rayong
11 Vina SCG Chemicals Co., Ltd.	Holding company	Bangkok
12 SCG Chemicals (Singapore) Pte. Ltd.	Holding company	Singapore
13 Tuban Petrochemicals Pte. Ltd.	Holding company	Singapore
14 Hexagon International, Inc.	Holding company	USA
15 Rayong Pipeline Co., Ltd.	Rights of way, and use	Rayong
16 Map Ta Phut Tank Terminal Co., Ltd.	Warehouse and transportation service	Rayong
17 PT TPC Indo Plastic & Chemicals	PVC	Indonesia
18 Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
19 Alliance Petrochemical Investment (Singapore) Pte. Ltd.	Holding company	Singapore
20 Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
21 Rayong Olefins (Singapore) Pte. Ltd.	Raw materials procurement	Singapore
22 Flowlab & Service Co., Ltd.	Calibration service	Rayong
23 Thai Plastic and Chemicals Public Company Limited	PVC	Bangkok
24 TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok
25 The Nawaplastic Industries (Saraburi) Co., Ltd.	PVC pipe and fittings	Bangkok
26 Nawa Plastic Industries Co., Ltd.	PVC pipe and PVC products	Bangkok
27 Nawa Intertech Co., Ltd.	Molding products	Rayong
28 Chemtech Co., Ltd.	Plastic compound	Vietnam
29 Total Plant Service Co., Ltd.	Holding company	Rayong

* Directly and indirectly holding through the Company, subsidiaries, associates and other companies.

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

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

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-4762	66-2586-5561	Ordinary shares	201	20,122	100	100
66-3868-3393-7	66-3868-3398	Ordinary shares	23	2,300	100	100
66-3868-3393-7	66-3868-3398	Ordinary shares	29	2,889	100	100
66-2586-6161	66-2910-4022	Ordinary shares	0.1	5	100	100
66-2586-4115	66-2586-3676	Ordinary shares	0.05	3	100	100
66-2586-6161	66-2910-4022	Ordinary shares	0.01	0.3	100	100
66-3868-5040-8	66-3891-1309	Ordinary shares	0.04	2	100	100
66-3860-8657-8	66-3868-2633	Ordinary shares	0.01	1	100	100
66-3868-9471-2	66-3891-1955	Ordinary shares	11	1,100	100	100
66-2586-6353	66-2586-2086	Ordinary shares	0.01	1	100	100
66-2586-5435	-	Ordinary shares	3	883	100	100
(65) 6297-9661	-	Ordinary shares	38	804	100	100
(65) 6297-9661	-	Ordinary shares	135	2,828	100	100
66-2586-4444	-	Ordinary shares	2	67	100	100
66-3868-9471-2	66-2586-6220	Ordinary shares	4	200	91	91
66-3868-9471-2	66-3891-1955	Ordinary shares	7	700	81	81
(6231) 3952-9458	(6231) 395-2944	Ordinary shares	0.03	1,020	78	78
66-3893-7000	66-3891-5310	Ordinary shares	204	20,400	55	67
(65) 6221-5318	-	Ordinary shares	46	1,881	65	65
66-3868-5040-8	66-3868-5036	Ordinary shares	77	7,700	47	64
(65) 6297-9661	-	Ordinary shares	0.02	0.5	64	64
66-3891-1321-2	66-3891-1381	Ordinary shares	0.02	4	51	51
66-2676-6000	66-2676-6077	Ordinary shares	875	875	46	46
66-2676-6200	66-2676-6206	Ordinary shares	2	333	46	46
66-2586-3930-5	66-2586-4305	Ordinary shares	4	400	46	46
66-2586-3930-5	66-2586-2444	Ordinary shares	4	426	46	46
66-2586-3930-5	66-3889-2200	Ordinary shares	0.4	40	46	46
(84650) 784-992	(84650) 784-993	**	-	103	46	46
66-3868-7320-3	66-3892-5299	Ordinary shares	12	1,180	46	46

Name	Principal Business / Products	Location (Head Office / Factory)
30 Minh Thai House Component Co., Ltd.	PVC doors and windows	Vietnam
31 Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
32 TPC Vina Plastic and Chemicals Corporation Co., Ltd.	PVC	Vietnam
33 Siam Stabilizers and Chemicals Co., Ltd.	Stabizer	Rayong
Associates, Jointly-controlled entity and Other Companies		
34 Long Son Petrochemicals Co., Ltd.	Raw materials for plastic resins Polyethylene and Polypropylene	Vietnam
35 Siam Mitsui PTA Co., Ltd.	Raw materials for polyester and PET	Rayong
36 Siam Styrene Monomer Co., Ltd.	Raw materials for polystyrene	Rayong
37 Siam Synthetic Latex Co., Ltd.	Synthetic latex	Rayong
38 Siam Polyethylene Co., Ltd.	Polyethylene	Rayong
39 Siam Polystyrene Co., Ltd.	Polystyrene	Rayong
40 Rayong Terminal Co., Ltd.	Tank and terminal service	Rayong
41 PT Siam Maspion Terminal	Terminal service	Indonesia
42 SD Group Service Co., Ltd.	Holding company	Bangkok
43 SCG Plastics (China) Co., Limited	Trading	Hong Kong
44 Thai MMA Co., Ltd.	Raw materials for acrylic	Rayong
45 Grand Siam Composites Co., Ltd.	Polypropylene compound	Rayong
46 Thai MFC Co., Ltd.	Melamine compound	Rayong
47 Mehr Petrochemical Company (P.J.S.C.)	Polyethylene (HDPE)	Iran
48 PT Trans-Pacific Polyethylene Indonesia	Polyethylene (LDPE)	Indonesia
49 PT Trans-Pacific Polyethylindo	Polyethylene (HDPE)	Indonesia
50 PT Chandra Asri Petrochemical Tbk	Raw materials for plastic resins Polyethylene and polypropylene	Indonesia
51 Bangkok Synthetics Co., Ltd.	Raw materials for synthetic rubber	Bangkok
52 GTC Technology US, LLC	Chemical technology licensing	USA
53 GTC Technology International, LP	Chemical technology licensing	USA
54 PT Trans-Pacific Petrochemical Indotama	Raw materials for aromatics	Indonesia
55 Thai PET Resin Co., Ltd.	PET resins	Rayong
56 Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound	China
57 Nawacam Co., Ltd.	PVC pipe and fittings	Cambodia
58 Riken (Thailand) Co., Ltd.	PVC compound	Bangkok
59 PT Srithai Maspion Indonesia	Melamine compound	Indonesia
60 PT Trans-Pacific Polypropylene Indonesia	Polypropylene	Indonesia
61 PT Trans-Pacific Styrene Indonesia	Raw materials for polystyrene	Indonesia

* Directly and indirectly holding through the Company, subsidiaries, associates and other companies.

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

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

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(848) 3754-2989	(848) 3844-6073	**	-	36	37	37
(84650) 710-993	(84650) 740-065	**	-	75	33	33
(848) 3823-4730	(848) 823-4725	**	-	1,013	32	32
66-3868-3451-3	66-3868-3449	Ordinary shares	190	190	27	27
(848) 3825-7226	(848) 3825-7268	Ordinary shares	4	1,646	61	61
66-3868-5100	66-2586-5285	Ordinary shares	48	4,800	49	50
66-3868-3215-6	66-3868-3991	Ordinary shares	34	4,755	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	3	4,976	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	45	4,455	49	50
66-3868-3215-6	66-3868-3991	Ordinary shares	10	995	50	50
66-3868-9471-2	66-2586-6220	Ordinary shares	6	620	-	50
(6231) 395-2945-8	-	Ordinary shares	0.01	327	50	50
66-2365-7000	66-3868-3991	Ordinary shares	0.03	78	50	50
(852) 2544-9991	(852) 2544-9992	Ordinary shares	0.1	4	49	49
66-3868-5040-8	66-2586-5393	Ordinary shares	56	5,590	46	47
66-3868-4241	66-2586-2522	Ordinary shares	0.6	64	46	46
66-3868-4241	66-3868-4250	Ordinary shares	2	200	45	45
(9821) 8850-0641	(9821) 8805-0642	Ordinary shares	0.03	1,203	39	39
(6221) 574-5880	-	Ordinary shares	0.2	472	39	39
(6221) 574-5880	-	Ordinary shares	0.07	337	39	39
(6221) 530-7950	(6221) 530-8930	Ordinary shares	3	10,629	30	30
66-2679-5120	66-2679-5119	Ordinary shares	12	1,173	26	26
66-2586-4444	-	Ordinary shares	0.2	98	25	25
66-2586-4444	-	Ordinary shares	13	137	25	25
(6221) 574-5880	-	Ordinary shares	4	9,815	20	20
66-3868-5900	66-3868-5999	Ordinary shares	9	900	20	20
(86) 760-533-2138	(86) 760-389-8880	Ordinary shares	9	596	20	20
(85523) 882-072	(85523) 885-172	Ordinary shares	0.02	7	18	18
66-2501-1054	66-2501-1198	Ordinary shares	1	120	16	16
(6231) 891-3630	-	Ordinary shares	0.01	118	10	10
(6221) 574-5880	-	Ordinary shares	0.1	220	10	10
(6221) 574-5880	-	Ordinary shares	0.1	314	10	10

Name	Principal Business / Products	Location (Head Office / Factory)
SCG Paper Subsidiaries		
62 SCG Paper Public Company Limited	Holding company and bleached pulp	Bangkok
63 Thai Paper Co., Ltd.	Printing and writing paper	Bangkok
64 Thai Union Paper Public Company Limited	Printing and writing paper	Samut Prakarn
65 Siam Kraft Industry Co., Ltd.	Kraft paper	Bangkok
66 Thai Kraft Paper Industry Co., Ltd.	Kraft paper	Bangkok
67 Thai Union Paper Industry Co., Ltd.	Gypsum board paper and duplex	Bangkok
68 United Pulp & Paper Co., Inc.	Kraft paper	Philippines
69 Siam Cellulose Co., Ltd.	Bleached pulp	Bangkok
70 InfoZafe Co., Ltd.	Shredding business	Pathum Thani
71 The Siam Pulp & Paper Holding Co., Ltd.	Holding company	Bangkok
72 The Siam Forestry Co., Ltd.	Forestry	Bangkok
73 Panas Nimit Co., Ltd.	Forestry	Bangkok
74 Thai Panasonic Co., Ltd.	Forestry	Bangkok
75 Thai Panadorn Co., Ltd.	Forestry	Bangkok
76 Thai Panaram Co., Ltd.	Forestry	Bangkok
77 Suanpa Rungsaris Co., Ltd.	Forestry	Bangkok
78 Siam Panawes Co., Ltd.	Forestry	Bangkok
79 Thai Panaboon Co., Ltd.	Forestry	Bangkok
80 Thai Wanabhum Co., Ltd.	Forestry	Bangkok
81 Phoenix Pulp & Paper Public Company Limited	Bleached pulp Printing and writing paper	Khonkaen
82 Phoenix Utilities Company Limited	Utilities	Khonkaen
83 Thai Cane Paper Public Company Limited	Kraft paper	Bangkok
84 Thai Containers Group Co., Ltd.	Corrugated boxes	Bangkok Pathumthani Samut Prakarn Ratchaburi
85 Thai Containers Songkhla (1994) Co., Ltd.	Corrugated boxes	Songkhla
86 Thai Containers Khonkaen Co., Ltd.	Corrugated boxes	Khonkaen
87 Thai Containers Rayong Co., Ltd.	Corrugated boxes	Rayong
88 Thai Containers Saraburi Co., Ltd.	Corrugated boxes	Saraburi
89 Thai Containers (TCC) Co., Ltd.	Corrugated boxes	Prachinburi Chonburi Pathumthani
90 Vina Kraft Paper Co., Ltd.	Kraft paper	Vietnam

* Directly and indirectly holding through the Company, subsidiaries, associates and other companies.

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

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

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2586-2164	Ordinary shares	156	1,563	98	98
66-2586-3333	66-2586-2164	Ordinary shares	12	1,200	98	98
66-2754-2100-10	66-2754-2118	Ordinary shares	43	430	98	98
66-2586-3333	66-2586-2164	Ordinary shares	3	250	98	98
66-2586-3333	66-2586-2164	Ordinary shares	20	2,000	98	98
66-2586-3333	66-2586-2164	Ordinary shares	12	1,200	98	98
(632) 870-0100	(632) 870-0409	Preferred shares	840	4,328	98	98
		Ordinary shares	141			
66-2586-3333	66-2586-2164	Ordinary shares	3	300	98	98
66-2586-3333	66-2586-2164	Ordinary shares	1	70	98	98
66-2586-3333	66-2586-2164	Ordinary shares	2	180	98	98
66-2586-3333	66-2586-2164	Ordinary shares	1	147	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	110	1,200	98	98
		Preferred shares	10			
66-2586-3333	66-2586-2164	Ordinary shares	15	1,500	98	98
66-2440-0707	66-2440-0717	Ordinary shares	358	3,583	85	85
66-2586-5991	66-2586-4723	Ordinary shares	1	784	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.3	280	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.2	150	69	69
66-2586-3333	66-2586-2164	Ordinary shares	1	650	69	69
66-3625-1724-8	66-3625-1730	Ordinary shares	5	450	69	69
66-3720-8568-70	66-3720-8572	Ordinary shares	1	1,100	69	69
(848) 268-0240-2	(848) 268-0239	**	-	6,069	69	69

Name	Principal Business / Products	Location (Head Office / Factory)
91 TCG Rengo Subang (M) Sdn. Bhd.	Corrugated boxes	Malaysia
92 TCG Rengo (S) Limited	Corrugated boxes	Singapore
93 New Asia Industries Co., Ltd.	Corrugated boxes	Vietnam
94 Alcamax Packaging (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
95 AP Packaging (Hanoi) Co., Ltd.	Corrugated boxes	Vietnam
96 Packamex (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
97 Thai British Security Printing Public Company Limited	Securities document	Samut Prakarn
98 Thai British DPost Co., Ltd.	Digital printing	Samut Prakarn
Associates and Other Companies		
99 Siam Toppan Packaging Co., Ltd.	Offset-printed cartons	Samut Prakarn
100 P&S Holdings Corporation	Holding company	Philippines
SCG Cement Subsidiaries		
101 SCG Cement Co., Ltd.	Holding company	Bangkok
102 The Concrete Products and Aggregate Co., Ltd.	Holding company and ready-mixed concrete	Bangkok
103 The Siam Cement (Kaeng Khoi) Co., Ltd.	Cement	Saraburi
104 The Siam Cement (Ta Luang) Co., Ltd.	Cement	Saraburi
105 The Siam Cement (Thung Song) Co., Ltd.	Cement	Nakorn Sri Thamaraj
106 The Siam Cement (Lampang) Co., Ltd.	Cement	Lampang
107 Siam Mortar Co., Ltd.	Dry mortar	Saraburi
108 The Siam White Cement Co., Ltd.	White cement	Saraburi
109 The Siam Refractory Industry Co., Ltd.	Refractory	Bangkok
110 Cementsai Energy Conservation Co., Ltd.	Energy service	Bangkok
111 Eco Plant Services Co., Ltd. (Formerly: SCI Plant Services Co.,Ltd.)	Technical services and plant installation	Saraburi
112 Siam Research and Innovation Co., Ltd.	Research and development	Saraburi
113 SCI Eco Services Co., Ltd.	Industrial waste disposal	Nonthaburi
114 CPAC Concrete Products (Cambodia) Co., Ltd.	Precasted slab	Cambodia
115 Cementsai Building Materials (Singapore) Pte. Ltd.	Holding company	Singapore
116 Buu Long Industry & Investment Joint Stock Company	White cement	Vietnam
117 PT Semen Jawa	Cement	Indonesia
118 Kampot Cement Co., Ltd.	Cement	Cambodia
119 The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready-mixed concrete	Vietnam

* Directly and indirectly holding through the Company, subsidiaries, associates and other companies.

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

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

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(603) 5636-3610	(603) 5636-3621	Ordinary shares	15	146	69	69
(65) 6661-7325	(65) 6265-3144	Ordinary shares	2	56	69	69
(848) 3729-4160	(848) 3729-3028	**	-	345	69	69
(84) 650-3743031	(84) 650-782816	**	-	260	69	69
(84) 320-3753862	(84) 320-752868	**	-	30	69	69
(84) 8-7291030	(84) 8-7291031	**	-	8	69	69
66-2754-2650-8	66-2384-0917	Ordinary shares	11	110	49	49
66-2661-5215	66-2661-9580	Ordinary shares	3	34	25	25
66-2709-3110-7	66-2324-0336	Ordinary shares	5	500	48	48
(632) 870-0100	(632) 870-0409	Ordinary shares	28	263	39	39
66-2586-3060-1	66-2586-3072	Ordinary shares	122	4,894	100	100
66-2555-5000	66-2555-5003	Ordinary shares	91	9,140	100	100
66-3624-0000-98	66-3624-0099	Ordinary shares	6	625	100	100
66-3628-8900	66-3628-8909	Ordinary shares	6	575	100	100
66-7553-8222	66-7553-8111	Ordinary shares	35	700	100	100
66-5423-7500	66-5423-7501	Ordinary shares	94	589	100	100
66-3624-0000-98	66-3624-0083	Ordinary shares	4	443	100	100
66-3621-8400	66-3635-1219	Ordinary shares	2	200	100	100
66-2586-3230	66-2586-2982	Ordinary shares	3	300	100	100
66-2586-2410	66-2586-3098	Ordinary shares	13	1,310	100	100
66-3628-9103	66-3628-1212	Ordinary shares	1	50	100	100
66-3627-3152-63	66-3627-3151	Ordinary shares	1	100	100	100
66-2962-7295-7	66-2962-7298	Ordinary shares	1	50	100	100
(88523) 990-401-9	(88523) 356-677	Ordinary shares	0.001	17	100	100
(65) 6534-9661	(65) 6534-9662	Ordinary shares	0.6	14	100	100
(84) 613-965-476	-	Ordinary shares	4	56	99	99
(6221) 350-9491	(6221) 350-9704	Ordinary shares	0.1	301	95	95
(85523) 996-839	(85523) 996-849	Ordinary shares	4	1,551	91	91
(84) 924-5603-4	(84) 924-5616	**	-	98	75	75

Name	Principal Business / Products	Location (Head Office / Factory)
120 CPAC Lao Co., Ltd.	Ready-mixed concrete	Laos
121 Myanmar CPAC Service Co., Ltd.	Ready-mixed concrete	Myanmar
122 CPAC Cambodia Co., Ltd.	Ready-mixed concrete	Cambodia
123 PT CPAC Surabaya	Ready-mixed concrete	Indonesia
124 Kampot Land Co., Ltd.	Land investment	Cambodia
Associates and Other Companies		
125 Anhui Conch-SCG Refractory Co., Ltd.	Refractory	China
126 Asia Cement Public Company Limited	Cement	Bangkok
127 Holcim Cement (Bangladesh) Limited	Cement	Bangladesh
SCG Building Materials Subsidiaries		
128 SCG Building Materials Co., Ltd.	Holding company	Bangkok
129 The Siam Fibre-Cement Co., Ltd.	Fiber cement roof	Saraburi
130 The Fibre-Cement Products (Lampang) Co., Ltd.	Fiber cement roof	Lampang
131 Tip Fibre-Cement Co., Ltd.	Fiber cement roof	Bangkok
132 SCG Landscape Co., Ltd.	Concrete blocks for floor wall and fence	Saraburi
133 Siam Fiberglass Co., Ltd.	Insulation and glass wools	Saraburi
134 Cementshai Gypsum Co., Ltd.	Holding company	Bangkok
135 Cementshai Ceramics Co., Ltd.	Holding company	Bangkok
136 Thai Ceramic Co., Ltd.	Floor and wall ceramic tiles	Bangkok
137 The Siam Ceramic Group Industries Co., Ltd.	Floor and wall ceramic tiles	Saraburi
138 Cementshai Home Services Co., Ltd.	Home related services	Bangkok
139 Gemago Co., Ltd. (Formerly: Thai Ceramic Power Co.,Ltd.)	Electricity plant	Bangkok
140 Cementshai Gypsum (Singapore) Pte. Ltd.	Holding company	Singapore
141 Cementshai Roof Holdings Philippines, Inc.	Holding company	Philippines
142 Cementshai Ceramic (Singapore) Pte. Ltd.	Holding company	Singapore
143 Cementshai Ceramics Philippines Holdings, Inc.	Holding company	Philippines
144 PT KIA Serpih Mas	Floor and wall ceramic tiles	Indonesia
145 PT KIA Keramik Mas	Ceramic roof tiles	Indonesia
146 PT Keramik Indonesia Assosiasi Tbk	Floor and wall ceramic tiles	Indonesia
147 Sosuco and Group (2008) Co., Ltd.	Marketing and sales of floor and wall ceramic tiles	Bangkok
148 Saraburirat Co., Ltd.	Concrete floor and wall tiles	Saraburi
149 PT Surya Siam Keramik	Ceramic floor tiles	Indonesia

* Directly and indirectly holding through the Company, subsidiaries, associates and other companies.

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

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

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(85621) 720-224	(85621) 720-224	Ordinary shares	0.05	17	70	70
(951) 681-351	(951) 681-351	Ordinary shares	0.0004	10	70	70
(855) 023-990-406	(855) 023-990-406	Ordinary shares	0.0001	5	69	69
(62) 7321512	(62) 7321507	Ordinary shares	1	37	55	55
(85523) 996-839	(85523) 996-849	Ordinary shares	0.001	0.2	45	45
(86) 553-839-9888	(86) 553-839-9877	**	-	349	30	30
66-2641-5600	-	Ordinary shares	778	4,671	10	10
(8802) 988-1002-3	-	Ordinary shares	0.09	123	10	10
66-2586-3333	66-2586-2761	Ordinary shares	75	7,511	100	100
66-2586-3838	66-2586-2700	Ordinary shares	2	200	100	100
66-5433-7301-5	66-5433-7300	Ordinary shares	5	530	100	100
66-2286-7888	66-2286-8951-2	Ordinary shares	0.3	25	100	100
66-2586-6822	66-2586-6800	Ordinary shares	16	1,630	100	100
66-3637-3441-4	66-3637-3445-6	Ordinary shares	13	422	100	100
66-2586-3333	66-2586-2761	Ordinary shares	7	242	100	100
66-2586-3333	66-2586-2761	Ordinary shares	10	614	100	100
66-2586-4094-8	66-2587-8800	Ordinary shares	5	450	100	100
66-3637-6400	66-3637-6422	Ordinary shares	96	960	100	100
66-2586-4111	66-2586-4017	Ordinary shares	5	115	100	100
66-2586-3333	66-2586-2761	Ordinary shares	0.5	45	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	21	411	100	100
(632) 813-1666	(632) 813-1704	Ordinary shares	14	133	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	39	1,342	100	100
(632) 813-1666	(632) 813-1704	Ordinary shares	166	252	100	100
(6221) 386-2322	(6221) 386-2253	Ordinary shares	3,143	1,528	94	94
(6221) 386-2322	(6221) 386-2253	Ordinary shares	2,926	2,162	94	94
(6221) 386-2322	(6221) 386-2253	Ordinary shares	8,425	3,317	93	93
66-2938-9833	66-2938-9839	Ordinary shares	1	50	90	90
66-2586-6822	66-2586-6800	Ordinary shares	1	96	83	83
(6221) 5696-2458	(6221) 5696-1635	Ordinary shares	0.01	87	80	80

Name	Principal Business / Products	Location (Head Office / Factory)
150 The CPAC Roof Tile Co., Ltd.	Concrete roof tiles	Saraburi Lamphun Nakorn Sri Thamaraj
151 Thai Ceramic Roof Tile Co., Ltd.	Ceramic roof tiles	Saraburi
152 Thai Ceramic Holding Co., Ltd.	Holding company	Bangkok
153 CPAC Monier (Cambodia) Co., Ltd.	Concrete roof tiles	Cambodia
154 CPAC Monier Vietnam Co., Ltd.	Concrete roof tiles	Vietnam
155 Quality Construction Products Public Company Limited	Light-weight concrete	Phra Nakhon Si Ayutthaya
156 Q-Con Eastern Co., Ltd.	Light-weight concrete	Rayong
157 Thai-German Ceramic Industry Public Company Limited	Floor and wall ceramic tiles	Saraburi
158 Sosuco Ceramic Co., Ltd.	Floor and wall ceramic tiles	Saraburi
159 SCG-Sekisui Sales Co., Ltd.	Marketing and sales of modular houses manufactured	Bangkok
160 CPAC Monier Philippines, Inc.	Concrete roof tiles	Philippines
161 PT Siam-Indo Gypsum Industry	Gypsum boards	Indonesia
162 PT Siam-Indo Concrete Products	Natural-fibre roofing sheets	Indonesia
Associates and Other Companies		
163 Sekisui-SCG Industry Co., Ltd.	Manufacturing for modular houses	Bangkok
164 Mariwasa Siam Holdings, Inc.	Holding company	Philippines
165 Mariwasa-Siam Ceramics, Inc.	Floor and wall ceramic tiles	Philippines
166 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings	Bangkok
167 TOTO Manufacturing (Thailand) Co., Ltd.	Sanitary ware	Saraburi
168 The Siam Moulding Plaster Co., Ltd.	Moulding plaster	Saraburi
169 Mariwasa Holdings, Inc.	Holding company	Philippines
170 CPAC Monier (Laos) Co., Ltd.	Concrete roof tiles	Laos
171 Siam Sanitary Ware Co., Ltd.	Sanitary ware	Bangkok
172 Siam Sanitary Ware Industry Co., Ltd.	Sanitary ware	Saraburi
173 Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Sanitary ware	Saraburi
174 The Siam Gypsum Industry Co., Ltd.	Gypsum boards	Bangkok
175 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum boards	Saraburi
176 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum boards	Songkhla
177 PT M Class Industry	Clay roof tiles	Indonesia
178 Monier Roofing Co., Ltd.	Clay roof tiles	Rayong
179 CMPI Holding, Inc.	Holding company	Philippines

* Directly and indirectly holding through the Company, subsidiaries, associates and other companies.

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

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

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2586-5800	Ordinary shares	2	211	75	75
66-2586-5999	66-2586-5017	Ordinary shares	2	200	75	75
66-2586-3333	66-2586-2761	Ordinary shares	2	200	75	75
(85523) 990-407	(85523) 990-408	Ordinary shares	0.1	43	75	75
(84650) 767-581-4	(84650) 767-580	**	-	235	75	75
66-3522-1271	66-3522-1270	Ordinary shares	400	400	68	68
66-3865-0515	66-3895-6468	Ordinary shares	59	800	68	68
66-2790-9800	66-2790-9890	Ordinary shares	1,816	1,000	61	61
66-3637-6300	66-3637-6309	Ordinary shares	0.01	800	54	54
66-2586-4088	66-2586-4364	Ordinary shares	8	825	51	51
(632) 813-1666	(632) 813-1704	Ordinary shares	206	226	50	50
(6221) 8832-0028	(6221) 8832-0036	Ordinary shares	0.03	306	50	50
(6226) 743-2140	(6225) 743-2149	Ordinary shares	0.03	446	50	50
66-2586-3333	66-2586-4364	Ordinary shares	23	1,207	49	49
(632) 628-3871-80	(632) 628-1983-5	Ordinary shares	1,500	1,093	40	46
(632) 628-3871-80	(632) 628-1983-5	Ordinary shares	600	584	-	46
66-2973-5101-7	66-2973-5108-9	Ordinary shares	2	200	33	45
66-3637-3647-66	66-3637-3664	Ordinary shares	6	550	40	40
66-3637-3578-82	66-3637-3577	Ordinary shares	4	405	40	40
(632) 628-3871-80	(632) 628-1983-5	Ordinary shares	275	267	40	40
(85621) 243-440	(85621) 242-179	Ordinary shares	0.2	21	38	38
66-2973-5040-54	66-2973-3470	Ordinary shares	1	60	36	36
66-2973-5040-54	66-2973-3470	Ordinary shares	2	200	-	36
66-2973-5040-54	66-2973-3470	Ordinary shares	2	160	-	36
66-2555-0055	66-2555-0001	Ordinary shares	2	150	29	29
66-3637-3500-9	66-3637-3510	Ordinary shares	5	470	-	29
66-7420-6000-5	66-7420-6006	Ordinary shares	1	120	-	29
(6202) 6743-6888	(6221) 539-7094	Ordinary shares	34	222	28	28
66-2555-0055	66-2555-0001	Ordinary shares	2	160	25	25
(632) 813-1666	(632) 813-1704	Ordinary shares	48	54	20	20
		Preferred shares	48			

Name	Principal Business / Products	Location (Head Office / Factory)
SCG Distribution Subsidiaries		
180 SCG Distribution Co., Ltd.	Holding company	Bangkok
181 SCG Trading Co.,Ltd.	International trading	Bangkok
182 SCG Network Management Co., Ltd.	Domestic distribution	Bangkok
183 SCG Logistics Management Co., Ltd.	Logistics service	Bangkok
184 SCG Trading Services Co., Ltd.	Business services	Bangkok
185 SCG Sourcing Co., Ltd.	Retail	Bangkok
186 SCG Experience Co., Ltd.	Exhibition center and services	Bangkok
187 SCG Skills Development Co., Ltd.	Logistics skills development school for SCG business partners	Bangkok
188 SCG Trading Australia Pty. Ltd. (Formerly: Cementhai SCT (Australia) Pty. Ltd.)	International trading	Australia
189 SCG Trading Guangzhou Co., Ltd. (Formerly: Cementhai SCT (Guangzhou) Ltd.)	International trading	China
190 SCG Trading Hong Kong Limited (Formerly: Cementhai SCT (Hong Kong) Ltd.)	International trading	Hong Kong
191 SCG Trading (Jordan) L.L.C. (Formerly: Cementhai SCT (Jordan) L.L.C.)	International trading	Jordan
192 SCG Trading Philippines Inc. (Formerly: Cementhai SCT (Philippines) Inc.)	International trading	Philippines
193 SCG Singapore Trading Pte. Ltd. (Formerly: Cementhai SCT (Singapore) Pte. Ltd.)	International trading	Singapore
194 SCG Trading USA Inc. (Formerly: Cementhai SCT (U.S.A.), Inc.)	International trading	USA
195 SCG Trading (M) Sdn. Bhd.	International trading	Malaysia
196 PT SCG Trading Indonesia (Formerly: PT Cementhai SCT Indonesia)	International trading	Indonesia
197 SCG Trading Vietnam Co., Ltd. (Formerly: SCT Logistics (Vietnam) Co., Ltd.)	Logistics service, international trading and local distribution	Vietnam
198 SCG Trading Lao Co., Ltd. (Formerly: SCT (Vientiane) Co., Ltd.)	International trading	Laos
199 SCG Marketing Philippines Co., Ltd.	International trading	Philippines
200 PT Kokoh Inti Arebama Tbk	Building materials distribution	Indonesia
201 SCG Trading (Cambodia) Co., Ltd. (Formerly: Cementhai SCT (Cambodia) Co., Ltd.)	International trading	Cambodia
202 SCGT Malaysia Sdn. Bhd. (Formerly: Cementhai SCT (Malaysia) Sdn. Bhd.)	International trading	Malaysia

* Directly and indirectly holding through the Company, subsidiaries, associates and other companies.

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

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

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2586-5454	Ordinary shares	27	2,727	100	100
66-2586-4444	66-2586-2251	Ordinary shares	4	400	100	100
66-2586-3333	66-2586-2961	Ordinary shares	21	524	100	100
66-2586-4444	66-2586-2158	Ordinary shares	3	300	100	100
66-2586-4444	66-2586-4445	Ordinary shares	0.1	10	100	100
66-2586-3333	66-2586-5625	Ordinary shares	1	100	100	100
66-2101-9922	66-2101-9933	Ordinary shares	2	500	100	100
66-3672-4377	66-3672-4378	Ordinary shares	0.05	5	100	100
(612) 9438-1225	(612) 9436-0195	Ordinary shares	0.2	5	100	100
(86) 208-365-2559	(86) 208-365-2595	Ordinary shares	0.03	24	100	100
(852) 2838-6456	(852) 3009-8360	Ordinary shares	45	220	100	100
(9626) 551-7776	(9627) 999-6615	Ordinary shares	1	50	100	100
(9626) 552-6665						
(632) 501-8634	(632) 501-8635	Ordinary shares	0.1	8	100	100
(632) 501-8630						
(65) 6295-3455	(65) 6292-5241	Ordinary shares	1	23	100	100
(1310) 323-2194	(1310) 324-9528	Ordinary shares	0.02	4	100	100
(1310) 323-2438						
(1310) 323-2528						
(603) 5632-0168	(603) 5632-0158	Ordinary shares	2	20	100	100
(6221) 351-8890	(6221) 352-0718	Ordinary shares	0.002	5	100	100
(848) 6296-1282	(848) 6296-1278	**	-	64	100	100
(848) 6297-0492						
(85621) 243-435-6	(85621) 243-437	Ordinary shares	0.01	1	100	100
(632) 912-3454	(632) 621-3060	Ordinary shares	0.1	8	100	100
(6221) 350-6227	(6221) 350-1767	Ordinary shares	981	350	99	99
(85523) 990-401-5	(85523) 990-400	Ordinary shares	0.0001	1	75	75
(603) 5632-0168	(603) 5632-0158	Ordinary shares	0.4	4	69	69

Name	Principal Business / Products	Location (Head Office / Factory)
203 Siam Cement Myanmar Trading Ltd.	International trading	Myanmar
204 SCG Trading Emirates L.L.C (Formerly: Cementsai SCT Emirates (L.L.C))	International trading	United Arab Emirates
Associates and Other Companies		
205 Thai Prosperity Terminal Co., Ltd.	Shipping port	Samut Prakarn
206 Survey Marine Services Co., Ltd.	Land rental	Bangkok
207 Green Siam Resources Corporation	Baling business	Philippines
208 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
SCG Investment and Others		
Subsidiaries		
209 Cementsai Holding Co., Ltd.	Holding company	Bangkok
210 Cementsai Property (2001) Public Company Limited	Holding company	Bangkok
211 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
212 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
213 SCG Legal Counsel Limited	Legal consultant	Bangkok
214 Bangsue Management Co., Ltd.	Maketable securities investment	Bangkok
215 Cementsai Captive Insurance Pte. Ltd.	Insurance	Singapore
Associates and Other Companies		
216 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathumthani
217 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
218 Siam Kubota Leasing Co., Ltd.	Leasing	Pathumthani
219 Siam Lemmerz Co., Ltd.	Aluminium alloy wheels	Saraburi
220 Siam AT Industry Co., Ltd.	Automotive parts	Chonburi
221 Thai Engineering Products Co., Ltd.	Automotive parts	Pathumthani
222 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
223 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chonburi
224 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
225 Musashi Auto Parts Co., Ltd.	Motorcycle transmission parts	Pathumthani
226 IT One Co., Ltd.	Technical services	Bangkok
227 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakarn
228 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
229 Michelin Siam Group Co., Ltd.	Holding company in tyre business	Bangkok
230 Michelin Siam Co., Ltd.	Holding company in tyre business	Bangkok
231 Siam Toyota Manufacturing Co., Ltd.	Automotive engines and automotive parts	Chonburi

* Directly and indirectly holding through the Company, subsidiaries, associates and other companies.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(959) 873-0462	(951) 548-058	Ordinary shares	0.0002	3	60	60
(9714) 321-7663	(9714) 321-7669	Ordinary shares	0.0003	3	49	49
66-2754-4501-9	66-2754-4513	Ordinary shares	0.6	63	50	50
66-2296-1490-2	66-2296-1494	Ordinary shares	0.4	37	48	48
(632) 501-8631	(632) 501-8631	Ordinary shares	13	95	40	40
0-2872-3014-5	0-2872-3016	Ordinary shares	4	399	32	32
66-2586-2104	66-2586-2008	Ordinary shares	0.01	1	100	100
66-2586-2104	66-2586-2008	Ordinary shares	7	72	100	100
66-2586-2104	66-2586-2008	Ordinary shares	8	820	100	100
66-2586-3333	66-2586-2398	Ordinary shares	0.5	5	100	100
66-2586-5777	66-2586-2976	Ordinary shares	0.2	15	100	100
66-2586-3333	66-2587-2157	Ordinary shares	12	180	100	100
66-2586-3333	66-2587-2157	Ordinary shares	0.3	34	100	100
66-2909-0300-1	66-2909-1698	Ordinary shares	31	2,739	40	40
66-3885-5115	66-3885-5110	Ordinary shares	9	900	-	40
66-2833-3555	66-2520-3836	Ordinary shares	55	1,375	-	40
66-3637-3309-21	66-3637-3312-3	Ordinary shares	0.1	107	30	30
66-3845-4266-8	66-3845-4266	Ordinary shares	2	240	30	30
66-2529-3518-22	66-2529-1677	Ordinary shares	0.9	85	29	30
66-3633-6531-4	66-3622-3209	Ordinary shares	3	300	30	30
66-3845-4671-7	66-3845-4670	Ordinary shares	5	475	30	30
66-3628-8300	66-3628-8309	Ordinary shares	3	308	20	25
66-2529-1753-6	66-2529-4554	Ordinary shares	0.2	200	21	21
66-2271-5111	66-2271-5112	Ordinary shares	0.8	80	20	20
66-2386-1000	66-2386-1883	Ordinary shares	8	7,520	10	10
66-3868-3723-30	66-3868-3200	Ordinary shares	30	3,000	10	10
66-2619-3000-19	66-2619-3179	Ordinary shares	24	2,667	10	10
		Preferred shares	3			
66-2619-3000-19	66-2619-3179	Ordinary shares	38	1,792	-	10
66-3821-3451-5	66-3874-3310	Ordinary shares	9	850	4	4

Summary of Significant Information

1. Operating Results and Financial Status

1.1 Business Overview

SCG's revenue from sales increased, while profit for the year dropped as there was the non-recurring gain from the divestment in the previous year.

In 2011, SCG's revenue from sales grew 22% from the previous year to 368,579 Million Baht primarily from higher product prices in all business units and higher sales volume in the chemicals business. EBITDA was relatively flat at 46,253 Million Baht while profit for the year decreased 27% to 27,281 Million Baht, as there was the non-recurring gain of 9,963 Million Baht from the divestment of shares in PTT Chemical Public Company Limited (PTTCH) in 2010.

Equity income for 2011 amounted to 6,774 Million Baht, a decrease of 19% from the previous year due to the poor performance from all business units with details as follows:

- SCG Chemicals associates: 5,485 Million Baht, a drop of 13% from the previous year, due to global economic uncertainties.
- Other associates: 1,289 Million Baht, down 37% from the previous year, due to the effects of the domestic flood.

1.2 Operating Results of Strategic Business Units

SCG Chemicals

In 2011, revenue from sales increased 34% from the previous year to 192,929 Million Baht, attributed to higher volume and selling price. However, EBITDA decreased 10% to 14,394 Million Baht, while profit for the year decreased 51% from the previous year to 11,190 Million Baht due to squeezed margin of products and absence of non-recurring divestment of PTTCH shares.

SCG Paper

In 2011, revenue from sales increased 6% from the previous year to 54,839 Million Baht, mainly from higher average selling prices in packaging paper segment. EBITDA down 3% to 8,811 Million Baht. Likewise, profit for the year was 3,331 Million Baht, a drop of 5% from the previous year, as a result of higher production costs.

SCG Cement

In 2011, revenue from sales increased 11% from the previous year to 54,249 Million Baht due to higher sales volume and price from domestic economic growth. EBITDA increased 18% to 12,781 Million Baht. Similarly, profit for the year increased 21% to 7,288 Million Baht from the

previous year, derived from investing in high power saving project.

SCG Building Materials

In 2011, revenue from sales increased 11% from the previous year to 34,171 Million Baht with the acquisition of PT Keramika Indonesia Assosiasi Tbk (KIA), a manufacturer of ceramics tiles in Indonesia. EBITDA dropped 8% to 5,060 Million Baht and profit for the year decreased 21% from the previous year to 1,476 Million Baht, attributed to higher energy and raw materials costs, and the drop in demand during the flood.

SCG Distribution

In 2011, revenue from sales increased 16% from the previous year to 111,920 Million Baht with the acquisition of PT Kokoh Inti Arebama Tbk (KOKOH), a distributor specializing in building materials in Indonesia. EBITDA increased 6% from the previous year to 1,532 Million Baht and profit for the year was relatively flat at 1,075 Million Baht.

1.3 Financial Status

Assets

SCG continued financial stability with cash and cash under management of 50,288 Million Baht.

Total assets of SCG as at December 31, 2011 was 374,738 Million Baht with an increase of 4% from the previous year. Key components of total assets are property, plant and equipment at 42%, and cash and cash under management at 13%. Ranking of asset values by business units are SCG Chemicals, SCG Cement, and SCG Paper, respectively.

Current assets: amounted to 116,764 Million Baht as at December 31, 2011, a decrease of 17% from the previous year. The main proportion was: cash and cash equivalents, inventories and trade receivables. At December 31, 2011, SCG's working capital was 50,060 Million Baht with working capital days at 49 days.

Cash and cash under management: amounted to 50,288 Million Baht as at December 31, 2011, a drop of 19,539 Million Baht from the previous year due to the CAPEX and M&A activity of 32,053 Million Baht and the dividend payments amounted to 16,200 Million Baht.

Investments in associates and jointly-controlled entities: amounted to 55,747 Million Baht as at December 31, 2011, an increase of 15,039 Million Baht or 37% from the previous year, with reasons as follows:

- Increase in investments amounted to 14,002 Million Baht, mainly from SCG Chemicals' acquiring of PT Chandra Asri Petrochemical Tbk (CAP), the leading integrated petrochemical complex operator in Indonesia.

- Increase from Equity income amounted to 1,359 Million Baht (Net of dividends received).

Property, plant and equipment: amounted to 156,683 Million Baht as at December 31, 2011, while depreciation amounted to 12,771 Million Baht.

Liabilities

Net debt increased 28,490 Million Baht and finance costs increased 1,378 Million Baht from the previous year.

Total liabilities as at December 31, 2011 amounted to 211,769 Million Baht, an increase of 6% from the previous year. During the year, SCG issued new debentures which amounted to 25,000 Million Baht to replace the matured debentures. Net debt (interest-bearing debt less cash and cash under management) of SCG as at December 31, 2011 increased 28,490 Million Baht from the previous year to 112,114 Million Baht mainly from investing in M&A activity. Finance costs were 6,048 Million Baht, an increase of 1,378 Million Baht from the last year due to a decrease in gain on foreign exchange rate.

1.4 Financial ratios

SCG's financial ratios remain solid.

In 2011, current ratio registered 1.1 times and net debt to EBITDA ratio increased to 2.4 times, compared to 1.8 times in last year as a result of increasing in net debt from investing in M&A. At the end of 2011, debt to equity ratio was relatively stable at 1.3 times.

As the financial status and the operating results of 2011, the Board of Directors considered to propose the Annual General Meeting of Shareholders for approval of 2011 dividend payment of 12.50 Baht per share, representing a dividend payout ratio of 55% of consolidated profit for the year. SCG has already paid an interim dividend of 5.50 Baht per share on August 25, 2011. The final dividend will be paid at the amount of 7 Baht per share on April 26, 2012.

2. Risk Management Policy and Risk Factors

Risk Management

Risk management is an essential tool to enable a corporation to achieve its objectives and goals, adding value for the company, shareholders, and other stakeholders in a sustainable manner.

Realizing the importance of this, the SCG Board of Directors has stipulated that an effective risk management process be adopted to manage risks that may affect the Group's goals, keeping them at acceptable levels under the oversight of the Audit Committee. The roles, responsibilities and procedures involved in risk management are defined in the 'SCG Risk Management Manual.' In 2011, the Group's risk management efforts were as follows:

Roles and Responsibilities

The Board of Directors

The Board of Directors is accountable for establishing the risk management policy and overseeing the risk management of SCG both in Thailand and in the countries where SCG invests. For its part, the Audit Committee shall evaluate risk management to ensure that it is efficient, effective and compliant with the established guidelines and encompasses all related risks including those arising from global and regional crises and the risks specific to each country where SCG operates.

The Management

The management takes responsibility for the risk management process by establishing objectives, evaluating risks, establishing strategies, and managing the risks to acceptable levels. Its responsibility also extends to disseminating policy and providing guidelines in analyzing and setting out strategies as well as disseminating them to the management committee of each business unit and other concerned departments so that risk management is incorporated into their operations. This will empower SCG to meet the challenge of risks at both strategic and operational levels on a timely basis and in response to the Group's diverse range of businesses. The SCG risk management structure is as follows:

1. SCG Risk Management at the Corporate Level The SCG Risk Management Team consists of top executives from every business unit. The team is responsible for defining direction, policy, goals, and strategies in managing risks that could affect SCG's domestic and overseas business operations materially, and on a broad scale, at the global level, regional level and in the countries where it operates. To that effect, various working committees have been set up, each of which will be dedicated to a specific area to ensure autonomous management and enable it to closely

keep track of the situation. These committees are as follows:

- 1.1 The SCG Risk Management Team takes charge of evaluating and monitoring risks and opportunities that could affect the overall operations of SCG. It is also responsible for defining policies, strategies, controlling risks and following up on risk management in accordance with the established policies and guidelines.
- 1.2 The SCG Sustainable Development Committee is accountable for setting up sustainability policies and raising sustainable development performance to international levels in the areas of safety, occupational health, environment, community and social responsibility, with the goal of setting examples for other organizations in Thailand to follow. The Committee is also responsible for monitoring and reporting various indicators to the SCG Management Committee.
- 1.3 The SCG Business Continuity Management Steering Committee takes responsibility for defining policies and business direction relating to business continuity. The SCG BCM Steering Committee also sets measures to prevent risks from business interruptions due to natural disasters or unforeseen circumstances, and it defines approaches to mitigating the impacts of these problems.
- 1.4 The SCG Financial Committee manages financial risks, sets out policies, develops the Group's financial structure and defines approaches and strategies in managing risks arising from volatile foreign exchange rates.
- 1.5 The Commodity Hedging Price Risk Management Committee is responsible for defining policies, approaches and strategies in managing risks due to the increase or fluctuation of prices of major raw materials and fuels used in the production process, enabling the Group to be more cost competitive in global markets.
- 1.6 Other committees have been set up by the Management as deemed appropriate.

2. Risk management at a business unit level

SCG encompasses a diverse range of businesses. To ensure that the risk management of each business unit is efficient and can cope with its own specific risks on an effective and timely basis in conformance with SCG's

corporate risk management policy, the Business Unit Risk Management Committees have been established. Each of these committees comprises top executives of a business unit, and is accountable for assessing, setting out strategies, controlling and monitoring risk management. To ascertain that the Group has an enterprise-wide risk management policy in place and that it has been incorporated into the Group's operations, SCG stipulates that the managing director and the management committee of each business unit integrate risk management practices into processes and designate a person as 'risk owner'. A risk owner takes responsibility for assessing, analyzing risks to define response strategies for each company, following up the risk management results to develop strategies appropriate to changing circumstances, and reporting the risk management performance to Risk Management Committees at the business unit level and corporate level according to the significance and impact levels of such risks.

Risk Management Process

SCG has developed the 'SCG Risk Management Manual' to provide guidelines and create a common understandings among all concerned parties. As described in this publication, the Risk Management Process involves the following key actions:

1. Establish a 'common language' to ensure the same frame of reference for definitions of each type of risk factor.
2. Evaluate and identify potential risks which may affect the business goals.
3. Analyze and prioritize the importance of risks by establishing
 - Risk analysis documents to provide definitions, indicators and a basis for assessing each important risk.
 - Risk maps to provide a basis for assessment of the likelihood, significance and manageability of each risk.
 - Control maps to analyze risk management status.
 - Risk evaluation sheets to carry out risk assessment using actual data based on the prescribed criteria.
4. Define strategies or measures to manage the risks to an acceptable level.
5. Follow up the implementation of risk management strategies and overall performance of risk management.
6. Continually improve risk management capabilities to enable the business to effectively define strategies in response to risks in a timely manner.

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

In 2011, SCG managed risks associated with the economy, society and the environment to ensure that it engages effectively in sustainable development both in Thailand and in the countries in which SCG operates. These risks are summarized as follows:

1. Economic Risks

1.1 Impact of severe flooding

This year Thailand was stricken by the worst floods in decades, which hit many provinces including Bangkok. The floods swamped several massive industrial estates, causing damage valued at hundreds of billions of Baht. Many offices and factories in these industrial estates, including SCG subsidiaries, were damaged. Because political crises and natural disasters have become more frequent and severe in recent years, the Management Committee has prioritized preparing for these critical situations, to prevent business disruptions and to mitigate the impact from such risks. To achieve these goals, the SCG Business Continuity Management Committee, both at the corporate and business unit level, which consists of executives and representatives from different departments, is accountable for closely monitoring situations to assess risks that may cause interruptions. It is also responsible for establishing a risk treatment plan, crisis management plan, and business continuity plan in the wake of any disaster. Further, the Committee designates the structures, roles, and responsibilities of the divisions in charge of overseeing business continuity management. When conditions show signs of rapid aggravation and deterioration, a war room will be established to monitor the situation and define guidelines and an operating plan to prevent problems. The Committee will coordinate with concerned departments, such as the Corporate Communications Office, Human Resources Department, etc., to communicate reliable, detailed information to employees and other persons involved, both within and outside SCG, to promote clear understanding.

In the wake of the floods, SCG adopted the above measures, focusing on the safety of

employees and all people concerned. The Group also offered immediate assistance to alleviate the widespread effects of the deluge, providing flood control equipment and temporary shelter for flood sufferers. It set up a relief center for SCG employees to provide assistance to affected staff and their families, thereby helping to reduce the burden on the government sector. To ensure the continuity of business operations, the Group established a Backup Office to provide services to customers and a Mobile Office to provide services to other supporting departments. (These efforts are described in SCG's 'Sustainability Report', published separately.)

Although a number of SCG subsidiaries and factories were ravaged, they all had insurance that covered flooding.

1.2 Fluctuation of fuel and raw material prices was as follows:

Coal is a primary source of energy for cement and paper production. 2011 saw fluctuation in world coal prices. The average Newcastle coal price was USD 121, increasing by USD 22 per ton on average or 22% compared to the same period of the previous year. Natural disasters like snow storms in China and the tsunami in Japan created great demand for coal during the early 2011. On the other hand, the Eurozone debt crisis in the latter half of the year shrank demand and reduced coal prices. However, in the long term, the demand for coal in China, India, and other countries around the world still shows upward trend and is expected to exceed supply. Consequently, the production cost for cement and paper will continue to rise.

SCG has taken several counteractive measures such as increasing the use of alternative fuels, exploring new sources of energy, entering into long-term purchase contracts and hedging prices to mitigate price fluctuation risk. The Group also invested in efficient energy generation/consumption projects, such as a waste-heat power generator (WHG) enabling the reuse of waste heat from cement production.

The main raw materials used in the manufacturing processes at SCG are as follows: Naphtha is a main feedstock in petrochemical

production. Over the past year, the price of naphtha increased on average by USD 214 per ton compared to the previous year, to USD 938 per ton, due to crude oil price hikes, while the price of the HDPE plastic resin rose USD 149 per ton to USD 1,373 per ton. The variance of HDPE – Naphtha gap reduced to USD 435 per ton, from USD 500 per ton, due to the higher supply from new entrants and shrinking demand because of concerns over the European crisis.

In response, SCG attempted to maintain market share in countries where strategic customers are located; push sales to foreign markets providing better yields; consistently conduct research and develop high value-added products and services based on customer needs; accelerate forward selling to increase sales opportunities; and prevent risks by entering into hedging transactions.

Waste paper is a major raw material in the production process at SCG Paper. In 2011, waste paper prices fluctuated dramatically and showed an upward trend due to the dwindling supply of waste paper as a result of Japan being hit by the devastating tsunami and a series of nuclear reactor explosions. The diminishing supply forced paper manufacturers throughout the world to rely on the limited supply of waste paper from the United States and Latin America. In response, SCG Paper resorted to purchasing some waste paper directly from users by increasing purchase points and bailing plants both locally and internationally. This effort ran concurrent with improving manufacturing process efficiency to reduce costs.

1.3 Fluctuation of foreign exchange rates

SCG has expanded its investment abroad, especially in the ASEAN nations, including Vietnam, Myanmar, Indonesia, Cambodia, Malaysia, and so on, to boost trading opportunities. In 2011, Vietnam, one of the countries in which SCG has invested, was wracked by high inflation and financial volatility, prompting its government to undertake several rounds of devaluation of the Vietnamese dong, the same scenario wreaking havoc in many countries globally. To ensure efficient and systematic risk management, the

SCG Financial Committee takes responsibility for monitoring global economic and financial conditions, including the countries in which SCG has invested, to assess risks and impacts from fluctuating foreign exchange rates in various scenarios. Further, SCG adopts sensitivity analysis tools for analyzing variations of exchange rate and currency value, allowing the Group to forecast the potential effects of such changes and define response strategies in a timely manner, thereby reducing the risks to an acceptable level.

2. **Social Risks**

2.1 Changing consumer behavior

Consumer behavior has been changing, marked by an increasing preference for eco-friendly products. Foreseeing opportunities to mitigate such risk, SCG stresses the importance of research and development of high value-added products and services. To that effect, the Group has introduced the SCG eco value label which encompasses both 'green process' and 'green product'. In 2011, sales of HVA products accounted for 32% of total sales, while sales of SCG eco value products accounted for 13%.

2.2 Participatory involvement with communities and societies

SCG realizes that business cannot survive, let alone thrive, if communities and societies fail. This is one of the material risks that the Group takes seriously. As a consequence, SCG attaches enormous significance to social responsibility, setting up a CSR division for each business unit so that they reach out to communities more effectively both in normal circumstances and times of crisis. This was very evident in late 2011, when Thailand was hit by the most severe flooding in decades. SCG gave assistance to its employees and also provided relief support and aid to flood-ravaged communities and flood victims at the company's fullest capacity. The relief response covered four areas as follows:

- Donating relief supplies such as meal boxes, survival bags, life jackets, boats, paper toilets, water purification units, etc. Rescue teams comprising SCG volunteers were sent out to help evacuate employees and

their families from flood-prone areas. In their efforts, the rescue teams helped more than 800 SCG employees and their families to evacuate, while also evacuating 6,600 other flood victims.

- Providing flood prevention equipment to the government and Bangkok Metropolitan Administration.
- Supporting rebuilding after floods by running a clinic to provide consultation and advice about repairing and rebuilding flooded homes and infrastructure.
- Preparing for future floods by introducing a long-term project to develop special-purpose flood shelters, such as floating houses. SCG also joined forces with the Department of Disaster Prevention and Mitigation to provide training for people on preventing and preparing for a flood.

2.3 Life and health safety

SCG emphasizes ensuring the safety of employees and business partners. The Group has established preventive measures related to machinery, plant sites, work stations and work procedures. SCG has also worked to instill safety awareness among employees, business partners and third parties. In addition, safety performance is designated as one of the key performance indicators to be followed up on and reported to the SCG Management Committee and Business Unit Management Committee on a monthly basis.

3. **Environmental Risk**

Environmental responsibility is a major component of sustainable development. Today, the planet has faced with more pressing environmental issues as evidenced by increasing natural disasters which are becoming more frequent and severe and the grave threat of global warming. As part of society, SCG realizes these problems and commits to developing itself as a green business. The Group's environmental targets encompass waste management and greenhouse gases reduction. SCG has undertaken systematic efforts and constant monitoring as follows:

3.1 Industrial waste management SCG aims to achieve 'zero waste to landfill' by 2012.

3.2 Greenhouse gases reduction Greenhouse

gases are emitted from a variety of industrial processes. They have significant impact on climate change and contribute to global warming. As a consequence, SCG has set its sights on reducing greenhouse gas emissions by 10% by the year 2020, from the base year 2007. The long term measures begin with a systematic inventory of greenhouse gases that provides data for practical greenhouse gases reduction measures. We also undertake the study and development of alternative fuel technology and energy-efficient machinery. For its part, SCG Cement achieved a reduction of approximately 300,000 tons of greenhouse gases per year by recapturing waste heat from the cement production process for electricity generation, using waste heat power generator.

3.3 Minimizing risks for projects in Map Ta Phut

In September 2009, the Central Administrative Court ordered 76 industrial projects in the Map Ta Phut area to temporarily halt operations, 18 of which were operated by SCG Chemicals. On September 2, 2010, the Central Administrative Court ordered the revocation of the industrial licenses of the projects approved after the 2007 Constitution and falling into the 11 types of projects with serious environmental impacts under the Notification of the Ministry of Natural Resources and Environment dated August 31, 2010. This ruling affected a small number of SCG's projects, which fell under the Notification. However, SCG management worked with the involved agencies and complied with all requirements stipulated by Article 67, Paragraph 2. At present, only one project is working toward Article 67, Paragraph 2 compliance and its environmental impact assessment report is being considered by the Office of Natural Resources and Environmental Policy and Planning.

3. Shareholders Structure

3.1 First 10 major shareholders as at January 5, 2012

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	360,000,000	30.00
2. THAI NVDR CO., LTD.	114,320,649	9.53
3. CHASE NOMINEES LIMITED 42	47,143,232	3.93
4. STATE STREET BANK AND TRUST COMPANY	33,915,123	2.83
5. BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	30,131,936	2.51
6. CPB EQUITY CO., LTD.	23,220,000	1.94
7. NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND	22,800,836	1.90
8. SOCIAL SECURITY OFFICE	19,627,600	1.64
9. STATE STREET BANK EUROPE LIMITED	17,460,683	1.46
10. BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	15,788,000	1.32

CPB Equity Co., Ltd. is the company fully-owned by The Crown Property Bureau.

The information of investors under Thai NVDR Co., Ltd. is shown on the website: www.set.or.th

As at January 5, 2012, the first 3 major NVDR holders were as follows:

NVDR holders	No. of ordinary shares	Percent of total shares
1. STATE STREET BANK AND TRUST COMPANY	8,366,153	0.70
2. HSBC (SINGAPORE) NOMINEES PTE LTD	7,554,914	0.63
3. LITLEDOWN NOMINEES LIMITED 9	7,526,800	0.63

3.2 The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at January 5, 2012)

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	360,000,000	30.00
2. CPB EQUITY CO., LTD.	23,220,000	1.94

Foreign Limit

The Company has imposed limitations on the number of shares which can be held by the foreigners at 25% of fully paid-up capital. As at January 5, 2012, the Company declared that 25% of fully paid-up capital shares are held by the foreigners.

4. The Board of Directors

The Board of Directors is comprised of:

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

* qualified as an independent director since June 1, 2011

Duly authorized directors

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

Directors' term of service on Board

Duration of each term

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

Number of consecutive terms a director is permitted to serve

The Company believes that each of its elected directors is a highly qualified individual who is respected for being

knowledgeable, virtuous, moral and effective. If shareholders show confidence in a director by re-electing him or her, the Board of Directors will honor that decision. Therefore, the Company does not set a limit on consecutive terms of service by a director.

Further, in 2011, the Board of Directors resolved to limit the number of terms for which an individual may serve as an independent director to a maximum of three consecutive terms. The first term started from May 25, 2011.

Scope of authority of the Board of Directors

The Board of Directors has the following authorities:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:
 - 1.1 Performing its duties with all due circumspection and caution (Duty of Care).
 - 1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).
 - 1.3 Performing its duties in compliance with laws, objectives, Articles of Association, and resolutions of shareholders' meetings (Duty of Obedience).
 - 1.4 Disclosing information to shareholders accurately, completely, and transparently (Duty of Disclosure).
2. Directing the vision, mission, and business policies of SCG for stability and the balanced and sustainable benefits of all stakeholders, while continuously adding value to shareholders.
3. Reviewing the operating plan and developing the capabilities of SCG for competitiveness at the global level.
4. Assessing the operational results of SCG and the performances of senior executives.
5. Overseeing and developing the risk management systems, and the corporate governance of SCG to reach the standard accepted internationally.
6. Devoting their time and efforts to the Company without seeking benefits for themselves or others and not acting in conflict of interest or in competition with the Company or SCG.
7. Directing the Company's operation in compliance with the laws, objectives, Articles of Association, and resolutions of shareholders' meetings in good faith and with care to preserve the interests of the Company.
8. Conducting their duties in line with SCG's principles of corporate governance and the code of best practices for directors of listed companies as per the guidelines of the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC).
9. Overseeing and monitoring of each business unit

and SCG's overall performance by requiring their performance reports periodically, and setting policies to improve the business operations and development of SCG's employees.

10. Encouraging staff at all levels to be conscious of ethics and morality by promoting awareness of the importance of internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

11. Protecting the fair rights and interests of both major and minor shareholders. Furthermore, shareholders are entitled to protect their own interests, and receive accurate, complete, transparent, open, and auditable information.

12. Recognising the roles, duties, and responsibilities of the Board of Directors, paying respect to the rights of shareholders, treating shareholders and other stakeholders fairly and conducting the business transparently, and disclosing information accurately and adequately.

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

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

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

Qualifications of Independent Directors of SCG

SCG's qualifications for independent directors were revised on May 25, 2011, and are now more stringent than prescribed by the Office of Securities and Exchange Commission. These qualifications are as follows:

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

2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate,

same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.

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

4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgement, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.

The term 'business relationship' in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of 1 year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent

company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.

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

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

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

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

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

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

12. Shall be able to prevent conflicts of interest.

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

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

The Audit Committee

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

- | | |
|-------------------------------|----------|
| 1. ACM Kamthon Sindhvananda | Chairman |
| 2. Mr. Pricha Attavipach | Member |
| 3. Mr. Tarrin Nimmanahaeminda | Member |
| 4. Mr. Pramon Sutivong * | Member |

* To be in replacement for Mr. Sumet Tantivejkul who tendered this resignation from being a number of the Audit Committee since December 21, 2011.

The Audit Committee's term on Board

The Audit Committee is subject to a three-year term. Nevertheless, a retiring director is eligible for re-election.

Scope of authority of the Audit Committee

The Audit Committee is authorized to fulfill the following duties:

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

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

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

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

5. Check the corporate risk management system.

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

7. Check the report on dishonesty and establish preventive measures.

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

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

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

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

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

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

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

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

16. Consider and approve the budget and manpower of the Audit Office.

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

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

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

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

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

Responsibilities of the Audit Committee

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

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

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

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

The Governance and Nomination Committee

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

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

The Governance and Nomination Committee's term on Board

The Governance and Nomination Committee is subject to a three-year term. Nevertheless, a retiring director is eligible for re-election.

Scope of authority of the Governance and Nomination Committee

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

Corporate governance

1. Draw up the scope and policy of SCG's corporate governance and present them to the Board of Directors.
2. Make recommendations on the practice of SCG's corporate governance and give advice on corporate governance to the Board of Directors.
3. Oversee and monitor the performance of the Company's Board of Directors and the management to ensure their compliance with SCG's corporate governance policy.
4. Review the practice of corporate governance within SCG by benchmarking to that of leading international companies and make recommendations to the Board of Directors for further improvement and keeping it up-to-date.
5. Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.
6. Review the appropriateness of retaining the directorship should there be any change in a director's qualifications.
7. Recommend a process of assessing the performance of the Board of Directors and the committees, and follow up and conclude the assessment results to the Board of Directors for acknowledgement and utilizing such information for improvement of work efficiency.
8. Review the process of assessing the performance of the Board of Directors and the committees on a regular annual basis.
9. Report regularly a progress and performance results to the Board of Directors after every meeting of the Corporate Governance and Nomination Committee.
10. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the committees. Should there be an alteration to the Charter of the Board of Directors and the committees, the Corporate Governance and Nomination Committee shall review and make appropriate recommendations in keeping it up-to-date.
11. Perform other duties as assigned by the Board of Directors.

Nomination of directors and top executives

1. Specify qualifications of any person to be nominated for directorship and lay down the director nomination process to replace the retiring director, considering diverse candidates with skills, experience, and expertise.
2. Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case may be and submit a list of nominees to the Board of Directors and/or shareholders' meeting for resolution.
3. Recommend a plan for succession of the Company's President & CEO and the top executives to the Board of Directors for consideration.
4. Perform other duties as assigned by the Board of Directors.

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

The Remuneration Committee

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

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

The Remuneration Committee's term on Board

The Remuneration Committee is subject to a three year term. Nevertheless, a retiring director is eligible for re-election.

Scope of authority of the Remuneration Committee

The Remuneration Committee is authorized to fulfill the following duties:

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

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

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

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

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

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

7. Consider the remuneration of the Board of Directors and top executives, as compared to the

remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in that industry and to motivate them to foster the Company's continuing development.

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

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

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

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

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

Board of Directors

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

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

Mr. Chirayu Isarangkun Na Ayuthaya

Age 69

Positions in SCC Chairman
Director of CSR Committee for Sustainable Development

Education

1964 B.Sc., Economics (Hons),
London School of Economics,
University of London, England

1971 Ph.D., Economics,
Australian National University,
Australia

Seminar

2001 Chairman 2000 Program,
Thai Institute of Directors Association

Previous Experience

1976-1979 Dean, School of Development
Economics, NIDA

1983-1985 Deputy Minister of Industry

1985 Minister of Industry

1986 Minister of Prime Minister's Office

1998-1999 Chairman,
The Siam Cement
Public Company Limited

1998-2007 Chairman,
Siam Commercial Bank
Public Company Limited

Other Current Positions

Since 1987 Director-General,
The Crown Property Bureau

Since 1987 Grand Chamberlain,
The Royal Household Bureau

Since 1987 Chairman,
Deves Insurance
Public Company Limited

Since 1998 Chairman,
National Institute of
Development Administration

Since 2007 Director,
Siam Commercial Bank
Public Company Limited

Air Chief Marshal Kamthon Sindhvananda

Age 85

Director qualified as an Independent Director

Positions in SCC Director
Chairman, The Audit Committee

Education

1947 B. Eng-EE, Chulalongkorn University

1988 Honorary Degree, Doctor of
Engineering, King Mongkut's Institute
of Technology North Bangkok

1988 Honorary Degree, Doctor of
Engineering, Kasetsart University

1989 Honorary Degree, Doctor of
Engineering, Chulalongkorn University

1989 Honorary Degree,
Doctor of Engineering,
Prince of Songkla University

1998 Honorary Degree, Doctor of
Engineering, Siam University

2000 Honorary Degree, Doctor of
Philosophy (Public Administration),
The National Institute of
Development Administration

2007 Honorary Degree, Doctor of Liberal
Arts, Southeast Bangkok College

2007 Honorary Degree, Doctor of
Engineering, Eastern Asia University

Seminar

2001 Chairman 2000 Program,
Thai Institute of Directors Association

2004 Finance for Non-Finance Directors,
Thai Institute of Directors Association

2004 Directors Accreditation Program
(DAP) 18/2004,
Thai Institute of Directors Association

2006 Understanding the Fundamental of
Financial Statement (UFS),
Thai Institute of Directors Association

Previous Experience

1973-1975 Member of National
Legislative Assembly

1981-1987 Senator

1985-1987 Governor, Electricity Generating
Authority of Thailand

1985-1995 Chairman,
Suan Luang Rama IX Park Foundation

1990-1993 President,
The Engineering Institute of Thailand
under H.M. The King's Patronage

Other Current Positions

Since 1977	Vice Chairman, King Buddhalertla Naphalai Memorial Foundation under The Royal Patronage
Since 1986	Chairman of Advisors to the Board of Directors, Petroleum Institute of Thailand
Since 1987	Vice Chairman, The Sai Jai Thai Foundation under Royal Patronage
Since 1987	Privy Councillor
Since 1989	Chairman, Foundation for Petroleum Institute of Thailand
Since 1994	Vice Chairman, The Royal Project Foundation
Since 2003	Chairman, Tapasa Foundation
Since 2003	Chairman, Prajadhipok-Rambhai Barni Foundation
Since 2004	Chairman, The Royal Scholarship for Thai Priest Project
Since 2005	Chairman, Suan Luang Rama IX Park Foundation

Mr.Snoh Unakul

Age 80

Positions in SCC	Director Member of The Governance and Nomination Committee Chairman of CSR Committee for Sustainable Development
-------------------------	--

Education

1951	Certificate in Accountancy, Thammasat University
1954	B.Commerce, University of Melbourne, Australia
1957	M.A. (Econ), Columbia University, U.S.A.
1961	Ph.D. (Econ), Columbia University, U.S.A.
1981	The National Defence Course, National Defence College (Class 24)
1984	Honorary Degree, Doctor of Economics, Chulalongkorn University
1985	Honorary Degree, Doctor of Commerce, Thammasat University
1988	Honorary Degree, Doctor of Social Science, Srinakharinwirot University

1989	Honorary Degree, Doctor of Economics, Thammasat University
1991	Honorary Degree, Doctor of Economics Development, The National Institute of Development Administration
1993	Honorary Degree, Doctor of Economics, Burapha University
1998	Honorary Degree, Doctor of Economics, Khon Kaen University

Seminar

2004	Advanced Director Program "Board's Failure and How to Fix It", Thai Institute of Directors Association
2005	Directors Accreditation Program (DAP) 32/2005, Thai Institute of Directors Association

Previous Experience

1972-1975	Member, National Legislative Assembly
1977-1979	
1973-1974	Deputy Permanent Secretary, Ministry of Commerce
1974-1975	Secretary -General, The National Economic and Social Development Board
1975-1979	Governor of Bank of Thailand
1980-1989	Secretary -General, The National Economic and Social Development Board
1981-1991	Senator
1991-1992	Deputy Prime Minister
1991-1992	Chairman, Council of Burapha University
1992-1995	Chairman, Board of Directors and Chairman of the Executive Committee, The Bank of Asia Public Company Limited
2010	Chairman, The First Governor of the Bank of Thailand Selection Committee

Other Current Positions

Since 1984	Chairman, Thailand Development Research Institute Foundation
Since 1992	Director, Dole (Thailand) Company Limited

Since 1993 Director,
Board of The Crown Property Bureau

Since 2006 Director, CPB Equity Company Limited

Since 2009 Chairman,
Siam Bioscience Company Limited

Since 2011 Chairman, Apexcela Company Limited

Since 2011 Vice Chairman, Buddhadasa
Indatanno Archives Foundation

Mr.Sumet Tantivejkul

Age 72

Director qualified as an Independent Director

Positions in SCC Director
Chairman, The Governance and
Nomination Committee
Director of CSR Committee
for Sustainable Development

Education

1966 B.A. (Political Science),
Grenoble University, France

1967 M.A. (Political Science and
International Law),
Montpellier University, France

1969 Ph.D.(Political Science),
Montpellier University, France

1982 Diploma, The Economic Development
Institute of the World Bank (EDI),
Washington D.C., U.S.A.

Seminar

2001 Bankruptcy and Rehabilitation
Process: What Directors and
Executive should Know ?
Thai Institute of Directors Association

2001 The Audit Committee...
The Expectation Increase and
The Responsibility Expansion,
The Stock Exchange of Thailand

2003 Directors Certification Program (DCP)
30/2003,
Thai Institute of Directors Association

2003 Finance for Non-Finance Directors
5/2003,
Thai Institute of Directors Association

2006 Audit Committee Program (ACP),
Thai Institute of Directors Association

Previous Experience

1994-1996 Secretary-General,
Office of The National Economic and
Social Development Board

1994-1996 Director, Bank of Thailand

1994-2001 Director, Thai Airways International
Public Company Limited

1996-1997 Director, Krung Thai Bank Public
Company Limited

1997-1998 Chairman,
Telephone Organization of Thailand

1997-2000 Director, Thai Farmers Bank
Public Company Limited

2005-2010 President of the University Council,
Thammasat University

Other Current Positions

Since 1988 Member and Secretary-General,
The Chaipattana Foundation

Since 2001 Director,
Council of Burapha University

Since 2002 Chairman,
Elephant Reintroduction Foundation

Since 2002 Chairman,
The Sirindhorn International
Environmental Park Foundation

Since 2004 Chairman, Foundation for a Clean and
Transparent Thailand

Mr. Pricha Attavipach

Age 73

Director qualified as an Independent Director

Positions in SCC Director
Member of the Audit Committee

Education

1960 B.Sc. (Industrial Engineering),
Chulalongkorn University

1964 M.S. (Industrial Engineering &
Management),
Oklahoma State University, U.S.A.

Seminar

2004 Directors Certification Program (DCP)
39/2004,
Thai Institute of Directors Association

2004 Finance for Non-Finance Directors,
Thai Institute of Directors Association

2006 Audit Committee Program (ACP),
Thai Institute of Directors Association

Previous Experience

1993-2001 Director,
PTT Exploration and Production
Public Company Limited

1996-1999 Permanent Secretary,
Ministry of Industry

1997-1998	Chairman, Electricity Generating Authority of Thailand	Since 2008	Chairman, TS Flour Mills Public Company Limited
1997-1999	Chairman, Petroleum Authority of Thailand	Since 2009	Chairman, Foundation for Industrial Development
1999-2000	Chairman, National Petrochemical Public Company Limited	Since 2010	Chairman, SI Property Company Limited
2000-2003	Honorary Advisor, National Petrochemical Public Company Limited	Since 2011	Chairman, Kaset Thai Bio Power Company Limited

Other Current Positions

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

Mr. Panas Simasathien

Age 79

Positions in SCC

Director
Member of The Governance and
Nomination Committee

Education

1951	Certificate in Accountancy, Thammasat University
1954	B.A., Cum Laude, (Business Administration) Claremont Men's College, California, U.S.A.
1955	M.S. (Accounting), University of Illinois, U.S.A.
1958	Ph.D. (Accounting), University of Illinois, U.S.A.
1984	Honorary Doctorate in Commerce, Thammasat University

Seminar

2000	Directors Certification Program (DCP) 2/2000, Thai Institute of Directors Association
2001	The Corporate Governance of Family Business: A Path to Sustainable Success, Thai Institute of Directors Association
2002	Strengthening Corporate Governance Practices in Thailand, Thai Institute of Directors Association
2004	Effective AGMs for Better Communication with Your Shareholders, Thai Institute of Directors Association
2004	Developing CG Policy Statement, Thai Institute of Directors Association
2004	Director Independence and Handling of Conflict of Interests, Thai Institute of Directors Association
2005	DCP Refresher Course 1/2005, Thai Institute of Directors Association

Previous Experience

1982-1992	Chairman, Krung Thai Bank Public Company Limited
1982-1992	Permanent Secretary, Ministry of Finance
1992	Minister of Finance
1993-1995	Chairman, Electricity Generating Authority of Thailand
1994-2006	Member of The Securities and Exchange Commission
1996-2006	Chairman of the Executive Committee, Saha Union Public Company Limited
1997-2005	Deputy Chairman, The National Economic and Social Development Board
2006-2010	Deputy Chairman, Union Textile Public Company Limited
2007-2010	Deputy Chairman, Saha Union Public Company Limited
2007-2010	Chairman, Union Technology (2008) Public Company Limited
2010	Chairman, Union Plastic Public Company Limited

Other Current Positions

Since 1992	Deputy Chairman and Chairman of the Executive Committee, Siam Piwat Company Limited
Since 2000	Director, Board of The Crown Property Bureau
Since 2003	Chairman, The Council of State, Group 12
Since 2005	Chairman, The National Economic and Social Development Board
Since 2011	Chairman, Saha Union Public Company Limited

Mr. Yos Euarchukiati

Age 69

Positions in SCC	Director Member of the Remuneration Committee Director of CSR Committee for Sustainable Development
-------------------------	---

Education

1964	B.Sc.(Eng.), University College London, University of London, England
------	---

Seminar

2000	Chairman 2000 Program 1/2000, Thai Institute of Directors Association
2001	The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association

Previous Experience

1968-1974	Managing Director, Thai Plastic and Chemicals Company Limited
1974-1981	Senior Executive Vice President, Bank of Asia for Industrial and Commercial
1981-1992	President and Director, The Bank of Asia Company Limited
1992-1997	Vice Chairman, The Bank of Asia Public Company Limited
1994-1997	Advisor, The Crown Property Bureau
2000-2002	Chairman, Thai Industrial Gases Public Company Limited
2000-2005	Director, National Petrochemical Public Company Limited
2006-2009	Director, Minor International Public Company Limited

Other Current Positions

Since 1990	Chairman, Thai Plastic and Chemicals Public Company Limited
Since 1997	Advisor - Financial and Investment, The Crown Property Bureau
Since 2001	Chairman of the Executive Board of Director, CPB Equity Company Limited
Since 2001	Chairman, CPB Property Company Limited
Since 2001	Director, Siam Piwat Company Limited

Mr. Arsa Sarasin

Age 75

Director qualified as an Independent Director

Positions in SCC	Director Member of the Governance and Nomination Committee
-------------------------	---

Education

1959	B.A. (Business Administration), Boston University, U.S.A.
------	--

Seminar			
2003	Directors Accreditation Program (DAP) 5/2003, Thai Institute of Directors Association	Since 1999	Independent Director and Member of the Audit Committee, Charoen Pokphand Foods Public Company Limited
2004	Finance for Non-Finance Directors, Thai Institute of Directors Association	Since 1999	Chairman, Siam Makro Public Company Limited
2007	Audit Committee Program (ACP), Thai Institute of Directors Association	Since 2000	His Majesty's Principal Private Secretary
Previous Experience			
1977-1980	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of Belgium & Chief of Mission to the European Community	Since 2003	Director, Thai Pure Drinks Company Limited
1980-1982	Director-General, Department of Political Affairs, Ministry of Foreign Affairs	Since 2004	Chairman of the Board of Governors for Amata Spring Country Club
1982-1986	Permanent Secretary, Ministry of Foreign Affairs		
1986-1988	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of United States of America	Mr. Chumpol NaLamlieng	
1991-1992	Minister of Foreign Affairs	Age 64	
1994-2004	Co-Chairman of the Thai-Laos Association	Positions in SCC	Director Chairman, The Remuneration Committee
1995-1999	Vice Chairman of the Board of Directors, Bangkok Bank Public Company Limited	Education	
1997	Chairman, The Second Asia-Europe Business Forum (AEBF)	1964	B.S. Mechanical Engineering, University of Washington, U.S.A.
1998-2000	Honorary Chairman of The Foundation for International Human Resources Development	1967	MBA, Harvard Business School, U.S.A.
2000-2008	Advisor to the Board of Directors, Bangkok Bank Public Company Limited	Seminar	
		2001	Chairman 2000 Program 2/2001, Thai Institute of Directors Association
Other Current Positions		Previous Experience	
Since 1993	Chairman, Thai Asia Pacific Brewery Company Limited	1993-2005	President, The Siam Cement Public Company Limited
Since 1996	Chairman, Amata City Company Limited	2005-2009	Director, British Airways Public Company Limited
Since 1998	Chairman, Padaeng Industry Public Company Limited	2004-2011	Chairman, Singapore Telecommunication Company Limited
Since 1998	Deputy Chairman, Thai Tapioca Development Institute	Other Current Positions	
		Since 1995	Director, Dole (Thailand) Company Limited
		Since 2007	Director, Siam Commercial Bank Public Company Limited
		Since 2011	Director, CBP Equity Company Limited

Mr. Tarrin Nimmanahaeminda

Age 66

Director qualified as an Independent Director

Positions in SCC Director
Member of the Audit Committee
Member of the Governance and
Nomination Committee

Education

1968 B.A. (Government, Cum Laude),
Harvard College, U.S.A.
1970 MBA (Finance), The Stanford
Graduate School of Business, U.S.A.

Previous Experience

1984-1992 President and
Chief Executive Officer,
Siam Commercial Bank
Public Company Limited
1991-1992 Chairman of
the Thai Bankers' Association
1992-1995 Minister of Finance
(September 1992 - May 1995)
1996-2005 Member of the House of
Representatives
1997-2001 Minister of Finance
(November 1997 - February 2001)
1999-2000 Chairman of The Development
Committee, The World Bank Group

Other Current Positions

Since 1988 Vice Chairman,
Princess Maha Chakri Sirindhorn
Foundation
Since 1992 Director and Treasurer,
The Prostheses Foundation
Since 2003 Chairman,
Siam Piwat Company Limited

Mr. Pramon Sutivong

Age 72

Director qualified as an Independent Director

Positions in SCC Director
Member of
the Remuneration Committee
Member of the Audit Committee

Education

1963 Bachelor of Engineering,
Major in Mechanical,
University of Kansas, U.S.A.

1964 Master of Engineering,
Major in Mechanical,
University of Kansas, U.S.A.

1987 Advanced Management Program
(AMP), Harvard University, U.S.A.

Seminar

2001 Chairman 2000 Program 2/2001,
Thai Institute of Directors
Association
2003 Directors Accreditation Program
(DAP) 6/2003, Thai Institute of
Directors Association
2009 Role of Compensation Committee
(RCC) 9/2009,
Thai Institute of Directors Association

Previous Experience

1965-1980 Esso Standard Thailand Co., Ltd.
1981-1996 Managing Director, SCT Co., Ltd.
1984-1992 Vice President ,
The Siam Cement
Public Company Limited
1992-1999 Senior Vice President,
The Siam Cement Public
Company Limited
1990-2005 Director, SCG Foundation
1998-2002 Chairman,
International Chamber of
Commerce Thailand
1999-2004 Chairman,
Bankthai Public Company Limited
2006-2008 Member,
National Legislative Assembly
2004-2009 Chairman,
The Thai Chamber of Commerce
2005-2009 Chairman,
Board of Trade of Thailand

Other Current Positions

Since 1997 Director,
The Navakij Insurance
Public Company Limited
Since 1999 Chairman,
Toyota Motor Thailand Co., Ltd.
Since 1999 Chairman,
Siamcompressor Industry Co., Ltd.
Since 1999 Director,
Toyota Thailand Foundation

Since 2007 Director,
Office of The Civil Service
Commission

Since 2009 Honorary Director of the University
Council, University of the Thai
Chamber of Commerce

Since 2009 Senior Chairman,
The Thai Chamber of Commerce
and Board of Trade of Thailand

Mr. Kan Trakulhoon

Age 56

Positions in SCC Director
President & CEO
Director of CSR Committee for
Sustainable Development

Education

1977 B.E. (Electrical),
First Class Honours,
Chulalongkorn University

1986 M.S. Engineering,
The Georgia Institute of Technology,
U.S.A.

1986 M.S. (Management),
The Georgia Institute of Technology,
U.S.A.

2001 Advanced Management Program
(AMP), Harvard University, U.S.A

Seminar

2003 Directors Certification Program
29/2003 (DCP), Thai Institute of
Directors Association

Previous Experience

1999-2002 President, Cemen Thai Ceramics
Company Limited

2003-2004 Vice President,
The Siam Cement
Public Company Limited

2004-2005 Executive Vice President,
The Siam Cement
Public Company Limited

2009-2011 Outside Director,
Kubota Corporation (Japan)

Other Current Positions

Being chairman and director of
non-listed companies under SCG
totaling 13 companies

Since 2004 Board Member,
East Asia Council, INSEAD

Since 2006 Member, World Business Council for
Sustainable Development

Since 2006 Board Member, School of
Engineering and Technology,
Asian Institute of Technology

Since 2007 Member, Asia Business Council

Since 2010 Member, Board of Trustees,
Asia Business Council

Since 2011 Shayu (Company Associate),
Kubota Corporation (Japan)

Since 2011 Global Advisor,
Kubota Corporation (Japan)

Mr. Worapol Jennapar

Position in SCC Secretary to the Board

Ms. Pornpen Namwong

Position in SCC Corporate Secretary

Shareholdings of Directors as at December 31, 2011

Directors	The Siam Cement Public Company Limited					Affiliated companies	
	Ordinary shares (shares)			Debentures (units)		Ordinary shares (shares)	
	Held personally	Held by spouses and minor children	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	-	-	-	-
2. ACM Kamthorn Sindhvananda	28,000	-	-	62,000	500	-	-
3. Mr. Snoh Unakul	30,000	120,000	120,000 Increase spouse	-	-	-	-
4. Mr. Sumet Tantivejkul	-	-	-	12,000	-	-	-
5. Mr. Pricha Attavipach	4,100	40,000	6,500 Increase spouse	-	-	-	-
6. Mr. Panas Simasathien	100,000	-	-	27,000	-	-	-
7. Mr. Yos Euarchukiati	650,000	-	120,000 Increase personally	-	-	45,767,780*	8,000,000*
8. Mr. Arsa Sarasin	13,000	-	4,100 Increase personally	-	-	40,000*	-
9. Mr. Chumpol NaLamlieng	1,001,000	-	-	40,000	31,000	-	(1,000,000*)
10. Mr. Tarrin Nimmanahaeminda	-	29,000	9,000 Increase spouse	-	-	-	-
11. Mr. Pramon Sutivong	-	45,000	-	7,000	1,000	-	-
12. Mr. Kan Trakulhoon	-	-	-	-	-	37,000*	-

Notes:

- The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up capital of 1,200,000,000 Baht (1,200,000,000 shares).
- According to the Public Limited Companies Act, an "affiliated company" means a public limited company with a relationship to a private company, a public limited company, or companies in the following manner:
 - Any company that has the authority to control the appointment and removal of directors with full management authority or that has majority management authority.
 - Holds more than 50% of issued shares.
- According to SEC regulation, ordinary shares of a company including those held by a spouse and minor children.
- The Public Limited Companies Act requires divulging the ordinary shares and debentures in the company and in affiliated companies held solely by a Board member as an individual.
- The Siam Cement Public Company Limited debentures are 1,000 Baht per unit.
- *Ordinary shares of The Thai Plastic and Chemicals Public Company Limited.
- Currently, SCG affiliated companies issue no debentures.

The attendance of the directors in 2011 (as at December 31, 2011)

Directors	Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	The CSR Committee for Sustainable Development	The 2011 Annual General Meeting of Shareholders
	(Total 12 directors) Total 11 times / year	(Total 4 members) Total 8 times / year	(Total 5 members) Total 4 times / year	(Total 3 members) Total 7 times / year	((Total 5 members) Total 2 times / year*	(Total 12 directors) On March 30, 2011
1. Mr. Chirayu Isarangkun Na Ayuthaya	11/11				2/2	1/1
2. ACM Kamthon Sindhvananda	11/11	8/8				1/1
3. Mr. Snoh Unakul	11/11		4/4		2/2	1/1
4. Mr. Sumet Tantivejkul	11/11	6/8	4/4		2/2	1/1
5. Mr. Pricha Attavipach	11/11	8/8				1/1
6. Mr. Panas Simasathien	11/11		4/4			1/1
7. Mr. Yos Euarchukiati	10/11			6/7	2/2	1/1
8. Mr. Arsa Sarasin	10/11		4/4			1/1
9. Mr. Chumpol NaLamlieng	11/11			7/7		1/1
10. Mr. Tarrin Nimmanahaeminda	11/11	7/8	2/4			1/1
11. Mr. Pramon Sutivong	11/11			7/7		1/1
12. Mr. Kan Trakulhoon	10/11				2/2	1/1

Notes:

- The six independent directors are number 2, 4, 5, 8, 10 and 11.
- The four Audit Committee members are number 2, 4, 5 and 10.
- The five Governance and Nomination Committee members are number 3, 4, 6, 8 and 10.
- The three Remuneration Committee members are number 7, 9 and 11.
- *The five CSR Committee for Sustainable Development members are number 1, 3, 4, 7 and 12. (Approved by the Board in May, 2011)

Independent Directors' Training Conducted by Thai Institute of Directors Association (IOD)

Independent directors of the Company	Training courses		
	Directors Certification Program (DCP)	Directors Accreditation Program (DAP)	Audit Committee Program (ACP)
1. ACM Kamthon Sindhvananda	-	Class 18/2004	-
2. Mr. Sumet Tantivejkul	Class 30/2003	-	Class 11/2006
3. Mr. Pricha Attavipach	Class 39/2004	-	Class 11/2006
4. Mr. Arsa Sarasin	-	Class 5/2003	Class 11/2006
5. Mr. Tarrin Nimmanahaeminda	-	-	-
6. Mr. Pramon Sutivong	-	Class 6/2003	-

5. Top Executives

(As at January 1, 2012)

SCG top executives are comprised of:

1. Mr. Kan Trakulhoon
President & CEO, SCG
2. Mr. Chaovalit Ekabut
Vice President - Finance and
Investment & CFO, SCG
President, SCG Investment
3. Mr. Aree Chavalitcheewingul
Vice President - Corporate Administration, SCG
4. Mr. Cholanat Yanaranop
President, SCG Chemicals
5. Mr. Somchai Wangwattanapanich
Vice President - Operations, SCG Chemicals
6. Mr. Roongrote Rangsiyopash
President, SCG Paper
7. Mr. Pramote Techasupatkul
President, SCG Cement
8. Mr. Pichit Maipoom
President, SCG Building Materials
9. Mr. Kajohndet Sangsuban
President, SCG Distribution

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

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

Mr. Kan Trakulhoon

Age 56

Positions in SCG Director
President & CEO
Director of CSR Committee for
Sustainable Development

Education

1977 B.E. (Electrical),
First Class Honours,
Chulalongkorn University

1986 M.S. Engineering,
The Georgia Institute of Technology,
U.S.A.

1986 M.S. (Management),
The Georgia Institute of Technology,
U.S.A.

2001 Advanced Management Program
(AMP), Harvard University, U.S.A

Seminar

2003 Directors Certification Program
29/2003 (DCP),
Thai Institute of Directors Association

Previous Experience

1999-2002 President,
Cement Thai Ceramics
Company Limited

2003-2004 Vice President,
The Siam Cement
Public Company Limited

2004-2005 Executive Vice President,
The Siam Cement
Public Company Limited

2009-2011 Outside Director,
Kubota Corporation (Japan)

Other Current Positions

Being chairman and director of
non-listed companies under SCG
totaling 13 companies

Since 2004 Board Member,
East Asia Council, INSEAD

Since 2006 Member, World Business Council for
Sustainable Development

Since 2006 Board Member, School of
Engineering and Technology,
Asian Institute of Technology

Since 2007 Member, Asia Business Council
 Since 2010 Member, Board of Trustees, Asia Business Council
 Since 2011 Shayu (Company Associate), Kubota Corporation (Japan)
 Since 2011 Global Advisor, Kubota Corporation (Japan)

Mr. Chaovalit Ekabut

Age 53

Positions in SCG Vice President - Finance and Investment & CFO, SCG
 President, SCG Investment

Education

1980 B.E. (Mechanical) (First Class Honours), Chulalongkorn University
 1982 M.E. (Industrial Engineering and Management), Asian Institute of Technology
 2004 Advanced Management Program (AMP), Harvard University, U.S.A.

Seminar

2004 Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association
 2007 Directors Certification Program (DCP) 84/2007, Thai Institute of Directors Association
 2010 Role of the Chairman Program (RCP) Thai Institute of Directors Association

Previous Experience

1997-1999 Business Development and Project Division Manager, The Siam Cement Public Company Limited
 1999-2002 Managing Director, Thai CRT Company Limited
 2002-2004 Managing Director, Thai Paper Company Limited
 2004-2005 Executive Vice President, The Siam Pulp and Paper Public Company Limited

2005-2010 President, SCG Paper
 2005-2010 Chairman, Thai Cane Paper Public Company Limited
 2005-2010 Chairman, Thai British Security Printing Public Company Limited

Other Current Positions

Being chairman and director of non-listed companies under SCG Cement, Chemicals, Paper and Building Materials

Mr. Aree Chavalitcheewingul

Age 48

Position in SCG Vice President - Corporate Administration, SCG

Education

1985 Bachelor of Engineering (Electrical), Honor, Chiang Mai University
 1992 Master of Engineering (Industrial Engineering and Management), Asian Institute of Technology
 2011 Advanced Management Program (AMP), Harvard Business School

Previous Experience

2007-2008 Managing Director, The Siam Ceramic Group Industries Co., Ltd.
 2008-2011 Managing Director, Thai-German Ceramic Industry Public Company Limited

Other Current Positions

Being director of non-listed companies under SCG
 Since 2008 Director, Thai-German Ceramic Industry Public Company Limited
 Since 2011 Director and Member of Executive Committee, Quality Construction Products Public Company Limited
 Since 2011 Director, Thai Plastic and Chemicals Public Company Limited

Mr. Cholanat Yanaranop

Age 52

Position in SCG President, SCG Chemicals**Education**

1982 Bachelor of Environmental Chemical Engineering, Second Class Honours, Salford University, Manchester, UK.

1984 Master of Chemical Engineering, Imperial College London, UK.

2004 Advanced Management Program (AMP), Harvard University, U.S.A.

Seminar

2004 Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

Previous Experience

1995-2005 Managing Director, Thai Polyethylene Company Limited

1995-2005 Managing Director, Thai Polypropylene Company Limited

1999-2002 Managing Director, Siam Polyolefins Company Limited

2002-2004 Managing Director, CCC Chemical Commerce Company Limited

2002-2005 Managing Director, CCC Polyolefins Company Limited

2004-2005 Executive Vice President, Cementsai Chemical Company Limited

2005-2010 Director, PTT Chemical Public Company Limited

2007-2008 President, The Thai Institute of Chemical Engineering and Applied Chemistry

Other Current Positions

Being chairman and director of non-listed companies under SCG Chemicals

Since 1999 Chairman of 5 companies under SCG-DOW Joint Venture

Since 2005 Director, Thai Plastic and Chemicals Public Company Limited

Since 2006 Director, Petroleum Institute of Thailand

Since 2008

Advisor, The Thai Institute of Chemical Engineering and Applied Chemistry

Mr. Somchai Wangwattanapanich

Age 53

Position in SCG Vice President - Operations, SCG Chemicals**Education**

1980 Bachelor of Engineering, Mechanical Engineering Chulalongkorn University

2006 MBA, Chulalongkorn University

Previous Experience

2002-2004 Managing Director, Rayong Engineering & Plant Service Co., Ltd.

2004-2007 Managing Director, Rayong Olefins Co., Ltd.

Other Current Positions

Being director of non-listed companies under SCG Chemicals

Since 2007 Managing Director, Map Ta Phut Olefins Co., Ltd.

Since 2010 Vice Chairman of Petrochemical Industry Club, The Federation of Thai Industries

Since 2010 Executive Committee of the Industrial Environment Institute

Since 2010 Executive Committee of the Institute of Industrial and Water Resource and Supplies

Since 2011 Vice Chairman of Executive Committee of the Industrial Environment Institute

Mr. Roongrote Rangsiyopash

Age 48

Position in SCG President, SCG Paper**Education**

1985 B.Eng, Mining, Chulalongkorn University

1987 M.S. (Industrial Engineering), University of Texas at Arlington, U.S.A.

1993 MBA, Harvard Business School, U.S.A.

Seminar

2004 Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

Previous Experience

1996-1997 Vice President - Production, TileCera Inc., U.S.A.
 1997-2000 President, TileCera Inc. U.S.A.
 2000-2005 Corporate Planning Director, The Siam Cement Public Company Limited
 2005-2010 Director, PTT Chemical Public Company Limited
 2005-2010 Vice President & CFO, The Siam Cement Public Company Limited
 2008-2011 Director, Thai-German Ceramic Industry Public Company Limited
 2010-2011 Director, Quality Construction Products Public Company Limited

Other Current Positions

Being chairman and director of non-listed companies under SCG Cement, Paper and Distribution
 Since 2011 Chairman of the Board of Directors and Executive Committee, Thai Cane Paper Public Company Limited
 Since 2011 Chairman of the Board of Directors and Executive Committee, Thai British Security Printing Public Company Limited

Mr. Pramote Techasupatkul

Age 59

Position in SCG President, SCG Cement

Education

1975 B.E. (Industrial), Chulalongkorn University
 2003 Advanced Management Program (AMP), Harvard University, U.S.A.

Previous Experience

1996-1998 Managing Director, Siam Yamato Steel Company Limited
 1999-2000 President, Cemen Thai Roofing and Concrete Products Company Limited
 2001-2002 Vice President, The Siam Cement Public Company Limited

Other Current Positions

Being chairman and director of non-listed companies under SCG Cement, Paper, Building Materials and Distribution

Mr. Pichit Maipoom

Age 55

Position in SCG President, SCG Building Materials

Education

1981 B.E. (Mechanical Engineering), Second Class Honours, King Mongkut's Institute of Technology North Bangkok
 1986 M.E. (Industrial and Management), Asian Institute of Technology
 2005 Advanced Management Program (AMP), Harvard University, U.S.A.

Seminar

2004 Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

Previous Experience

2001-2005 Managing Director, Thai Ceramic Company Limited
 2004-2005 Executive Vice President, Cemen Thai Building Products Company Limited

Other Current Positions

	Being chairman and director of non-listed companies under SCG Cement, Building Materials and Distribution
Since 2008	Honorable Chairman, Ceramic Industry Club of Thailand,
Since 2008	The Federation of Thailand Industries Director and Member of Executive Committee, Thai-German Ceramic Industry Public Company Limited
Since 2010	Director and Member of Executive Committee, Quality Construction Products Public Company Limited

Mr. Kajohndet Sangsuban

Age 58

Position in SCG	President, SCG Distribution
Education	
1975	B.E. (Civil), Chulalongkorn University
2002	Advanced Management Program (AMP), Harvard University, U.S.A.
Seminar	
2003	Finance for Non-Finance Directors Program 2003, Thai Institute of Directors Association
2004	Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

Previous Experience

1996-2001	Managing Director, The Siam Gypsum Industry Company Limited
1999-2005	Managing Director, Cementsai Gypsum Company Limited
2001-2005	President, Cementsai Building Products Company Limited
2003-2006	Director, Millennium Steel Public Company Limited

Other Current Positions

	Being chairman and director of non-listed companies under SCG Cement, Paper, Building Materials and Distribution
Since 2008	Chairman of the Board of Directors and Executive Committee, Thai-German Ceramic Industry Public Company Limited
Since 2010	Chairman of the Board of Directors and Executive Committee, Quality Construction Products Public Company Limited

Corporate officers in Finance and Accounting**Mrs. Chantanida Sarigaphuti**

Age 42

Position in SCG Corporate Treasurer Director**Education**

1975	BBA (Finance), Chulalongkorn University
1978	M.S. (Finance), University of Illinois, USA

Previous Experience

2008	Managing Director, SCT Services Co., Ltd.
2008	Manager, International Business Services Division, SCT Co., Ltd.
2010	General Manager, Corporate Services Group, Thai Plastic and Chemicals Public Company Limited

Other Current Positions

Being director of non-listed companies under SCG Investment totaling 2 companies

Mr. Pichit Leelaphantmetha

Age 47

Position in SCG Corporate Accounting Director

Education

1985 Bachelor of Accountancy,
Chulalongkorn University

1990 Master of Business Administration,
Thammasat University

Previous Experience

2005 Manager, Managerial Reporting and
Consolidation, Corporate Accounting
Division, The Siam Cement
Public Company Limited

2006 Senior Manager, BAR Process,
SCG Accounting Services
Company Limited

2007 General Manager,
Corporate Services Group,
Thai Plastic and Chemicals
Public Company Limited

Other Current Positions

Being director and executive of
non-listed companies under
SCG totaling 14 companies

Since 2012 The Committee of
Management Accounting,
Federation of Accounting Professions
(FAP) under The Royal Patronage of
His Majesty the King

6. Election of Directors and Executives

Rules and Procedures for the Election of Directors are as follows:

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

2. In case the number of candidates nominated for directors does not exceed the number of directors required for that election, the Meeting shall elect all of them as directors.

3. In case the number of candidates nominated for directors exceeds the number of directors required for that election, it shall be decided by vote at the Meeting. Shareholders may elect the candidates nominated for director, but not exceeding the number of directors required for that election, and the directors shall be individually elected. In the directors' election, each shareholder or proxy shall have one vote for each share he/she holds or represents. The candidates shall be ranked in descending order from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. If the votes cast for candidates in descending order are tied, which would cause the number of directors to be exceeded, the chairman of the Meeting shall cast the deciding vote.

At the 2011 Annual General Meeting of the Shareholders, the four board members who were due to retire by rotation were 1) Mr. Sumet Tantivejkul, 2) Mr. Yos Euarchukiati, 3) Mr. Pricha Attavipach, and 4) Mr. Kan Trakulhoon. According to the Company's Articles of Association, the one-third of directors who have served longest must retire from office. In the nomination process, each director proposes appropriate persons to the Governance and Nomination Committee. The Committee, which excluded Mr. Sumet Tantivejkul, who had a conflict of interest since he was due to retire by rotation in 2011, considered a total of five nominees, nominated by each director. Four of whom were retiring directors according to the Agenda, and one of whom was newly qualified nominees. The Committee then nominated four qualified nominees namely, 1) Mr. Sumet Tantivejkul, 2) Mr. Yos Euarchukiati, 3) Mr. Pricha Attavipach, and 4) Mr. Kan Trakulhoon, all of whom were elected by majority vote as per the resolution passed in the Annual General Meeting of Shareholders held on March 30, 2011.

Nomination and Succession Plan for High-level Executive Positions at SCG

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

Policy on High-level Executives Holding Directorship in Organizations Outside SCG

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

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

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

7. Director and Executive Remuneration

Director Remuneration

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

The Apportionment of Board Remuneration and Bonuses

Monthly Remuneration

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

Director Bonuses

The Board of Directors passed a resolution to pay the chairman a bonus of 1.5 portion and each of the other 11 Board members bonuses of one portion of total bonuses as approved in the Shareholders' Meeting.

Remuneration for the Committees

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

The Remuneration for the Committees

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

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

The remuneration for the Board of Directors and the Subcommittees in 2011

Directors	Remuneration (Baht)				Directors' Bonus paid in 2011* (Baht)	Total (Baht)
	The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee		
1. Mr. Chirayu Isarangkun Na Ayuthaya ¹	2,592,000	-	-	-	7,560,000	10,152,000
2. ACM Kamthon Sindhvananda ²	1,728,000	498,467	-	-	5,040,000	7,266,467
3. Mr. Snoh Unakul	1,728,000	-	187,289	-	5,040,000	6,955,289
4. Mr. Sumet Tantivejkul ³	1,728,000	269,051	280,934	-	5,040,000	7,317,985
5. Mr. Pricha Attavipach	1,728,000	332,312	-	-	5,040,000	7,100,312
6. Mr. Panas Simasathien	1,728,000	-	187,289	-	5,040,000	6,955,289
7. Mr. Yos Euarchukiati	1,728,000	-	-	224,289	5,040,000	6,992,289
8. Mr. Arsa Sarasin	1,728,000	-	187,289	-	5,040,000	6,955,289
9. Mr. Chumpol NaLamlieng ⁴	1,728,000	-	-	373,934	5,040,000	7,141,934
10. Mr. Tarrin Nimmanahaeminda	1,728,000	302,311	137,289	-	5,040,000	7,207,600
11. Mr. Pramon Sutivong	1,728,000	3,261**	-	249,289	5,040,000	7,020,550
12. Mr. Kan Trakulhoon	1,728,000	-	-	-	5,040,000	6,768,000
Total	21,600,000	1,405,402	980,090	847,512	63,000,000	87,833,004

Notes:

- Chairman of the Board of Directors
- Chairman of the Audit Committee
- Chairman of the Governance and Nomination Committee
- Chairman of the Remuneration Committee

* The directors' bonus paid in 2011 consisted of the bonus payment based on the final dividend of the year 2010 paid to shareholders on April 27, 2011 and the interim dividend of the year 2011 paid on August 25, 2011 as represented in the item of "Administrative expenses" on the consolidated income statements, page 94.

** Mr. Pramon Sutivong was appointed to the Audit Committee since December 21, 2011.

Executive Remuneration

The total remuneration for nine executives in the form of salaries, bonuses, variable pay and others amounted to 176,230,000 Baht. For 2011, the Company made contributions of 9,530,000 Baht to the provident fund for the executives, because they are employees of the Company.

1. The Remuneration for the Directors and Executives of Subsidiaries, which are SCG's Core Businesses (As at the Year Ended December 31, 2011)

1.1 Director remuneration listed according to the core business

Directors of the core businesses, which encompass SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, and SCG Distribution, are the executives who are not subject to remuneration paid for being the directors. Names of the directors as of December 31, 2011 in each business are listed here:

SCG Chemicals Co., Ltd.

Mr. Kan Trakulhoon*
Mr. Chaovalit Ekabut
Mr. Aree Chavalitcheewingul
Mr. Somchai Wangwatanapanich
Mr. Cholanat Yanaranop**

SCG Paper Public Company Limited

Mr. Kan Trakulhoon*
Mr. Kajohndet Sangsuban
Mr. Pramote Techasupatkul
Mr. Chaovalit Ekabut
Mr. Aree Chavalitcheewingul
Mr. Roongrote Rangsiyopash**

SCG Cement Co., Ltd.

Mr. Kan Trakulhoon*
Mr. Kajohndet Sangsuban
Mr. Chaovalit Ekabut
Mr. Pichit Maipoom
Mr. Roongrote Rangsiyopash
Mr. Aree Chavalitcheewingul
Mr. Pramote Techasupatkul**

SCG Building Materials Co., Ltd.

Mr. Kan Trakulhoon*
Mr. Kajohndet Sangsuban
Mr. Pramote Techasupatkul
Mr. Chaovalit Ekabut
Mr. Pichit Maipoom**

SCG Distribution Co., Ltd.

Mr. Kan Trakulhoon*
Mr. Pramote Techasupatkul
Mr. Pichit Maipoom
Mr. Aree Chavalitcheewingul
Mr. Kajohndet Sangsuban**

Remark:

* Chairman

** President

1.2 Total remuneration for executives of subsidiaries that are core businesses of SCG

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

Details of compensation are as follows:

Subsidiaries that are core businesses	Number of executives	Total remuneration in the form of money (Baht)	Other compensation (Baht)
1. SCG Chemicals Co., Ltd.	9	36,357,396	2,421,600
2. SCG Paper Public Company Limited	7	28,623,700	1,928,760
3. SCG Cement Co., Ltd.	7	43,053,300	2,718,000
4. SCG Building Materials Co., Ltd.	8	32,022,275	2,132,640
5. SCG Distribution Co., Ltd.	6	20,701,600	1,425,000

Note: The number of executives, and the remuneration for the above-mentioned executives, excluding the presidents of subsidiaries that are SCG's core businesses, included the number and remuneration of the top executives of the Siam Cement Public Company Limited, which are listed on page 81 of the 2011 Annual Report.

SCG's and Subsidiaries' Policy on Payment of Dividends

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

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

8. Connected Transactions

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

Connected Transactions Between the Company and Its Subsidiaries

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

Transactions with Outside Entities

In undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with terms and conditions as agreed upon honestly. The Company shall also avoid making transactions that may cause trouble or damage to outside parties.

The Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure the Company's best interest and in accordance with rules and regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any

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

Future Connected Transactions

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

Connected Transactions in 2011

In 2011, the Company notified the Stock Exchange of Thailand concerning the purchase of shares of Thai Plastic and Chemicals Public Company Limited (TPC) from connected persons, namely, CPB Equity Company Limited, Mr. Yos Euarchukiati and other connected persons. The Company also notified the SET regarding the date and agenda for the Extraordinary General Meeting of Shareholders of Siam Cement Public Company Limited, held in order to approve SCG Chemicals Co., Ltd., as a holding company of SCG Chemicals, to acquire shares of TPC from such connected persons.

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

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)							Pricing policy
			SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	
1. Transactions with associates										
1.1 SCG Chemicals										
Service expenses and others	Long Son Petrochemicals Co., Ltd.	61	-	1,038	-	74	-	7	16	Market price applied with third party transactions
	Siam Mitsui PTA Co., Ltd.	50								
	Siam Polyethylene Co., Ltd.	50								
	Rayong Terminal Co., Ltd.	50								
	Siam Synthetic Latex Co., Ltd.	50								
	Thai MMA Co., Ltd.	47								
	Grand Siam Composites Co., Ltd.	46								
	Thai MFC Co., Ltd.	45								
	Bangkok Synthetics Co., Ltd.	26								
	Thai PET Resin Co., Ltd.	20								
Sales			-	12,026	-	-	-	39	-	Market price applied with third party transactions
	Siam Polyethylene Co., Ltd.	50								
	Mehr Petrochemical Company (P.J.S.C.)	39								
	PT Chandra Asri Petrochemical Tbk	30								
	Bangkok Synthetics Co., Ltd.	26								
	Thai PET Resin Co., Ltd.	20								
Purchases			-	54,461	3	2	-	32	-	Market price applied with third party transactions
	Siam Styrene Monomer Co., Ltd.	50								
	Siam Polyethylene Co., Ltd.	50								
	MTP HPP0 Manufacturing Co., Ltd.	50								
	Siam Synthetic Latex Co., Ltd.	50								
	SCG Plastics (China) Co., Limited	49								
	SCG Plastics (Shanghai) Co., Ltd.	49								
	Thai MMA Co., Ltd.	47								
	Grand Siam Composites Co., Ltd.	46								
	PT Chandra Asri Petrochemical Tbk	30								
	Bangkok Synthetics Co., Ltd.	26								
	Nawacam Co., Ltd.	18								
	Riken (Thailand) Co., Ltd.	16								
	Inter Plastic Co., Ltd.	11								
Loans from			-	45	-	-	-	-	-	Agreed interest rate
	GTC Technology International, LP	25								
Guarantees			1,587	-	-	-	-	-	-	Contract rate
	Mehr Petrochemical Company (P.J.S.C.)	39								

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)							Pricing policy
			SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	
1.2 SCG Paper										
Purchases	Siam Toppan Packaging Co., Ltd.	48	-	-	257	-	-	-	-	Market price applied with third party transactions
1.3 SCG Building Materials										
Service expenses and others	Mariwasa-Siam Ceramics, Inc.	46	-	-	-	1	153	145	18	Market price applied with third party transactions
	The Siam Sanitary Fittings Co., Ltd.	45								
	Siam Sanitary Ware Industry Co., Ltd.	36								
Sales	Sekisui-SCG Industry Co., Ltd.	49	-	-	-	-	152	2,289	-	Market price applied with third party transactions
	Siam Sanitary Ware Industry Co., Ltd.	36								
	The Siam Gypsum Industry Co., Ltd.	29								
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29								
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29								
	Monier Roofing Co., Ltd.	25								
Purchases	Mariwasa-Siam Ceramics, Inc.	46	-	64	454	6	10	225	-	Market price applied with third party transactions
	Siam Sanitary Ware Industry Co., Ltd.	36								
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29								
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29								
Loans from	Mariwasa-Siam Ceramics, Inc.	46	414	-	-	-	97	-	-	Agreed interest rate
	PT M Class Industry	28								
1.4 SCG Distribution										
Service income	Jumbo Barges and Tugs Co., Ltd.	32	-	-	-	-	-	897	-	Market price applied with third party transactions
Service expenses and others	Thai Prosperity Terminal Co., Ltd.	50	-	-	-	-	-	49	-	

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)							Pricing policy
			SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	

1.5 SCG Investment and Others

Service income	IT One Co., Ltd.	20	49	109	96	112	72	184	49	Market price applied with third party transactions
Service expenses and others	Siam Kubota Corporation Co., Ltd.	40	436	-	-	3	-	3	415	Market price applied with third party transactions
Sales	Siam Kubota Corporation Co., Ltd.	40	-	-	-	-	-	710	-	Market price applied with third party transactions
Purchases	The Nawaloha Industry Co., Ltd.	30	-	-	23	16	-	115	-	Market price applied with third party transactions
	Aisin Takaoka Foundry Bangkok Co., Ltd.	30								
	The Siam Nawaloha Foundry Co., Ltd.	25								
Guarantees	Siam Kubota Metal Technology Co., Ltd.	40	655	-	-	-	-	-	-	Contract rate

2. Transactions with other companies which have SCG executives holding

2.1 SCG Investment and others

Service expenses and others	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director	10	-	8	-	35	-	71	363	Market price applied with third party transactions
Sales	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director	10	-	-	-	-	-	2,159	-	Market price applied with third party transactions
Purchases	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director	10	-	1	17	188	-	1,052	-	Market price applied with third party transactions
	Asia Cement Public Company Limited Mr.Pramote Techasupatkul / Director	10								

9. Information Dissemination Channels

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

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

10. Audit fee

For the fiscal year 2011, the Siam Cement Public Company Limited and its subsidiaries paid an audit fee of 32.46 Million Baht to KPMG Phoomchai Audit Ltd., which the auditors worked for, and to persons or businesses related to the auditors and audit firm. This audit fee amount excluded the remuneration paid by associates.

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

Audit fees for the year 2011

1. Annual audit fee for SCC's financial statements.	254,000 Baht
2. Quarterly review fee and annual audit fee of 110 subsidiaries and consolidated financial statements.	32.21 Million Baht
Total audit fees of The Siam Cement Public Company Limited and its subsidiaries	32.46 Million Baht

Non-audit fee

For this fiscal year, the subsidiaries paid a non-audit fee of 2,140,000 Baht, which was for reviewing compliance with the conditions of the BOI Promotion Certificate, to the audit firm and persons or businesses related to the auditors and the audit firm.

Financial Statements



Report on the Board of Directors' Responsibilities for Financial Statements	88
The Audit Committee's Report	89
Consolidated Financial Statements of The Siam Cement Public Company Limited and Its Subsidiaries	91
Financial Statement of The Siam Cement Public Company Limited	163

Report on the Board of Directors' responsibilities for financial statements

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



Chirayu Isarangkun Na Ayuthaya
Chairman

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

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



Kan Trakulhoon
President & CEO

The Audit Committee's Report

The Audit Committee performed its duties as assigned by the Board of Directors in accordance with the Charter of the Audit Committee. These duties included: reviewing the financial statements, good corporate governance practices, assessment of risk management, internal controls, internal audit systems and fraud investigations, as well as proposing the appointment of external auditors for 2012. In 2011, the committee held 8 meetings and its members' attendance was 91%, near the previous year's record. The Committee's performance of its duties is summarized as follows:

1. Review of financial reporting system The Audit Committee reviewed significant information for the Company's quarterly and annual financial statements for the year 2011 as well as consolidated financial statements of the Siam Cement Public Company Limited and its subsidiaries, all of which were prepared in accordance with the Thai Financial Reporting Standards (TFRS) which complies with the International Financial Reporting Standards (IFRS). The Committee reviewed material items and special items. It received clarifications and confirmation from the external auditors, the management, and the director of the Audit Office that information in the financial statements was compliant with laws and financial reporting standards and that the notes to financial statements contained sufficient disclosure. The Audit Committee thereby approved the financial statements, which the auditor reviewed, audited, and issued an unqualified audit report.

In addition, the Committee held a meeting with the external auditors without the presence of SCG management so as to freely discuss important issues in the preparation of the financial statements and the disclosure of information which were in accordance with the financial reporting standards and were beneficial to users of these financial statements, as well as to hear whether there was any suspicious information which indicated potential fraud, in accordance with the section 89/25 of the Securities and Exchange Act B.E. 2535 amended by the Securities and Exchange Act (NO.4) B.E. 2551. In 2011, the auditor did not discover any material misstatements or indications of suspicious incidents. Moreover, to confirm that no such suspicious incidents were found, the Audit Committee resolved to have the president report the results received

from all business units in the final meeting of 2011. The president confirmed that no indications of suspicious incidents were found, which corresponded to the confirmation of the external auditor. Thus, the preparation of the financial statements and consolidated financial statements was conducted with reliability, transparency, and verifiability.

2. Review of corporate governance The Audit Committee reviewed the compliance with the SCG Code of Conduct and SCG Corporate Governance policy and found that the directors and employees have strictly followed the prescribed principles. The Board of Directors constantly instilled ethics and morals into employees at all levels, which resulted in SCG receiving numerous important awards, as listed in the Annual Report's section on corporate governance. Additionally, SCG strictly reviewed its practices to ensure compliance with the laws relating to securities and stock exchange, regulations of the Stock Exchange of Thailand as well as the laws relating to other businesses, especially in terms of connected transactions and those that might result in conflict of interest. These were disclosed to the Stock Exchange of Thailand in a timely manner.

The Audit Committee also conducted an annual assessment of the performance of the collective membership (as a whole) and of each individual member (self assessment). This assessment had a highly satisfactory result similar to that of last year. The assessment covered such matters as the Committee's preparedness, financial reports, the review of connected transactions, the information disclosure in other reports, risk management and internal control, committee meetings and the performance of the Audit Office and the secretary.

3. Review of assessment of risk management The Audit Committee reviewed the assessment of risk management of all business units on a quarterly basis according to the principles outlined in the Risk Management Manual. Risks arose from significant changes in the regional and world economies, from overseas investments and from business interruption. Such factors as likelihood, impacts, and manageability levels were assessed and supported by preventive measures for business units and SCG overall. Criteria for distinguishing risk warning signals which are the risks that approach a critical point have been established

when the Company spots a risk warning signal, it must take corrective measures. The results of risk assessment showed that many countries including Thailand have been affected by the world economic crisis, and that the country faced its worst flood crisis in many decades. However, this crisis had an only minimal impact on SCG's business operations. SCG gave considerable assistance to its staff and other people affected by flood by providing donations and necessary items. This assistance was in line with SCG's policy and business principles that mandate doing business with ethics and concern for social responsibility. One result of demonstrating this commitment is that SCG has been classified in the Gold Class level of the Dow Jones Sustainability Indexes (DJSI) for four consecutive years, becoming the Sector Leader in 2011. The key risk factors and management strategies of each business unit are described in the Annual Report's section on risk management.

4. Review of internal control system and internal audit

The Audit Committee reviewed the results of the internal control system assessment that the Audit Office reported to the Committee on both a monthly and quarterly basis. The results showed that these systems are appropriate to the Company's operations. This corresponds to the external auditor's opinion stating that there were no material deficiencies impacting the Company's financial statements. To enhance the efficiency of the internal control systems, the Company has developed preventive audit approaches and fraud prevention guidelines, implemented self-assessment control for information technology, and developed continuous monitoring and auditing systems.

As for the internal audit function, the Audit Committee has reviewed the operations of the Audit Office according to the medium-term plan and the annual plan, which have already been approved. This evaluation showed that the target KPIs were achieved. On an annual basis, the Committee has reviewed the appropriateness of such key points as the organizational chart, the audit process, manpower, capital expenditure and administrative expense budgets. In addition, the Committee oversaw the implementation of sustainable and consistent value-added audit by applying integration audit method; leveraged the knowledge and competency of auditors, enhanced information technology audit systems and developed audit practices in accordance with the International Standards for the Professional Practice of Internal Auditing and international internal audit practices.

5. Review of fraud investigations The Audit Committee reviewed the result of fraud investigations on a monthly and quarterly basis. The Committee also reviewed the preventive measures and fraud prevention guidelines for each work-process, fraud audit based on risk assessment and investigation protocols to ensure that they are up-to-date and appropriate for business operations. In 2011, there were a total of 27 incidents reported through the Company's whistleblower system, which enables employees to report suspicious fraudulent behavior. Most incidents were thoroughly investigated. Six of the total reported incidents were found to be fraudulent but the losses were insignificant. The cases were examined in order to improve preventive guidelines onward.

6. Appointment of the external auditor and audit fee review for 2012

KPMG Phoomchai Audit Ltd. has been appointed as the external auditor of SCG for the three-year period from 2012 through 2014 after consideration of four candidates. Based on the satisfactory results of performance appraisal and the review of auditor's qualifications, the Audit Committee recommended KPMG Phoomchai to the Board of Directors, and the Board of Directors agreed to seek approval at the Shareholders' Meeting for the appointment of Mr. Supot Singhasaneh, Certified Public Accountant Registration No. 2826; and/or Mr. Winid Silamongkol, Certified Public Accountant Registration No. 3378; and/or Mr. Charoen Phosamritlert, Certified Public Accountant Registration No. 4068; and/or Ms. Sureerat Thongarunsang, Certified Public Accountant Registration No. 4409; all of KPMG Phoomchai Audit Ltd., as the Company's auditors for the year 2012. Likewise the Audit Committee recommended to the Board of Directors, and the Board agreed, to seek approval of the Company's audit fee for the fiscal year 2012 amounting to 0.25 million Baht, and acknowledgement of annual and quarterly audit fees for the Company subsidiaries and consolidated financial statements amounting to 27.1 million Baht.

On behalf of the Audit Committee
Air Chief Marshal

K. Sindhvananda
Kamthon Sindhvananda
Chairman of the Audit Committee

Consolidated Financial Statements

The Siam Cement Public Company Limited and its Subsidiaries

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying consolidated statements of financial position of The Siam Cement Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated income statements and statements of comprehensive income, and the related consolidated statements of changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial positions of The Siam Cement Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in accordance with Thai Financial Reporting Standards.

As explained in notes 2, 3 and 4 to the financial statements, with effect from 1 January 2011, the Group has adopted certain new and revised financial reporting standards. The consolidated financial statements for the year ended 31 December 2010, which are included in the accompanying financial statements for comparative purposes, have been restated accordingly.

D. Singhasaneh

Supot Singhasaneh

Certified Public Accountant

Registration No. 2826

KPMG Phoomchai Audit Ltd.

Bangkok

22 February 2012

Consolidated statements of financial position

As at 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

Assets	Note	2011	2010
Current assets			
Cash and cash equivalents	10	22,679,806	63,827,071
Short-term investments	10	7,205,001	6,000,000
Trade receivables			
- Related parties	7, 8	4,171,010	2,640,924
- Other companies	8	29,453,737	22,767,262
Receivables from and short-term loans to related parties	7	2,032,462	1,357,919
Inventories	9	41,838,304	36,544,173
Other current assets		9,383,497	7,884,814
Total current assets		116,763,817	141,022,163
Non-current assets			
Available-for-sale investments	10	25,637,774	10,484,852
Investments in associates	11	54,773,433	39,750,575
Investments in jointly-controlled entities	11	973,628	957,569
Other long-term investments	12	3,229,205	3,250,036
Long-term loans to related parties	7	401,273	392,927
Investment properties	4, 13	1,594,667	1,604,598
Property, plant and equipment	14	156,683,108	150,378,388
Goodwill	15	2,510,925	1,169,915
Intangible assets	15	4,011,039	3,627,769
Deferred tax assets	16	3,852,212	2,504,331
Other non-current assets	17	4,307,034	4,075,743
Total non-current assets		257,974,298	218,196,703
Total assets		374,738,115	359,218,866

For an on Behalf of the Board of Directors



Chirayu Isarangun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

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

Consolidated statements of financial position

As at 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

Liabilities and shareholders' equity	Note	2011	2010
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	18	20,057,954	8,666,479
Trade payables			
- Related parties	7	2,102,911	2,139,170
- Other companies		23,300,414	20,830,073
Current portion of long-term debts	19	4,304,707	7,210,571
Current portion of debentures	20	39,910,384	24,878,434
Payables to and short-term loans from related parties	7	133,467	198,243
Income tax payable		4,177,102	9,802,573
Other current liabilities		12,464,904	9,356,949
Total current liabilities		106,451,843	83,082,492
Non-current liabilities			
Long-term debts	19	28,156,126	27,643,146
Debentures	20	69,838,851	84,853,756
Deferred tax liabilities	16	2,511,243	2,623,343
Employee benefit liabilities	4, 21	3,898,763	421,162
Other non-current liabilities	22	912,724	1,024,712
Total non-current liabilities		105,317,707	116,566,119
Total liabilities		211,769,550	199,648,611
Shareholders' equity			
Share capital			
Authorised share capital	23	1,600,000	1,600,000
Issued and paid-up share capital	23	1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	24	160,000	160,000
General reserve	24	10,516,000	10,516,000
Unappropriated		128,738,156	120,027,532
Other components of equity		(415,219)	1,213,880
Total equity attributable to owners of the parent		140,198,937	133,117,412
Non-controlling interests		22,769,628	26,452,843
Total shareholders' equity		162,968,565	159,570,255
Total liabilities and shareholders' equity		374,738,115	359,218,866

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

Consolidated income statements

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

	Note	2011	2010
Revenue from sales	7	368,578,679	301,323,130
Cost of sales	7	(315,810,547)	(247,915,256)
Gross profit		52,768,132	53,407,874
Other income	7, 27	10,894,137	24,416,383
Profit before expenses		63,662,269	77,824,257
Selling expenses	28	(14,377,975)	(13,918,968)
Administrative expenses	29	(18,760,383)	(16,407,102)
Total expenses		(33,138,358)	(30,326,070)
Profit from operations		30,523,911	47,498,187
Share of profit of associates and jointly-controlled entities		6,773,943	8,390,035
Profit before finance costs and income tax expense		37,297,854	55,888,222
Finance costs	31	(6,048,104)	(4,670,176)
Profit before income tax expense		31,249,750	51,218,046
Income tax expense	32	(7,504,081)	(13,959,431)
Profit for the year		23,745,669	37,258,615
Profit (loss) attributable to			
Owners of the parent		27,280,656	37,381,873
Non-controlling interests		(3,534,987)	(123,258)
		23,745,669	37,258,615
Basic earnings per share (in Baht)			
Attributable to owners of the parent	33	22.73	31.15

For an on Behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

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

Consolidated statements of comprehensive income

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

	2011	2010
Profit for the year	23,745,669	37,258,615
Other comprehensive income		
Foreign currency translation differences for foreign operations	192,362	(1,142,518)
Net change in fair value of available-for-sale investments	(3,041,405)	5,386,462
Defined benefit plan actuarial gains	39,069	-
Share of other comprehensive income (loss) of associates and jointly-controlled entities	(122,498)	177,977
Income tax on other comprehensive income	1,223,396	(1,880,261)
Other comprehensive income (loss) for the year, net of income tax	(1,709,076)	2,541,660
Total comprehensive income for the year	22,036,593	39,800,275
Total comprehensive income (loss) attributable to		
Owners of the parent	25,677,723	39,986,523
Non-controlling interests	(3,641,130)	(186,248)
	<u>22,036,593</u>	<u>39,800,275</u>

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

Consolidated statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Retained earnings	
			Appropriated	
			Legal reserve	General reserve
Balance at 1 January 2010		1,200,000	160,000	10,516,000
Transactions with owners, recorded directly in shareholders' equity				
Contributions by and distributions to owners of the parent				
Dividends	35	-	-	-
Total contributions by and distributions to owners of the parent		-	-	-
Changes in ownership interests in subsidiaries				
Acquisition of non-controlling interests without a change in control		-	-	-
Acquisition of non-controlling interests with a change in control		-	-	-
Total changes in ownership interests in subsidiaries		-	-	-
Total transactions with owners, recorded directly in shareholders' equity		-	-	-
Comprehensive income for the year				
Profit or loss		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Balance at 31 December 2010		1,200,000	160,000	10,516,000

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

in thousand Baht

Unappropriated	Other components of equity			Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
	Currency translation differences	Available-for-sale investments	Share of other comprehensive income (loss) of associates			
94,020,811	(1,246,238)	(895)	(143,637)	104,506,041	26,915,413	131,421,454
(11,375,152)	-	-	-	(11,375,152)	(808,190)	(12,183,342)
(11,375,152)	-	-	-	(11,375,152)	(808,190)	(12,183,342)
-	-	-	-	-	386,037	386,037
-	-	-	-	-	145,831	145,831
-	-	-	-	-	531,868	531,868
(11,375,152)	-	-	-	(11,375,152)	(276,322)	(11,651,474)
37,381,873	-	-	-	37,381,873	(123,258)	37,258,615
-	(817,778)	3,244,451	177,977	2,604,650	(62,990)	2,541,660
37,381,873	(817,778)	3,244,451	177,977	39,986,523	(186,248)	39,800,275
120,027,532	(2,064,016)	3,243,556	34,340	133,117,412	26,452,843	159,570,255

Consolidated statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Retained earnings	
			Appropriated	
			Legal reserve	General reserve
Balance at 1 January 2011 - as reported		1,200,000	160,000	10,516,000
Impact of changes in accounting policy	4	-	-	-
Balance at 1 January 2011 - restated		1,200,000	160,000	10,516,000
Transactions with owners, recorded directly in shareholders' equity				
Contributions by and distributions to owners of the parent				
Dividends	35	-	-	-
Total contributions by and distributions to owners of the parent		-	-	-
Changes in ownership interests in subsidiaries				
Acquisition of non-controlling interests without a change in control		-	-	-
Acquisition of non-controlling interests with a change in control		-	-	-
Total changes in ownership interests in subsidiaries		-	-	-
Total transactions with owners, recorded directly in shareholders' equity		-	-	-
Profit or loss		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Balance at 31 December 2011		1,200,000	160,000	10,516,000

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

in thousand Baht

Unappropriated	Other components of equity			Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
	Currency translation differences	Available-for-sale investments	Share of other comprehensive income (loss) of associates			
120,027,532	(2,064,016)	3,243,556	34,340	133,117,412	26,452,843	159,570,255
(2,408,379)	-	-	-	(2,408,379)	(343,254)	(2,751,633)
117,619,153	(2,064,016)	3,243,556	34,340	130,709,033	26,109,589	156,818,622
(16,187,819)	-	-	-	(16,187,819)	(1,879,772)	(18,067,591)
(16,187,819)	-	-	-	(16,187,819)	(1,879,772)	(18,067,591)
-	-	-	-	-	1,982,130	1,982,130
-	-	-	-	-	198,811	198,811
-	-	-	-	-	2,180,941	2,180,941
(16,187,819)	-	-	-	(16,187,819)	301,169	(15,886,650)
27,280,656	-	-	-	27,280,656	(3,534,987)	23,745,669
26,166	241,052	(1,747,653)	(122,498)	(1,602,933)	(106,143)	(1,709,076)
27,306,822	241,052	(1,747,653)	(122,498)	25,677,723	(3,641,130)	22,036,593
128,738,156	(1,822,964)	1,495,903	(88,158)	140,198,937	22,769,628	162,968,565

Consolidated statements of cash flows

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

	2011	2010
Cash flows from operating activities		
Profit for the year	23,745,669	37,258,615
Adjustments for		
Depreciation and amortisation	13,207,834	12,477,696
Interest income	(1,894,165)	(484,314)
Interest expense	7,000,910	6,443,676
Unrealised gain on foreign currency exchange	(843,234)	(1,014,873)
Reversal of allowance for decline in value	(243,856)	(93,530)
Dividend income	(2,668,231)	(2,458,868)
Employee benefit expense	523,179	-
Share of profit of associates and jointly-controlled entities	(6,773,943)	(8,390,035)
Income tax expense	7,504,081	13,959,431
Gain on sales of assets, allowance for doubtful accounts and others	(2,980,677)	(18,195,411)
Profit provided by operating activities before changes in operating assets and liabilities	36,577,567	39,502,387
Decrease (increase) in operating assets		
Trade receivables	(6,367,295)	(2,169,179)
Receivables from related parties	385,842	(365,417)
Inventories	(4,216,354)	(6,907,884)
Other current assets	(747,669)	(1,830,474)
Other non-current assets	230,701	496,469
Net increase in operating assets	(10,714,775)	(10,776,485)

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

Consolidated statements of cash flows

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

	Note	2011	2010
Increase (decrease) in operating liabilities			
Trade payables		1,058,058	4,272,479
Payables to related parties		(859)	(98,061)
Other current liabilities		2,684,796	934,979
Employee benefit liabilities		(532,162)	5,659
Other non-current liabilities		31,684	(121,860)
Net increase in operating liabilities		3,241,517	4,993,196
Cash generated from the operations			
		29,104,309	33,719,098
Income tax paid		(6,151,590)	(5,589,637)
Net cash provided by operating activities		22,952,719	28,129,461
Cash flows from investing activities			
Interest received		1,764,461	780,819
Dividends received		7,058,450	6,507,878
Short-term investments		(997,776)	(6,000,000)
Available-for-sale investments		(44,321,482)	-
Investments in associates, jointly-controlled entities and other companies		(14,002,571)	(2,314,914)
Net cash outflow on acquisition of subsidiaries	6	(4,216,831)	(1,456,113)
Proceeds from sales and return of investments		29,810,996	38,228,632
Income tax paid from sales of investments		(7,214,813)	-
Purchases of property, plant and equipment		(13,409,341)	(13,719,981)
Proceeds from sales of property, plant and equipment		182,319	442,516
Purchases of intangible assets		(761,396)	(975,694)
Loans to related parties		7,821	1,039,314
Currency translation differences		7,393	(636,729)
Net cash provided by (used in) investing activities		(46,092,770)	21,895,728

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

Consolidated statements of cash flows

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

	2011	2010
Cash flows from financing activities		
Borrowings		
Interest paid	(6,976,126)	(7,082,993)
Increase in bank overdrafts and short-term loans		
from financial institutions	11,061,574	6,213,848
Proceeds from short-term loans from related parties	(64,318)	(176,705)
Proceeds from long-term debts	5,001,877	1,190,607
Payments of long-term debts	(11,308,996)	(3,972,229)
Proceeds from finance lease	360,689	589,916
Proceeds from issuance of debentures	24,920,934	14,988,864
Redemption of debentures	(24,904,867)	(14,967,424)
Net decrease in borrowings	(1,909,233)	(3,216,116)
Dividends paid		
Dividends paid to owners of the parent	(16,187,819)	(11,375,152)
Dividends paid to non-controlling interests	(1,879,772)	(814,563)
Total dividends paid	(18,067,591)	(12,189,715)
Acquisition of non-controlling interests	1,969,610	270,599
Net cash used in financing activities	(18,007,214)	(15,135,232)
Net increase (decrease) in cash and cash equivalents	(41,147,265)	34,889,957
Cash and cash equivalents at beginning of the year	63,827,071	28,937,114
Cash and cash equivalents at end of the year	22,679,806	63,827,071
Supplementary information for cash flows		
Non-cash transactions		
Outstanding payable from purchases of property	81,719	433,592

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

Notes to the financial statements

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited and its Subsidiaries

Note	Content	Page
1	General information	104
2	Basis of preparation of the financial statements	108
3	Changes in accounting policies	110
4	Effect from first time adoption of Thai Financial Reporting Standards	113
5	Significant accounting policies	113
6	Acquisitions of business and disposals of investments	125
7	Related parties	128
8	Trade receivables	132
9	Inventories	133
10	Cash and cash equivalents and other investments	133
11	Investments in associates and jointly-controlled entities	134
12	Other long-term investments	137
13	Investment properties	138
14	Property, plant and equipment	139
15	Goodwill and intangible assets	141
16	Deferred tax assets (deferred tax liabilities)	141
17	Other non-current assets	143
18	Bank overdrafts and short-term loans from financial institutions	143
19	Long-term debts	143
20	Debentures	145
21	Employee benefit liabilities	146
22	Other non-current liabilities	147
23	Share capital	147
24	Reserves	148
25	Segment information	148
26	Operating results of business groups	150
27	Other income	152
28	Selling expenses	152
29	Administrative expenses	152
30	Employee benefit expenses	153
31	Finance costs	153
32	Income tax expense	153
33	Basic earnings per share	154
34	Agreements	154
35	Dividends	154
36	Financial instruments	155
37	Commitments and contingent liabilities	158
38	Capital management	160
39	Other	160
40	Events after the reporting period	161
41	Thai Financial Reporting Standards (TFRS) not yet adopted	161
42	Reclassification of accounts	162

These notes form an integral part of the financial statements.

The consolidated financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages, and were approved and authorised for issue by the audit committee, as appointed by the Board of Directors of the Company, on 22 February 2012.

1 General information

The Siam Cement Public Company Limited, the (“Company”), is incorporated in Thailand and has its registered office at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company was listed on the Stock Exchange of Thailand on 25 April 1975.

The Company and its subsidiaries, the (“Group”), is an industrial group which operates core businesses of chemicals, paper, cement, building materials and distribution.

Details of the Company’s subsidiaries, which have significant operations and were included in the consolidated financial statements, are as follows:

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
SCG Chemicals		SCG Chemicals	
SCG Chemicals Co., Ltd.	100	Alliance Petrochemical Investment (Singapore) Pte. Ltd.	
Thai Polyethylene Co., Ltd.	100	(Incorporated in Singapore)	65
Thai Polypropylene Co., Ltd.	100	Rayong Olefins Co., Ltd.	64
SCG Plastics Co., Ltd.	100	Rayong Olefins (Singapore) Pte. Ltd.	
SCG Performance Chemicals Co., Ltd.	100	(Incorporated in Singapore)	64
SCG Polyolefins Co., Ltd.	100	Flowlab & Service Co., Ltd.	51
Rayong Engineering and Plant Service Co., Ltd.	100	Thai Plastic and Chemicals Public Company Limited	46
Protech Outsourcing Co., Ltd.	100	TPC Paste Resin Co., Ltd.	46
RIL 1996 Co., Ltd.	100	The Nawaplastic Industries (Saraburi) Co., Ltd.	46
Texplore Co., Ltd.	100	Nawa Plastic Industries Co., Ltd.	46
Vina SCG Chemicals Co., Ltd.	100	Nawa Intertech Co., Ltd.	46
SCG Chemicals (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	Chemtech Co., Ltd.	
Tuban Petrochemicals Pte. Ltd. (Incorporated in Singapore)	100	(Incorporated in Vietnam)	46
Hexagon International, Inc. (Incorporated in USA)	100	Total Plant Service Co., Ltd.	46
Rayong Pipeline Co., Ltd.	91	Minh Thai House Component Co., Ltd. (Incorporated in Vietnam)	37
Map Ta Phut Tank Terminal Co., Ltd.	81	Viet-Thai Plastchem Co., Ltd. (Incorporated in Vietnam)	33
PT TPC Indo Plastic & Chemicals (Incorporated in Indonesia)	78	TPC Vina Plastic and Chemicals Corporation Co., Ltd.	
Map Ta Phut Olefins Co., Ltd.	67	(Incorporated in Vietnam)	32
		Siam Stabilizers and Chemicals Co., Ltd.	27

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
SCG Paper		SCG Paper	
SCG Paper Public Company Limited	98	Thai Containers Group Co., Ltd.	69
Thai Paper Co., Ltd.	98	Thai Containers Songkhla (1994) Co., Ltd.	69
Thai Union Paper Public Company Limited	98	Thai Containers Khonkaen Co., Ltd.	69
Siam Kraft Industry Co., Ltd.	98	Thai Containers Rayong Co., Ltd.	69
Thai Kraft Paper Industry Co., Ltd.	98	Thai Containers Saraburi Co., Ltd.	69
Thai Union Paper Industry Co., Ltd.	98	Thai Containers (TCC) Co., Ltd.	69
United Pulp and Paper Co., Inc. (Incorporated in Philippines)	98	Vina Kraft Paper Co., Ltd. (Incorporated in Vietnam)	69
Siam Cellulose Co., Ltd.	98	TCG Rengo Subang (M) Sdn. Bhd. (Incorporated in Malaysia)	69
InfoZafe Co., Ltd.	98	TCG Rengo (S) Limited (Incorporated in Singapore)	69
The Siam Pulp and Paper Holding Co., Ltd.	98	New Asia Industries Co., Ltd. (Incorporated in Vietnam)	69
The Siam Forestry Co., Ltd.	98	Alcamax Packaging (Vietnam) Co., Ltd. (Incorporated in Vietnam)	69
Panas Nimit Co., Ltd.	98	AP Packaging (Hanoi) Co., Ltd. (Incorporated in Vietnam)	69
Thai Panasonic Co., Ltd.	98	Packamex (Vietnam) Co., Ltd. (Incorporated in Vietnam)	69
Thai Panadorn Co., Ltd.	98	Thai British Security Printing Public Company Limited	49
Thai Panaram Co., Ltd.	98	Thai British Depost Co., Ltd.	25
Suanpa Rungsaris Co., Ltd.	98		
Siam Panawes Co., Ltd.	98		
Thai Panaboon Co., Ltd.	98		
Thai Wanabhum Co., Ltd.	98		
Phoenix Pulp & Paper Public Company Limited	98		
Phoenix Utilities Co., Ltd.	98		
Thai Cane Paper Public Company Limited	85		
SCG Cement		SCG Cement	
SCG Cement Co., Ltd.	100	CPAC Concrete Products (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100
The Concrete Products and Aggregate Co., Ltd.	100	Cement Thai Building Materials (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	Buu Long Industry & Investment Joint Stock Company (Incorporated in Vietnam)	99
The Siam Cement (Ta Luang) Co., Ltd.	100	PT Semen Jawa (Incorporated in Indonesia)	95
The Siam Cement (Thung Song) Co., Ltd.	100	Kampot Cement Co., Ltd. (Incorporated in Cambodia)	91
The Siam Cement (Lampang) Co., Ltd.	100	The Concrete Products and Aggregate (Vietnam) Co., Ltd. (Incorporated in Vietnam)	75
Siam Mortar Co., Ltd.	100		
The Siam White Cement Co., Ltd.	100		
The Siam Refractory Industry Co., Ltd.	100		
Cement Thai Energy Conservation Co., Ltd.	100		
ECO Plant Services Co., Ltd. (Formerly: SCI Plant Services Co., Ltd.)	100		
Siam Research and Innovation Co., Ltd.	100		
SCI Eco Services Co., Ltd.	100		

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
SCG Cement		SCG Cement	
CPAC Lao Co., Ltd. (Incorporated in Laos)	70	PT CPAC Surabaya (Incorporated in Indonesia)	55
Myanmar CPAC Service Co., Ltd. (Incorporated in Myanmar)	70	Kampot Land Co., Ltd. (Incorporated in Cambodia)	45
CPAC Cambodia Co., Ltd. (Incorporated in Cambodia)	69		
SCG Building Materials		SCG Building Materials	
SCG Building Materials Co., Ltd.	100	PT Keramika Indonesia Assosiasi Tbk (Incorporated in Indonesia)	93
The Siam Fibre-Cement Co., Ltd.	100	Sosuco and Group (2008) Co., Ltd.	90
The Fibre-Cement Products (Lampang) Co., Ltd.	100	Saraburirat Co., Ltd.	83
Tip Fibre-Cement Co., Ltd.	100	PT Surya Siam Keramik (Incorporated in Indonesia)	80
SCG Landscape Co., Ltd.	100	The CPAC Roof Tile Co., Ltd.	75
Siam Fiberglass Co., Ltd.	100	Thai Ceramic Roof Tile Co., Ltd.	75
Cement Thai Gypsum Co., Ltd.	100	Thai Ceramic Holding Co., Ltd.	75
Cement Thai Ceramics Co., Ltd.	100	CPAC Monier (Cambodia) Co., Ltd. (Incorporated in Cambodia)	75
Thai Ceramic Co., Ltd.	100	CPAC Monier Vietnam Co., Ltd. (Incorporated in Vietnam)	75
The Siam Ceramic Group Industries Co., Ltd.	100	Quality Construction Products Public Company Limited	68
Cement Thai Home Services Co., Ltd.	100	Q-Con Eastern Co., Ltd.	68
Gemago Co., Ltd. (Formerly: Thai Ceramic Power Co., Ltd.)	100	Thai-German Ceramic Industry Public Company Limited	61
Cement Thai Gypsum (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	Sosuco Ceramic Co., Ltd.	54
Cement Thai Roof Holdings Philippines, Inc. (Incorporated in Philippines)	100	SCG-Sekisui Sales Co., Ltd.	51
Cement Thai Ceramic (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	CPAC Monier Philippines, Inc. (Incorporated in Philippines)	50
Cement Thai Ceramics Philippines Holdings, Inc. (Incorporated in Philippines)	100	PT Siam-Indo Gypsum Industry (Incorporated in Indonesia)	50
PT KIA Serpih Mas (Incorporated in Indonesia)	94	PT Siam-Indo Concrete Products (Incorporated in Indonesia)	50
PT KIA Keramik Mas (Incorporated in Indonesia)	94		

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
SCG Distribution		SCG Distribution	
SCG Distribution Co., Ltd.	100	SCG Trading (M) Sdn. Bhd.	
SCG Trading Co., Ltd.	100	(Incorporated in Malaysia)	100
SCG Network Management Co., Ltd.	100	PT SCG Trading Indonesia	
SCG Logistics Management Co., Ltd.	100	(Formerly: PT Cementhai SCT Indonesia)	
SCG Trading Services Co., Ltd.	100	(Incorporated in Indonesia)	100
SCG Sourcing Co., Ltd.	100	SCG Trading Vietnam Co., Ltd.	
SCG Experience Co., Ltd.	100	(Formerly: SCT Logistics (Vietnam) Co., Ltd.)	
SCG Skills Development Co., Ltd.	100	(Incorporated in Vietnam)	100
SCG Trading Australia Pty. Ltd.		SCG Trading Lao Co., Ltd.	
(Formerly: Cementhai SCT (Australia) Pty. Ltd.)		(Formerly: SCT (Vientiane) Co., Ltd.)	
(Incorporated in Australia)	100	(Incorporated in Laos)	100
SCG Trading Guangzhou Co., Ltd.		SCG Marketing Philippines Co., Ltd.	
(Formerly: Cementhai SCT (Guangzhou) Ltd.)		(Incorporated in Philippines)	100
(Incorporated in China)	100	PT Kokoh Inti Arebama Tbk	
SCG Trading Hong Kong Limited		(Incorporated in Indonesia)	99
(Formerly: Cementhai SCT (Hong Kong) Ltd.)		SCG Trading (Cambodia) Co., Ltd.	
(Incorporated in China)	100	(Formerly: Cementhai SCT (Cambodia) Co., Ltd.)	
SCG Trading (Jordan) L.L.C.		(Incorporated in Cambodia)	75
(Formerly: Cementhai SCT (Jordan) L.L.C.)		SCGT Malaysia Sdn. Bhd.	
(Incorporated in Jordan)	100	(Formerly: Cementhai SCT (Malaysia) Sdn. Bhd.)	
SCG Trading Philippines Inc.		(Incorporated in Malaysia)	69
(Formerly: Cementhai SCT (Philippines) Inc.)		Siam Cement Myanmar Trading Ltd.	
(Incorporated in Philippines)	100	(Incorporated in Myanmar)	60
SCG Singapore Trading Pte. Ltd.		SCG Trading Emirates L.L.C.	
(Formerly: Cementhai SCT (Singapore) Pte. Ltd.)		(Formerly: Cementhai SCT Emirates (L.L.C.))	
(Incorporated in Singapore)	100	(Incorporated in United Arab Emirates)	49
SCG Trading USA Inc.			
(Formerly: Cementhai SCT (USA), Inc.)			
(Incorporated in USA)	100		
SCG investment and others		SCG investment and others	
Cementhai Holding Co., Ltd.	100	SCG Legal Counsel Limited	100
Cementhai Property (2001)		Bangsue Management Co., Ltd.	100
Public Company Limited	100	Cementhai Captive Insurance Pte. Ltd.	
Property Value Plus Co., Ltd.	100	(Incorporated in Singapore)	100
SCG Accounting Services Co., Ltd.	100		

Details of the Company's subsidiaries which are insignificant operations or in the process of liquidation and were included in the consolidated financial statements are as follows:

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
The CPAC Ready Mixed Concrete (South) Co., Ltd.	100	SCG Corporation S.A. (Incorporated in Panama)	100
SCG Holding Co., Ltd.	100	Cement Thai Paper (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
The Nawaloha Foundry Bangkok Co., Ltd.	100	Siam TPC Co., Ltd.	78
Bangsue Industry Co., Ltd.	100	Siam TPC (Singapore) Pte. Ltd. (Incorporated in Singapore)	78
The Siam Iron and Steel Co., Ltd.	100	Myanmar CPAC Trading Co., Ltd. (Incorporated in Myanmar)	70
Dhara Pipe Co., Ltd.	100	Thai Containers Trading Co., Ltd.	69
CMT Services Co., Ltd.	100		
Cement Thai Management Services Co., Ltd.	100		
Siam Nawaphan Co., Ltd.	100		
Siam Paraffins Co., Ltd.	100		

Most of the above subsidiaries are established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2010.

During 2011, the Group acquired the ordinary shares of PT Keramika Indonesia Assosiasi Tbk, PT Kokoh Inti Arebama Tbk which are incorporated in Indonesia, and Alcamax Packaging (Vietnam) Co., Ltd. and Buu Long Industry & Investment Joint Stock Company which are incorporated in Vietnam and included these companies in the Group's consolidated financial statements in 2011 as discussed in note 6.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The consolidated financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions ("FAP"), applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2011, the FAP issued the following new and revised Thai Financial Reporting Standards (TFRS) relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue

TFRS	Topic
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRIC 15	Agreements for the Construction of Real Estate
FAP's announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 4.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these consolidated financial statements. These new and revised TFRS are disclosed in note 41.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- the present value of the defined benefit obligation.

(c) Presentation currency

The consolidated financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 6	Acquisition of business
Note 8, 9, 10, 11, 12, 13, 14 and 15	Measurement of the recoverable amounts of each asset and cash-generating units containing goodwill
Note 16, 32	Utilisation of tax losses, current and deferred tax
Note 21	Discount rate, salary increase rate, employee turnover rate and mortality rate
Note 37	Provisions and contingent liabilities

3 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests
- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for employee benefits

Details of new accounting policies for the Group are summarised in note 3 (b) to 3 (g) as follows:

(b) Presentation of financial statements

The Group has adopted TAS 1 (revised 2009) Presentation of Financial Statements. Under the revised TAS, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Statement of cash flows; and
- Notes to the financial statements

As a result, the Group separately presents other comprehensive income from the statement of changes in shareholders' equity and presents those transactions in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

(c) Accounting for business combinations

The Group has adopted TFRS 3 (revised 2009) Business Combinations and TAS 27 (revised 2009) Consolidated and Separate Financial Statements for all business combinations on or after 1 January 2011. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised TFRS.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the net amount is negative, a bargain purchase gain is recognised immediately in profit or loss.

In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition date fair value and recognise the resulting gain or loss, if any, in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss or in other comprehensive income.

(d) Accounting for acquisitions of non-controlling interests

The Group has adopted TAS 27 (revised 2009) Consolidated and Separate Financial Statements for accounting for changes in ownership interest in subsidiary after control is obtained. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised TAS.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of a subsidiary, any gain or loss is recognised in profit or loss.

(e) Accounting for property, plant and equipment

The Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of assets has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised TAS, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

(f) Accounting for investment properties

The Group has adopted TAS 40 (revised 2009) Investment Property.

Under the revised TAS, investment property is defined as properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

The Group has selected the cost model for accounting for its investment properties under the revised TAS and disclosed investment properties in the financial statements separately from other property, plant and equipment. The change in accounting policy has been applied to reclassify the comparative financial statements. From 1 January 2011, the depreciable amount and useful life of the investment property have been reassessed in accordance with the requirements of TAS 16 (revised 2009) – see note 3 (e). These changes in accounting policy in this regard have been applied prospectively in accordance with the transitional provisions of TAS 16 (revised 2009).

(g) Accounting for employee benefits

The Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's obligation in respect of post-employment benefits under defined benefit plans and other long-term employee benefits is recognised in the financial statements based on calculations by a qualified actuary using the projected unit credit method. Previously, this obligation was recognised as incurred.

The Group has opted to record the entire amount of this liability as an adjustment to retained earnings as at 1 January 2011, in accordance with the transitional provisions of TAS 19 as disclosed in note 4.

4 Effect from first time adoption of Thai Financial Reporting Standards

From 1 January 2011, consequent to the adoption of new and revised TFRS, the Group has affected to the financial statements as follows:

Year 2011

in million Baht

Consolidated statement of financial position

Retained earnings at 31 December 2010 – as reported	120,028
Decrease in investments in associates	(200)
Increase in deferred tax assets	854
Increase in employee benefit liabilities	(3,406)
Decrease in non-controlling interests	343
Retained earnings at 1 January 2011	117,619

The Group has disclosed the additional details of TAS 19 Employee Benefits in note 21.

Year 2010

in million Baht

	Before reclassification	Reclassification	After reclassification
Consolidated statement of financial position			
Inventories	36,917	(373)	36,544
Investment properties	-	1,605	1,605
Property, plant and equipment	151,400	(1,022)	150,378
Other non-current assets	4,147	(210)	3,937

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Group and the Group's interests in associates and jointly-controlled entities.

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates and jointly-controlled entities

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly-controlled entities are accounted for in the consolidated financial statements using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associates and jointly-controlled entities on an equity accounted basis after adjustments to align the accounting policies with those of Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate and jointly-controlled entity, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and jointly-controlled entity.

Loss of control

Upon the loss of control in subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and the other components of shareholder's equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Business combinations

The accounting policy for business combinations has been changed from 1 January 2011. See note 3 (c) for details.

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

(b) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

The Group values its inventories at cost and net realisable value, whichever is lower. Cost is calculated as follows:

Finished goods	- at standard cost which approximates current production cost
Merchandise	- at average cost
Goods in process	- at standard cost which includes raw materials, variable labour and manufacturing overhead costs.
Raw materials, spare parts, stores, supplies and others	- at average cost

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(e) Investments

Investments in associates and jointly-controlled entity

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

Investments in other debt and other equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortised cost less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than accumulated impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

(f) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land Improvements	5 – 20	years
Buildings and structures	5 – 30	years

Reclassification to property, plant and equipment

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(g) Finance lease

The Group entered into sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. Excess of sales proceeds over the carrying amount is not immediately recognised as income. Instead it is deferred and amortised over the lease term.

The Group recognised finance leases as assets and liabilities in the consolidated statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(h) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or expense in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 - 33	years
Buildings and structures		
- SCG Chemicals	5 - 25	years
- SCG Paper	20 - 30	years
- SCG Cement	5 - 20	years
Plant, machinery and equipment		
- SCG Chemicals	5 - 25	years
- SCG Paper	3 - 20	years
- SCG Cement	5 - 20	years
Transportation equipment	3 - 20	years
Furniture, fixtures and office equipment	3 - 20	years

For two subsidiaries, Phoenix Pulp & Paper Public Company Limited and Thai Cane Paper Public Company Limited, depreciation of property, plant and equipment have been computed by the following methods over the periods as follows:

Phoenix Pulp & Paper Public Company Limited

		Depreciation method
Land improvements	5 - 30 years	Straight-line
Buildings and structures		
- Acquired prior to 1 January 2002	30 years	Sinking Fund
- Acquired from 1 January 2002	20, 25, 30 years	Straight-line
Machinery and equipment	15 years	Sinking Fund
Certain machinery and equipment	5 - 25 years	Straight-line
Furniture, fixtures and office equipment	3, 5 years	Straight-line
Transportation equipment	5 years	Straight-line

Thai Cane Paper Public Company Limited

		Depreciation method
Land improvements	5 - 20 years	Straight-line
Buildings and structures	5, 20 years	Straight-line
Production machinery		
- Kanchanaburi Mill		Estimated production capacity of 1.92 million tons
- Prachinburi Mill		Estimated production capacity of 5.25 million tons
Machinery and equipment	5 - 15 years	Straight-line
Furniture and fixtures	5, 10 years	Straight-line
Transportation equipment	5, 10 years	Straight-line

The effect of using the above different depreciation policies on the consolidated financial statements is insignificant.

Depreciation expense for the finance lease assets is charged as expense for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

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

(i) Goodwill and intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 5 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Licence fees	term of agreements
Software licences	3 - 10 years
Others	2 - 20 years

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

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit and loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or accumulated amortisation, if no impairment loss had been recognised.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Interest and dividend income

Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.

Service fee

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

(o) Expenses

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Early retirement expense

The Group offered certain qualifiable employees the option to take early retirement from the Group. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group records expenses on early retirement upon mutual acceptance.

(p) Income tax

Income tax expense on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor

taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions and using the weighted average method.

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

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in other components of equity until disposal of the investment.

(r) Derivative financial instruments

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other accounts receivable and payable, long-term receivables, loans, investments, borrowings and debentures.

The Group operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognised in profit or loss in the same period as the exchange differences on the items covered by the hedge.

6 Acquisitions of business and disposals of investments

Year 2011

Acquisitions

In the second quarter of 2011, the Group acquired these businesses as follows:

- SCG Building Materials acquired 93.47% of the ordinary shares of PT Keramika Indonesia Assosiasi Tbk (KIA) (a manufacturer and distributor of ceramics tiles in Indonesia) for a cash consideration of Baht 2,460 million.
- SCG Distribution acquired 70.35% of the ordinary shares of PT Kokoh Inti Arebama Tbk (KOKOH) (a distributor specialises in building materials in Indonesia) for a cash consideration of Baht 716 million.
- SCG Paper acquired 100% of the ordinary shares of Alcamax Packaging (Vietnam) Co., Ltd. (Alcamax) (a manufacturer and distributor of corrugated containers in Vietnam) for a cash consideration of Baht 635 million.

In the third quarter of 2011, The Group finished a tender offer for all remaining shares in KIA and KOKOH according to Indonesian regulation. At 31 December 2011, the Group has a 93.51% interest in KIA for an aggregate cash consideration of Baht 2,460 million and 99.09% interest in KOKOH for an aggregate cash consideration of Baht 1,024 million.

In the fourth quarter of 2011, SCG Cement acquired 99.20% of the ordinary shares of Buu Long Industry & Investment Joint Stock Company (Buu Long) (a manufacturer and distributor of white cement in Vietnam) for a cash consideration of Baht 170 million.

The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2009) Business Combinations, which requires that the assets acquired, liabilities and contingent liabilities assumed be recorded at their fair values on acquisition date, together with goodwill, if any. The Group has engaged various firms of independent appraisers to determine the fair values of the assets acquired and liabilities

assumed. However, at the reporting date of the audited consolidated financial statements, the determination of the fair values of Buu Long is being in process. Accordingly, the net assets of this company acquired have been provisionally recorded at cost in the consolidated statement of financial position at 31 December 2011. The results of the valuation will be used to adjust the carrying amount to fair values and to record goodwill, if any. The determination of the fair values of KIA, KOKOH and Alcamax have been completed, and the carrying amount of the assets acquired and liabilities assumed were adjusted accordingly.

The Group incurred acquisition cost of Baht 74 million which had been included in administrative expenses in the Group's consolidated income statement.

The assets, liabilities and operating results since acquisition date, of these four companies have been included in the Group's consolidated financial statements for the year ended 31 December 2011.

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

	in million Baht			
	KIA & KOKOH	Alcamax	Buu Long	Total
Cash and cash equivalents	35	3	34	72
Trade receivables	1,310	157	-	1,467
Inventories	1,269	94	5	1,368
Other current assets	229	12	1	242
Property, plant and equipment	2,705	161	8	2,874
Other non-current assets	19	42	8	69
Interest-bearing loans and borrowings	(2,398)	(125)	-	(2,523)
Trade payables	(1,227)	(113)	-	(1,340)
Other current liabilities	(120)	(14)	(1)	(135)
Other non-current liabilities	(539)	-	-	(539)
Non-controlling interests	19	-	-	19
Net carrying amounts of identifiable assets and liabilities	1,302	217	55	1,574
Add fair value adjustments	1,280	58	-	1,338
Less non-controlling interests	(79)	-	-	(79)
Recognised value of net assets acquisition	2,503	275	55	2,833
Goodwill	981	360	-	1,341
Excess of consideration transferred over book value	-	-	115	115
Total consideration transferred	3,484	635	170	4,289
Cash acquired	(35)	(3)	(34)	(72)
Net cash outflow	3,449	632	136	4,217

Year 2010

Acquisitions

In the first quarter of 2010, the Group acquired 100% of the ordinary shares of New Asia Industries Co., Ltd. (NAI) (a manufacturer and distributor of corrugated containers in Vietnam) for a cash consideration of Baht 500 million. Additionally in the first quarter of 2010, the Group acquired for a 61% interest (increased in the second quarter of 2010 to 67% after the completion of tender offer) in the ordinary shares of Quality Construction Products Public Company Limited (Q-CON) (a manufacturer and distributor of autoclaved lightweight concrete) for an aggregate cash consideration of Baht 1,083 million.

The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2007) Business Combinations, which requires that the assets acquired, liabilities and contingent liabilities assumed be recorded at their fair values on acquisition date, together with goodwill, if any. The Company engaged firms of independent appraisers to determine the fair values of the assets acquired and liabilities assumed.

The assets, liabilities and operating results of both companies have been included in the Group's consolidated financial statements as of and for the year ended 31 December 2010.

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

	in million Baht		
	NAI	Q-CON	Total
Cash and cash equivalents	6	121	127
Trade receivables	129	133	262
Inventories	95	142	237
Other current assets	9	3	12
Property, plant and equipment	189	1,561	1,750
Other non-current assets	9	4	13
Interest-bearing loans and borrowings	(170)	(577)	(747)
Trade payables	(94)	(66)	(160)
Other current liabilities	(13)	(39)	(52)
Other non-current liabilities	(6)	-	(6)
Net carrying amounts of identifiable assets and liabilities	154	1,282	1,436
Add fair value adjustments	48	244	292
Less non-controlling interests	-	(415)	(415)
Recognised value of net assets acquisition	202	1,111	1,313
Goodwill	298	(28)	270
Cash consideration	500	1,083	1,583
Cash acquired	(6)	(121)	(127)
Net cash outflow	494	962	1,456

Disposals

In the third quarter of 2010, the Group sold its entire 75% interest in the ordinary shares of SIL Industrial Land Co., Ltd. and its subsidiary to Hemaraj Land and Development Public Company Limited. As a result, the Group recorded a loss before tax amounting to Baht 44 million, which is presented under the caption of "Other income" in the consolidated income statement for the year ended 31 December 2010.

The subsidiaries' net assets and liabilities at disposal date comprised the following:

	in million Baht
Cash and cash equivalents	35
Trade receivables	19
Land under development held for sale	1,409
Other current assets	2
Property, plant and equipment	37
Interest-bearing loans and borrowings	(380)
Trade payables	(10)
Other current liabilities	(35)
Net carrying amounts of identifiable assets and liabilities	<u><u>1,077</u></u>

7 Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control, common control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarised as follows:

	in million Baht		Pricing policies
	<u>2011</u>	<u>2010</u>	
<i>Associates</i>			
Purchases	15,216	19,525	Market price
Service fee	1,568	1,720	Market price
Revenue from sales	55,668	29,841	Market price
Service income and others	841	795	Market price
Management fee and others	1,517	1,223	Mainly based on percentage of revenue from sales
Dividend income	5,415	4,006	Upon declaration
<i>Others</i>			
Purchases	2,159	1,428	Market price
Revenue from sales	1,258	580	Market price
Service income and others	116	96	Market price
Management fee and others	361	316	Mainly based on percentage of revenue from sales
Dividend income	2,400	2,459	Upon declaration

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

Trade receivables

	in million Baht	
	2011	2010
<i>Associates</i>		
Siam Polyethylene Co., Ltd.	1,315	1,157
Bangkok Synthetics Co., Ltd.	686	288
Siam Styrene Monomer Co., Ltd.	626	367
Thai MMA Co., Ltd.	497	307
Grand Siam Composites Co., Ltd.	173	100
Siam Synthetic Latex Co., Ltd.	143	2
PT Chandra Asri Petrochemical Tbk	66	-
SCG Plastics (Shanghai) Co., Ltd.	57	-
The Siam Gypsum Industry (Saraburi) Co., Ltd.	50	76
Sekisui-SCG Industry Co., Ltd.	32	27
Mariwasa-Siam Ceramics, Inc.	32	25
SCG Plastics (China) Co., Limited	31	73
Siam Toppan Packaging Co., Ltd.	30	23
Siam Mitsui PTA Co., Ltd.	22	23
Siam Sanitary Ware Industry Co., Ltd.	19	17
Other companies	77	92
	3,856	2,577
<i>Others</i>		
Siam Yamato Steel Co., Ltd.	238	45
Asia Cement Public Company Limited	59	-
Other companies	18	19
	315	64
Total	4,171	2,641

Receivables from and short-term loans to related parties

	in million Baht	
	2011	2010
<i>Current accounts</i>		
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	235	540
Thai MMA Co., Ltd.	64	46
Siam Mitsui PTA Co., Ltd.	47	42
Grand Siam Composites Co., Ltd.	42	38
Mariwasa-Siam Ceramics, Inc.	36	33
IT One Co., Ltd.	28	31
Thai MFC Co., Ltd.	20	19
Siam Sanitary Ware Industry Co., Ltd.	17	21
Thai PET Resin Co., Ltd.	17	20
Other companies	110	144
	616	934

	in million Baht	
	2011	2010
<i>Others</i>		
Toyota Motor Thailand Co., Ltd.	1,023	-
Michelin Siam Group Co., Ltd.	205	205
Other companies	34	61
	<u>1,262</u>	<u>266</u>
	<u>1,878</u>	<u>1,200</u>

Short-term loans and notes receivable

Associates

PT M Class Industry	97	103
GTC Technology International, LP	40	38
Other companies	17	17
	<u>154</u>	<u>158</u>
Total	<u>2,032</u>	<u>1,358</u>

Long-term loans to related party

Associate

	in million Baht	
	2011	2010
Mariwasa-Siam Ceramics, Inc.	<u>401</u>	<u>393</u>

Movements during the years on loans to related parties were as follows:

	in million Baht	
	2011	2010
Short-term		
At 1 January	158	119
Increase	19	131
Decrease	(23)	(92)
At 31 December	<u>154</u>	<u>158</u>
Long-term		
At 1 January	393	436
Increase	20	-
Decrease	(12)	(43)
At 31 December	<u>401</u>	<u>393</u>

Trade payables

Associates

	in million Baht	
	2011	2010
Mehr Petrochemical Company (P.J.S.C.)	570	844
Siam Polyethylene Co., Ltd.	417	372
Bangkok Synthetics Co., Ltd.	270	202
Thai MMA Co., Ltd.	219	117
Jumbo Barges and Tugs Co., Ltd.	100	127

	in million Baht	
	2011	2010
PT Chandra Asri Petrochemical Tbk	74	-
Thai PET Resin Co., Ltd.	73	54
Siam Kubota Corporation Co., Ltd.	49	180
The Siam Gypsum Industry (Saraburi) Co., Ltd.	48	28
IT One Co., Ltd.	40	24
Siam Sanitary Ware Industry Co., Ltd.	26	7
Siam Styrene Monomer Co., Ltd.	24	7
Other companies	63	75
	<u>1,973</u>	<u>2,037</u>
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	130	102
Total	<u>2,103</u>	<u>2,139</u>

Payables to and short-term loans from related parties

	in million Baht	
	2011	2010
<i>Current accounts</i>		
<i>Associates</i>		
IT One Co., Ltd.	26	14
Other companies	14	26
	<u>40</u>	<u>40</u>
<i>Notes payable</i>		
<i>Associate</i>		
Mehr Petrochemical Company (P.J.S.C.)	-	77
<i>Others</i>		
PT Trans-Pacific Polyethylene Indonesia	74	71
Other companies	19	10
	<u>93</u>	<u>81</u>
	<u>93</u>	<u>158</u>
Total	<u>133</u>	<u>198</u>

Movements during the years on short-term loans from related parties were as follows:

	in million Baht	
	2011	2010
At 1 January	158	714
Increase	862	213
Decrease	(927)	(769)
At 31 December	<u>93</u>	<u>158</u>

Key management personnel compensation

	in million Baht	
	2011	2010
Short-term employee benefits	264	231
Post-employment benefits	13	30
Total	277	261

Management benefit expenses comprise of the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

8 Trade receivables

	in million Baht	
	2011	2010
Related parties	4,171	2,641
Other companies	30,269	23,584
Less allowance for doubtful accounts	815	817
Net	29,454	22,767
Total	33,625	25,408
Doubtful debts expenses for the year	13	46

	in million Baht	
	2011	2010
Related parties		
Within credit terms	4,102	2,595
Overdue:		
Less than 3 months	50	40
3 - 6 months	9	2
Over 6 - 12 months	10	4
Total	4,171	2,641
Other companies		
Within credit terms	26,668	20,457
Overdue:		
Less than 3 months	2,550	2,122
3 - 6 months	226	174
Over 6 - 12 months	40	31
Over 12 months	785	800
	30,269	23,584
Less allowance for doubtful accounts	815	817
Net	29,454	22,767
Total	33,625	25,408

The normal credit term granted by the Group is 30 - 90 days.

As at 31 December 2011, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 641 million (2010: Baht 533 million).

9 Inventories

	in million Baht	
	2011	2010
Finished goods	17,115	14,922
Goods in process	2,539	2,442
Raw materials	10,702	8,756
Spare parts	5,385	5,066
Stores, supplies and others	3,634	2,971
Raw materials and spare parts in transit	2,891	3,059
Total	42,266	37,216
Less allowance for decline in value	428	672
Net	41,838	36,544
Changes in inventories of finished goods and goods in process	(2,290)	(2,050)
Raw materials used	177,021	123,161

The cost of inventories which is recognised as an expense and included in “cost of sales” for the year ended 31 December 2011 amounted to Baht 302,424 million (2010: Baht 236,674 million).

10 Cash and cash equivalents and other investments

	in million Baht	
	2011	2010
Cash and cash equivalents		
Cash on hand and at banks	5,163	27,713
Highly liquid short-term investments	17,277	36,114
Cash (Private funds)	240	-
Total	22,680	63,827
Short-term investments		
Fixed deposits with financial institutions	2,000	6,000
Available-for-sale debt securities (Private funds)	5,205	-
Total	7,205	6,000
Available-for-sale investments		
Available-for-sale debt securities (Private funds)	20,103	-
Marketable equity securities	5,535	10,485
Total	25,638	10,485

In the first quarter of 2011, the Company established private funds and engaged totalling 6 local and foreign independent assets management companies to manage cash balance of the Company. As at 31 December 2011, the private funds had invested in debt securities totalling Baht 25,548 million which have high liquidity and rating as investment grade with return rates from 1.03% to 4.40% per annum. The Company had entered into forward contracts to hedge the foreign exchange rate risks of all debt securities denominated in foreign currencies.

The quoted market prices of available-for-sale investments on the Stock Exchange as at 31 December 2011 are as follows:

	in million Baht	
	Cost	Quoted market price (latest bid price)
Marketable securities	28,502	30,843
		Net changes in fair value of available-for-sale investments
		2,341

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

	in million Baht	
	2011	2010
Net change in fair value	(750)	5,386
Net change in fair value transferred to profit or loss	(2,291)	-
Net	(3,041)	5,386

During 2011, the Group sold the available-for-sale investments and recorded a gain before tax which is presented under the caption of "Other income" in the consolidated income statement for the year ended 31 December 2011 amounting to Baht 1,988 million.

11 Investments in associates and jointly-controlled entities

Movements for the years ended 31 December on investments in associates and jointly-controlled entities accounted for using the equity method were as follows:

	Note	in million Baht	
		2011	2010
At 1 January		40,708	58,690
Impact of changes in accounting policy	4	(200)	-
At 1 January - restated		40,508	58,690
Share of net profits of investments - equity method		6,774	8,390
Increased in investments		14,003	2,065
Dividend income		(5,415)	(4,006)
Disposals and return from capital		-	(19,525)
Change of the status to other		-	(5,098)
Others		(123)	192
At 31 December		55,747	40,708

Investments in associates and jointly-controlled entities as at 31 December and dividends from these investments in the years ended at the same date are as follows:

	Ownership interest		in million Baht							
	[%]		Paid-up capital		Cost method		Equity method		Dividends	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Associates										
SCG Chemicals										
PT Chandra Asri Petrochemical Tbk	30	-	10,629	-	12,879	-	12,755	-	43	-
Bangkok Synthetics Co., Ltd.	26	26	1,173	1,173	2,036	2,036	6,562	5,336	915	458
Siam Mitsui PTA Co., Ltd.	50	50	4,800	4,800	2,372	2,372	5,356	4,694	1,102	102
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	4,688	6,286	806	950
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	4,057	3,958	1,229	486
Siam Styrene Monomer Co., Ltd.	50	50	4,755	4,755	2,375	2,375	2,767	2,501	-	-
Siam Synthetic Latex Co., Ltd.	50	50	4,976	4,344	2,381	2,065	2,060	2,105	-	-
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	770	875	416	353
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	643	688	175	-
Mehr Petrochemical Company (P.J.S.C.)	39	39	1,203	1,203	722	722	540	233	-	-
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	473	494	63	76
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	596	596	119	119	266	230	65	39
Thai PET Resin Co., Ltd.	20	20	900	900	180	180	220	195	-	-
GTC Technology US, LLC	25	25	98	98	160	160	166	169	-	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	160	158	5	14
GTC Technology International, LP	25	25	137	137	107	107	138	101	-	-
PT Siam Maspion Terminal	50	50	327	327	163	163	129	114	22	16
SD Group Service Co., Ltd.	50	50	78	78	38	38	103	105	15	-
PTT Global Chemical Public Company Limited	-	-	-	-	-	-	-	-	-	957
Other companies			80	80	47	47	109	97	10	5
			41,176	29,915	29,122	15,927	41,962	28,339	4,866	3,456
SCG Paper										
Siam Toppan Packaging Co., Ltd.	48	48	500	500	245	245	361	367	8	11
P&S Holdings Corporation	39	39	263	263	105	105	-	-	-	-
Other companies			138	25	34	6	32	5	-	-
			901	788	384	356	393	372	8	11
SCG Cement										
Anhui Conch-SCG Refractory Co., Ltd.	30	-	349	-	148	-	147	-	-	-
SCG Building Materials										
Siam Sanitary Ware Co., Ltd.	36	36	60	60	50	50	616	594	55	46
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	529	505	111	87
Sekisui-SCG Industry Co., Ltd.	49	49	1,207	200	591	98	425	23	-	-
The Siam Sanitary Fittings Co., Ltd.	45	45	200	200	66	66	215	232	41	43
The Siam Moulding Plaster Co., Ltd.	40	40	405	125	134	23	195	80	-	-
TOTO Manufacturing (Thailand) Co., Ltd.	40	40	550	550	220	220	162	210	-	-
Mariwasa Siam Holdings, Inc.	46	46	1,093	1,093	590	590	128	81	-	-
Mariwasa Holdings, Inc.	40	40	267	267	94	94	48	-	-	-
CMPI Holding, Inc.	20	20	54	54	11	11	21	21	-	-
PT M Class Industry	28	28	222	222	106	106	-	-	-	-
Other companies			262	262	72	72	29	20	-	-
			4,470	3,183	1,980	1,376	2,368	1,766	207	176

	Ownership interest (%)		in million Baht							
			Paid-up capital		Cost method		Equity method		Dividends	
			2011	2010	2011	2010	2011	2010	2011	2010
SCG Distribution										
Jumbo Barges and Tugs Co., Ltd.	32	27	399	365	145	108	186	143	-	5
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	61	62	5	5
Green Siam Resources Corporation	40	40	95	95	38	38	48	49	-	2
Survey Marine Services Co., Ltd.	48	48	37	37	18	18	17	17	-	-
Other companies			22	56	6	16	12	19	-	23
			616	616	238	211	324	290	5	35
SCG Investment										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	5,814	5,162	-	-
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	1,096	1,125	44	67
Musashi Auto Parts Co., Ltd.	21	21	200	200	42	42	764	780	97	81
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	582	578	49	57
Aisin Takaoka Foundry Bangpakong Co., Ltd.	30	30	475	475	142	142	389	381	51	51
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	363	379	19	22
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	306	316	19	19
Siam Lemmerz Co., Ltd.	30	30	107	107	293	293	173	182	22	-
			4,454	4,454	1,909	1,909	9,487	8,903	301	297
Other										
IT One Co., Ltd.	20	20	80	80	16	16	92	80	28	31
Jointly-controlled entity										
SCG Chemicals										
Long Son Petrochemicals Co., Ltd.	71	71	1,646	1,646	1,170	1,170	974	958	-	-
Total			53,692	40,682	34,967	20,965	55,747	40,708	5,415	4,006

The following summarised financial information on interest in jointly-controlled entity, which has been included in the consolidated financial statements represents the Group's share for the year ended 31 December, are as follows:

	Owner-ship (%)	in million Baht								
		Non-current			Non-current		Shareholder's		Profit	
		Current assets	current assets	Total assets	Current liabilities	current liabilities	holder's equity	Total revenues	Total expenses	for the year
2011										
Long Son Petrochemicals Co., Ltd.	71	1,117	265	1,382	11	-	1,371	118	(42)	76
2010										
Long Son Petrochemicals Co., Ltd.	71	1,173	212	1,385	47	-	1,338	85	(46)	39

12 Other long-term investments

	Ownership interest (%)		in million Baht			
			Investment		Dividends	
	2011	2010	2011	2010	2011	2010
At Cost						
SCG Chemicals						
PT Trans-Pacific Petrochemical Indotama	20	20	2,002	2,002	-	-
PT Trans-Pacific Polyethylene Indonesia *	39	39	184	184	-	-
PT Trans-Pacific Polyethylindo *	39	39	131	131	-	-
PT Trans-Pacific Styrene Indonesia	10	10	31	31	-	-
PT Trans-Pacific Polypropylene Indonesia	10	10	22	22	-	-
Other companies			33	33	5	3
			2,403	2,403	5	3
* No existence of significant influence						
SCG Paper						
			31	31	-	-
SCG Cement						
Asia Cement Public Company Limited	10	10	942	942	39	39
Holcim Cement (Bangladesh) Limited	10	10	375	361	-	14
			1,317	1,303	39	53
SCG Building Materials						
			346	396	-	8
SCG Distribution						
			5	5	-	-
SCG Investment and others						
Toyota Motor Thailand Co., Ltd.	10	10	881	881	2,060	2,121
Siam Yamato Steel Co., Ltd.	10	10	484	484	-	-
Michelin Siam Group Co., Ltd.						
- Cumulative preferred shares	10	10	267	267	205	205
Siam Toyota Manufacturing Co., Ltd.	4	4	98	98	84	67
Other companies			14	26	7	2
			1,744	1,756	2,356	2,395
Total			5,846	5,894	2,400	2,459
Less accumulated impairment losses			2,617	2,644	-	-
Net			3,229	3,250	2,400	2,459

In the fourth quarter of 2011, The Company sold its entire remaining 5% interest in the ordinary shares of Siam United Steel (1995) Co., Ltd. to the major shareholder, Nippon Steel Corporation and recorded a gain before tax which is presented under the caption of "Other income" in the consolidated income statement for the year ended 31 December 2011 amounting to Baht 855 million.

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements as at 31 December 2011 are as follows:

	in million Baht		
	Cost	Carrying amount	Accumulated impairment losses
Non-marketable investment	5,846	8,429	(2,617)

13 Investment properties

		in million Baht		
	Note	Land and land improvement	Buildings and structures	Total
Cost				
At 31 December 2010		-	-	-
Impact of changes in accounting policy	4	1,394	542	1,936
At 1 January 2011 - restated		1,394	542	1,936
Disposals		(2)	-	(2)
Reclassification from/(to) property, plant and equipment		(29)	45	16
Reclassification from other non-current assets		26	30	56
At 31 December 2011		1,389	617	2,006
Accumulated depreciation and accumulated impairment losses				
At 31 December 2010		-	-	-
Impact of changes in accounting policy	4	108	223	331
At 1 January 2011 - restated		108	223	331
Depreciation charge for the year		1	30	31
Reclassification from property, plant and equipment		-	25	25
Reclassification from other non-current assets		-	24	24
At 31 December 2011		109	302	411
Carrying amount				
At 31 December 2010		1,286	319	1,605
At 31 December 2011		1,280	315	1,595

Investment properties were revalued as at 31 December 2011 at open market values on an existing use basis. The appraised value was Baht 3,554 million.

14 Property, plant and equipment

in million Baht

	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Cost							
At 1 January 2010	17,039	37,418	222,006	4,012	5,057	59,969	345,501
Acquisitions through business combinations	272	723	2,519	12	99	-	3,625
Decrease from subsidiaries disposals	(350)	(80)	(245)	(13)	(17)	(8)	(713)
Purchases	76	177	1,996	101	119	10,265	12,734
Disposals/written off	(96)	(41)	(1,105)	(52)	(141)	(3)	(1,438)
Transfers in/(out)	716	3,705	53,599	54	(168)	(58,006)	(100)
Translation differences	(54)	(299)	(1,331)	(27)	(22)	(94)	(1,827)
At 31 December 2010	17,603	41,603	277,439	4,087	4,927	12,123	357,782
Impact of changes in accounting policy	(1,165)	(543)	355	-	-	-	(1,353)
At 1 January 2011							
- restated	16,438	41,060	277,794	4,087	4,927	12,123	356,429
Acquisitions through business combinations	1,638	1,480	3,511	154	76	731	7,590
Purchases	349	134	2,268	98	119	10,881	13,849
Disposals/written off	(32)	(68)	(1,140)	(111)	(332)	(5)	(1,688)
Transfers to investment properties	29	(45)	-	-	-	-	(16)
Transfers to other non-current assets	-	-	(274)	-	-	(3)	(277)
Transfers in/(out)	28	1,309	7,159	81	136	(9,018)	(305)
Translation differences	9	35	154	18	9	(21)	204
At 31 December 2011	18,459	43,905	289,472	4,327	4,935	14,688	375,786

in million Baht

	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Accumulated depreciation and accumulated impairment losses							
At 1 January 2010	5,511	20,628	161,278	3,562	4,284	86	195,349
Acquisitions through business combinations	-	294	1,283	9	76	-	1,662
Decrease from subsidiaries disposals	(344)	(67)	(242)	(8)	(15)	-	(676)
Depreciation charge for the year	388	1,676	9,488	172	282	-	12,006
Disposals/written off	(20)	(33)	(1,040)	(47)	(136)	-	(1,276)
Transfers in/(out)	244	(3)	27	(55)	(336)	-	(123)
Translation differences	(13)	(79)	(447)	(27)	6	-	(560)
At 31 December 2010	5,766	22,416	170,347	3,606	4,161	86	206,382
Impact of changes in accounting policy	(108)	(223)	-	-	-	-	(331)
At 1 January 2011 - restated	5,658	22,193	170,347	3,606	4,161	86	206,051
Acquisitions through business combinations	-	363	1,526	113	67	-	2,069
Depreciation charge for the year	389	1,765	10,096	183	291	-	12,724
Impairment losses (Reversal)	-	(5)	10	-	-	(86)	(81)
Disposals/written off	(29)	(48)	(1,088)	(98)	(328)	-	(1,591)
Transfers to investment properties	-	(25)	-	-	-	-	(25)
Transfers to other non-current assets	-	-	(173)	-	-	-	(173)
Transfers in/(out)	(2)	(26)	(30)	(4)	(30)	-	(92)
Translation differences	12	18	176	9	6	-	221
At 31 December 2011	6,028	24,235	180,864	3,809	4,167	-	219,103
Carrying amount							
At 31 December 2010	10,780	18,867	107,447	481	766	12,037	150,378
At 31 December 2011	12,431	19,670	108,608	518	768	14,688	156,683

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to Baht 128,510 million as at 31 December 2011 (2010: Baht 121,658 million).

Finance costs incurred in the year ended 31 December 2011, amounting to Baht 21 million (2010: Baht 320 million), rates of interest capitalised at 5 % per annum (2010: 1.51% to 4.85 % per annum), were capitalised as part of the cost of constructing new plant facilities.

The cost of machinery and equipment held under finance leases was Baht 4,472 million as at 31 December 2011 (2010: Baht 2,605 million) and has a net book value of Baht 1,719 million as at 31 December 2011 (2010: Baht 1,204 million).

15 Goodwill and intangible assets

	in million Baht				
	Goodwill	Software licenses & license fees	Development cost	Others	Total
Cost					
At 1 January 2010	872	3,711	821	801	6,205
Additions	298	242	341	395	1,276
Disposals/written off	-	(19)	-	-	(19)
Transfers in/(out)	-	933	(900)	2	35
At 31 December 2010	1,170	4,867	262	1,198	7,497
Additions	1,341	135	200	436	2,112
Disposals/written off	-	(77)	-	(5)	(82)
Transfers in/(out)	-	62	(127)	10	(55)
At 31 December 2011	2,511	4,987	335	1,639	9,472
Accumulated amortisation					
At 1 January 2010	-	2,017	-	150	2,167
Amortisation charge for the year	-	388	-	70	458
Disposals/written off	-	(12)	-	-	(12)
Transfers in/(out)	-	87	-	(1)	86
At 31 December 2010	-	2,480	-	219	2,699
Amortisation charge for the year	-	413	-	55	468
Disposals/written off	-	(74)	-	-	(74)
Transfers in/(out)	-	(107)	-	(36)	(143)
At 31 December 2011	-	2,712	-	238	2,950
Carrying amount					
At 31 December 2010	1,170	2,387	262	979	4,798
At 31 December 2011	2,511	2,275	335	1,401	6,522

16 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities determined after appropriate offsetting are included in the consolidated statements of financial position as follows:

	in million Baht	
	2011	2010
Deferred tax assets	3,852	2,504
Deferred tax liabilities	(2,511)	(2,623)
Net	1,341	(119)

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

in million Baht

	At 1 January 2010	Credited (charged) to		Increase through business combinations	Translation differences	At 31 December 2010
		income statement (note 32)	shareholders' equity			
Deferred tax assets						
Investments	1,116	(832)	-	-	-	284
Property, plant and equipment	743	(266)	-	-	(5)	472
Employee benefit liabilities	167	3	-	1	-	171
Loss carry forward	767	394	-	73	(4)	1,230
Others	419	(71)	-	-	(1)	347
Total	3,212	(772)	-	74	(10)	2,504
Deferred tax liabilities						
Available-for-sale investments	-	-	(1,880)	-	-	(1,880)
Property, plant and equipment	(354)	(297)	-	-	11	(640)
Others	(34)	(69)	-	-	-	(103)
Total	(388)	(366)	(1,880)	-	11	(2,623)
Net	2,824	(1,138)	(1,880)	74	1	(119)

in million Baht

	At 1 January 2011	Credited (charged) to		Increase through business combinations	Translation differences	At 31 December 2011
		income statement (note 32)	shareholders' equity			
Deferred tax assets						
Investments	284	(56)	-	-	-	228
Property, plant and equipment	472	(219)	-	4	1	258
Employee benefit liabilities	1,025	(322)	(9)	3	-	697
Loss carry forward	1,230	806	-	-	(1)	2,035
Others	347	285	-	2	-	634
Total	3,358	494	(9)	9	-	3,852
Deferred tax liabilities						
Available-for-sale investments	(1,880)	-	1,232	-	-	(648)
Property, plant and equipment	(640)	(5)	-	(657)	(5)	(1,307)
Others	(103)	(58)	-	(395)	-	(556)
Total	(2,623)	(63)	1,232	(1,052)	(5)	(2,511)
Net	735	431	1,223	(1,043)	(5)	1,341

17 Other non-current assets

	in million Baht	
	2011	2010
Land and assets not used in operations	1,133	883
Land prepayments	899	762
Factory prepayments	821	1,011
Recoverable tax	304	200
Others	1,475	1,474
Total	4,632	4,330
Less accumulated impairment losses	325	254
Net	4,307	4,076

18 Bank overdrafts and short-term loans from financial institutions

	in million Baht	
	2011	2010
Promissory notes	18,305	6,550
Loans	1,575	1,982
Bank overdrafts and others	178	134
Total	20,058	8,666

The Group has overdraft lines with several banks amounting to approximately Baht 5,400 million in 2011 (2010: Baht 5,500 million).

19 Long-term debts

	in million Baht	
	2011	2010
Current		
- Unsecured		
Current portion of long-term debts	3,761	7,013
Current portion of finance lease liabilities	544	198
	4,305	7,211
Non-current		
- Unsecured		
Long-term debts	26,781	26,829
Finance lease liabilities	1,375	814
	28,156	27,643
Total	32,461	34,854

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

	in million Baht	
	2011	2010
Thai Baht	16,795	17,967
US Dollar	14,230	15,280
Euro	1,337	1,518
Peso	76	75
Others	23	14
Total	32,461	34,854

During the year ended 31 December 2011, the Group has drawn down under the loan agreements made equivalent to Baht 5,002 million (2010: Baht 1,191 million). The average interest rate is approximately to 0.67% - 5.50% per annum (2010: 1.07% to 4.85% per annum) and scheduled repayment monthly to semi-annually. The payment period of 3 - 14 years up to August 2020. Many of the above long-term loans are guaranteed by the Company.

The average interest rate of long-term debts in foreign currency is approximately 0.96% per annum in 2011 (2010: 1.23% per annum). The Group has mainly entered into various forward foreign exchange contracts and interest rate swap agreements to hedge the foreign exchange rate and interest rate risks as discussed in note 36.

The period to maturity of the interest-bearing debts, excluding finance lease liabilities, is as follows:

	in million Baht	
	2011	2010
Within 1 year	3,761	7,013
After 1 year but within 5 years	14,127	15,268
After 5 years	12,654	11,561
Total	30,542	33,842

Finance lease liabilities

Subsidiaries entered into leased machinery and equipment agreements. Lease terms are for a period of 3 - 5 years. Finance lease liabilities as at 31 December are as follows:

	in million Baht		
	Principal	Interest	Payments
Year 2011			
Within 1 year	544	55	599
After 1 year but within 5 years	1,375	50	1,425
Total	1,919	105	2,024
Year 2010			
Within 1 year	198	26	224
After 1 year but within 5 years	814	47	861
Total	1,012	73	1,085

20 Debentures

As at 31 December 2011, the Company had issued unsubordinated and unsecured debentures and the subsidiary had issued subordinated and unsecured convertible debentures totalling Baht 110,944 million (2010: Baht 110,944 million) as follows:

Debentures No.	in million Baht		Interest Rate (% p.a.)	Term	Maturity Date	Fair Value *	
	2011	2010				2011	2010
Debentures - The Siam Cement Public Company Limited							
1/2007	-	15,000	5.75	4 years	1 April 2011	-	1,020
2/2007	-	10,000	4.50	4 years	1 November 2011	-	1,024
1/2008	20,000	20,000	4.25	4 years	1 April 2012	1,001	1,031
2/2008	20,000	20,000	5.35	4 years	1 November 2012	1,019	1,046
1/2009	20,000	20,000	5.15	4 years	1 April 2013	1,022	1,044
2/2009	10,000	10,000	4.15	4 years	1 October 2013	1,011	1,031
1/2010	10,000	10,000	3.85	4 years	1 April 2014	1,014	1,032
2/2010	5,000	5,000	3.85	4 years	1 October 2014	1,020	1,037
1/2011	15,000	-	4.00	4 years	1 April 2015	1,020	-
2/2011	10,000	-	4.50	4 years	1 November 2015	1,000	-
Total	110,000	110,000					
Convertible Debentures - Thai-German Ceramic Industry Public Company Limited **							
1/2008	944	944	1st - 2nd year MLR minus 3.50 3rd - 5th year MLR minus 3.00	5 years	1 August 2013	939	911
Total	110,944	110,944					
Less Debentures							
held by subsidiaries	1,195	1,212					
Net	109,749	109,732					
Less Current portion	39,910	24,878					
Net	69,839	84,854					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2011 and 2010.

** Debenture holders have the option to convert the debentures into TGCI shares at the rate of Baht 1.45 per share of TGCI, subject to the adjustment of which is specified in the agreement. The holders can exercise the option after 2 years from the issuance date of the debentures.

21 Employee benefit liabilities

The Group adopted TAS 19 Employee Benefits with effect from 1 January 2011.

The Group operates post employment benefit and pension plans based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits and other long term benefits to employees based on pensionable remuneration and length of service.

Employee benefit liabilities in consolidated statement of financial position as at 31 December 2011

	in million Baht
Post-employment benefits	
Legal severance payments plan	3,112
Pension	132
Other long-term employee benefits	315
Other employee benefits	340
Total	3,899

Movement in the present value of the defined benefit obligations

	in million Baht
For the year ended 31 December 2011	
Defined benefit obligations at 1 January 2011	3,387
Benefits paid by the plan	(345)
Current service costs and interest	374
Acquisitions through business combinations	144
Actuarial gains	(10)
Translation differences	9
Defined benefit obligations at 31 December 2011	3,559

Consolidated statement of comprehensive income

Recognised in profit or loss

	in million Baht
For the year ended 31 December 2011	
Current service costs	202
Interest on obligation	172
Actuarial gains	(3)
Total	371
Increase in employee expenses resulting in	
Increase in cost of sales	122
Increase in administrative expenses	249
Decrease in profit before income tax	371
Decrease in earnings per share (in Baht)	0.31

Recognised in other comprehensive income

	in million Baht
For the year ended 31 December 2011	
Actuarial gains	<u>39</u>

Principal actuarial assumptions at the reporting date

	(%)
For the year ended 31 December 2011	
Discount rate	4.20 – 5.00
Salary increase rate	4.50 – 8.60
Employee turnover rate	1.65 – 19.81 *
Mortality rate	25.00 of TMO97 **

* Upon the length of service

** Reference from TMO97: Thai Mortality Ordinary Table 1997

22 Other non-current liabilities

	in million Baht	
	2011	2010
Deferred revenue	504	514
Provision for share certificates compensation case	231	-
Accrued dividend	95	82
Payable to Department of Mineral Resources for concessions	4	68
Others	79	361
Total	<u>913</u>	<u>1,025</u>

23 Share capital

	Par Value (in Baht)	in million shares / million Baht			
		2011		2010	
		Number of shares	Value	Number of shares	Value
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- ordinary shares	1	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary shares	1	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>

24 Reserves

Fair value changes

Fair value changes recognised in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognised.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

25 Segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment assets, revenue and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

<i>SCG Chemicals</i>	Manufacture and sale of olefins, polyolefins and other chemical products.
<i>SCG Paper</i>	Manufacture and sale of printing and writing paper, gypsum linerboard, industrial paper, corrugated boxes and securities document.
<i>SCG Cement</i>	Manufacture and sale of grey cement, ready-mixed concrete, white cement and dry mortar.
<i>SCG Building Materials</i>	Manufacture and sale of roof tiles, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings.
<i>SCG Distribution</i>	Distribution and export of cement, steel, building and decorative products of the Group companies through distributors, as well as importing fuel products, waste paper and scrap iron.
<i>SCG Investment</i>	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components, and steel.

The segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.

Information relating to business segments for the years ended 31 December were as follows:

in million Baht

	Total assets		Revenue from sales		EBITDA (1)	
	2011	2010	2011	2010	2011	2010
Consolidated SCG	374,738	359,219	368,579	301,323	46,253	45,949
Business Groups						
SCG Chemicals	176,583	165,087	192,929	144,317	14,394	16,024
SCG Paper	52,534	50,127	54,839	51,714	8,811	9,129
SCG Cement	60,126	61,018	54,249	48,954	12,781	10,810
SCG Building Materials	35,848	24,796	34,171	30,719	5,060	5,489
SCG Distribution	16,282	12,177	111,920	96,898	1,532	1,440
SCG Investment	13,188	12,289	-	239	3,818	3,544

	Profit for the year (2)		Depreciation and amortisation	
	2011	2010	2011	2010
Consolidated SCG	27,281	37,382	13,208	12,477
Business Groups				
SCG Chemicals	11,190	22,609	5,456	4,432
SCG Paper	3,331	3,490	3,244	3,250
SCG Cement	7,288	6,014	2,197	2,286
SCG Building Materials	1,476	1,872	1,919	2,093
SCG Distribution	1,075	1,061	269	270
SCG Investment	5,037	4,674	23	30

(1) Represents profit before share of profit of associates, finance costs, income tax, depreciation and amortisation and includes dividends from associates.

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

26 Operating results of business groups

in million Baht

	Business Groups							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2011	2010	2011	2010	2011	2010	2011	2010
Information from								
statements of financial position								
Current assets	43,257	38,178	16,963	16,088	11,882	9,675	13,025	9,240
Investments and long-term loans	48,492	39,802	411	389	1,260	1,123	2,715	2,112
Property, plant and equipment	79,400	82,396	32,805	31,775	44,825	48,410	18,331	11,820
Other non-current assets	5,434	4,711	2,355	1,875	2,159	1,810	1,777	1,624
Total assets	176,583	165,087	52,534	50,127	60,126	61,018	35,848	24,796
Short-term loans	42,626	41,854	13,323	13,881	9,580	8,850	16,672	9,052
Other current liabilities	19,141	18,201	5,156	4,741	7,682	5,920	4,619	3,770
Long-term loans	31,631	30,730	607	1,243	902	1,351	483	1,023
Other non-current liabilities	2,486	3,090	921	92	986	243	2,073	364
Total liabilities	95,884	93,875	20,007	19,957	19,150	16,364	23,847	14,209
Shareholders' equity	80,699	71,212	32,527	30,170	40,976	44,654	12,001	10,587
Total liabilities and shareholders' equity	176,583	165,087	52,534	50,127	60,126	61,018	35,848	24,796

in million Baht

	Business Groups					
	SCG Distribution		SCG Investment		Consolidated SCG	
	2011	2010	2011	2010	2011	2010
Information from						
statements of financial position						
Current assets	12,167	9,196	1,088	835	116,764	141,022
Investments and long-term loans	325	292	11,218	10,646	85,015	54,836
Property, plant and equipment	1,753	1,789	1	38	156,683	150,378
Other non-current assets	2,037	900	881	770	16,276	12,983
Total assets	16,282	12,177	13,188	12,289	374,738	359,219
Short-term loans	440	143	-	-	64,366	40,913
Other current liabilities	10,571	8,303	88	75	42,085	42,170
Long-term loans	4	-	-	-	97,995	112,497
Other non-current liabilities	236	104	39	10	7,323	4,069
Total liabilities	11,251	8,550	127	85	211,769	199,649
Shareholders' equity	5,031	3,627	13,061	12,204	162,969	159,570
Total liabilities and shareholders' equity	16,282	12,177	13,188	12,289	374,738	359,219

in million Baht

	Business Groups							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2011	2010	2011	2010	2011	2010	2011	2010
Information from income statements								
Revenue from sales	192,929	144,317	54,839	51,714	54,249	48,954	34,171	30,719
Cost of sales	(183,170)	(130,555)	(44,512)	(41,152)	(39,278)	(36,664)	(24,910)	(21,998)
Gross profit	9,759	13,762	10,327	10,562	14,971	12,290	9,261	8,721
Other income	3,445	18,905	309	233	486	539	638	552
Profit before expenses	13,204	32,667	10,636	10,795	15,457	12,829	9,899	9,273
Operating expenses	(6,869)	(6,538)	(5,077)	(4,927)	(4,896)	(4,287)	(6,965)	(5,987)
Profit before finance costs and income tax expense	6,335	26,129	5,559	5,868	10,561	8,542	2,934	3,286
Finance costs	(2,603)	(1,287)	(872)	(893)	(308)	(238)	(603)	(534)
Profit before income tax expense	3,732	24,842	4,687	4,975	10,253	8,304	2,331	2,752
Income tax expense	(2,169)	(9,252)	(1,185)	(1,383)	(2,954)	(2,295)	(724)	(770)
Profit after income tax expense	1,563	15,590	3,502	3,592	7,299	6,009	1,607	1,982
Share of profit (loss) of associates and jointly-controlled entities	5,485	6,341	2	21	(1)	-	231	251
Profit for the year	7,048	21,931	3,504	3,613	7,298	6,009	1,838	2,233
Profit (loss) attributable to:								
Owners of the parent	11,190	22,609	3,331	3,490	7,288	6,014	1,476	1,872
Non-controlling interests	(4,142)	(678)	173	123	10	(5)	362	361
	7,048	21,931	3,504	3,613	7,298	6,009	1,838	2,233

in million Baht

	Business Groups					
	SCG Distribution		SCG Investment		Consolidated SCG	
	2011	2010	2011	2010	2011	2010
Information from income statements						
Revenue from sales	111,920	96,898	-	239	368,579	301,323
Cost of sales	(103,531)	(89,011)	-	(128)	(315,811)	(247,915)
Gross profit	8,389	7,887	-	111	52,768	53,408
Other income	494	517	4,542	3,259	10,894	24,416
Profit before expenses	8,883	8,404	4,542	3,370	63,662	77,824
Operating expenses	(7,627)	(7,269)	(109)	(198)	(33,138)	(30,326)
Profit before finance costs and income tax expense	1,256	1,135	4,433	3,172	30,524	47,498
Finance costs	273	338	(137)	(90)	(6,048)	(4,670)
Profit before income tax expense	1,529	1,473	4,296	3,082	24,476	42,828
Income tax expense	(450)	(426)	(268)	(116)	(7,504)	(13,959)
Profit after income tax expense	1,079	1,047	4,028	2,966	16,972	28,869
Share of profit of associates and jointly-controlled entities	8	22	1,009	1,723	6,774	8,390
Profit for the year	1,087	1,069	5,037	4,689	23,746	37,259
Profit (loss) attributable to:						
Owners of the parent	1,075	1,061	5,037	4,674	27,281	37,382
Non-controlling interests	12	8	-	15	(3,535)	(123)
	1,087	1,069	5,037	4,689	23,746	37,259

27 Other income

	in million Baht	
	2011	2010
Income from sales of investments and others	2,894	18,032
Dividend income from other companies	2,668	2,459
Management fee income	1,877	1,497
Interest income from financial institutions	1,637	457
Gain on disposals of scrap and others	570	413
Rental and royalty fee income	168	158
Gain from financial instruments	132	85
Gain on fixed assets sold	106	71
Income from penalty / delay payment	83	137
Income from land expropriation	-	110
Others	759	997
Total	10,894	24,416

28 Selling expenses

	in million Baht	
	2011	2010
Freight, sales promotion and advertising expenses	13,284	13,008
Others	1,094	911
Total	14,378	13,919

29 Administrative expenses

	in million Baht	
	2011	2010
Salary, welfare and personnel expenses	12,488	11,172
Publication	888	620
Professional fees	836	829
Outside wages	794	803
Supplies, repair and maintenance	747	573
Depreciation and amortisation expense	704	696
Tax, license fees and others	537	488
Provision for share certificates compensation case	231	-
Communication and transportation	228	230
Cost of business acquisition	172	-
Interest cost of employee benefits	171	-
Others	964	996
Total	18,760	16,407

30 Employee benefit expenses

	in million Baht	
	2011	2010
Salaries and wages	19,739	17,457
Welfares and others	2,699	2,555
Contribution to defined contribution plans	1,048	967
Contribution to defined benefit plans	371	2
Early retirement expense	140	289
Total	23,997	21,270

The Group has provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, the benefits made solely by the Group are payable to the employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment. In addition to the above provident funds, since April 1995, the Group has established a contributory provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership is voluntary upon employees attaining permanent status. Under the regulations of the fund, members are required to make monthly contributions to the fund at 2% to 10% of the members' basic salaries and the Group is required to make monthly contributions to the fund at 5% to 10% of the members' basic salaries, depending on the length of employment.

31 Finance costs

		in million Baht	
	Note	2011	2010
Interest - Thai Baht loans		6,337	6,259
Interest - Foreign loans		347	649
Interest - Provident funds		29	36
Gain on exchange rate		(644)	(1,954)
		6,069	4,990
Capitalised as cost of construction in progress	14	(21)	(320)
Net		6,048	4,670

32 Income tax expense

		in million Baht	
	Note	2011	2010
Current tax		7,935	12,821
Deferred tax			
Movement in temporary differences	16	(1,504)	1,138
Income tax reduction	16	1,073	-
		(431)	1,138
Total		7,504	13,959

Income tax reduction - current

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. The listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax rate reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

Income tax reduction - deferred

On 11 October 2011, the Cabinet announced the change in the corporate income tax rate to 23% for accounting periods ending 31 December 2012, and to 20% for accounting periods ending 31 December 2013 onward.

33 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December were based on the profit for the year attributable to owners of the parent and the number of ordinary shares outstanding during the years as follow:

	<u>in million Baht / million shares</u>	
	<u>2011</u>	<u>2010</u>
Profit for the year attributable to owners of the parent	<u>27,281</u>	<u>37,382</u>
Number of ordinary shares outstanding	<u>1,200</u>	<u>1,200</u>
Basic earnings per share (in Baht)	<u>22.73</u>	<u>31.15</u>

34 Agreements

- a) Certain subsidiaries have entered into agreements with several foreign companies for the latter to provide technical information, technical know-how and technical assistance to manufacture licensed products. As at 31 December 2011, the subsidiaries are committed to pay technical know-how fees for a lump sum amount, and royalty fees based on a percentage of net sales of products as indicated in the agreements.
- b) Certain subsidiaries have entered into various different long-term agreements with local and foreign companies in order to purchase raw materials, receive services, lease assets, acquire assets, and construct plants and other assets. Additionally, three subsidiaries have obtained concession licenses for mining of limestone from the Department of Mineral Resources and have to comply with conditions specified in the agreements.

35 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 31 March 2010, the shareholders resolved to declare total dividends for the year 2009 at Baht 8.50 per share, totalling approximately Baht 10,200 million. The interim dividend was paid at the amount of Baht 3.50 per share to the shareholders entitled to receive the dividends, totalling Baht 4,190 million, and was paid on 27 August 2009. The final dividend was paid at the amount of Baht 5.00 per share to the shareholders entitled to receive the dividends, totalling Baht 5,982 million, and was paid on 28 April 2010.

At the Annual General Meeting of the Shareholders of the Company held on 30 March 2011, the shareholders resolved to declare total dividends for the year 2010 at Baht 12.50 per share, totalling approximately Baht 15,000 million. The interim dividend was paid at the amount of Baht 4.50 per share to the shareholders entitled to receive the dividends, totalling Baht 5,393 million, and was paid on 26 August 2010. The final dividend was paid at the amount of Baht 8.00 per share to the shareholders entitled to receive the dividends, totalling Baht 9,594 million, and was paid on 27 April 2011.

At the Board of Directors' Meeting of the Company held on 27 July 2011, the directors resolved to declare interim dividend for the year 2011 at Baht 5.50 per share to the shareholders entitled to receive the dividends, totalling Baht 6,594 million, and was paid on 25 August 2011.

36 Financial instruments

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect this risk by assessing the credit of customers, defining the credit limit, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilisation and reviewing collections. Fair value of receivables which is presented in the statement of financial position is the balances net of allowance for doubtful accounts.

Interest rate risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Group manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivables mature were as follows:

Loans receivable

	Effective interest rates (% p.a.)	in million Baht			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2011					
Current					
Short-term loans to related parties	2.00 - 10.00 LIBOR3M plus 2.15	154	-	-	154
Non-current					
Long-term loans to related party	2.00 - 5.00	-	113	288	401
Long-term loans to other company	-	-	150	-	150
Total		154	263	288	705
Year 2010					
Current					
Short-term loans to related parties	2.00 - 10.00 LIBOR3M plus 2.15	158	-	-	158
Non-current					
Long-term loans to related party	2.00 - 5.00	-	58	335	393
Long-term loans to other company	-	-	139	-	139
Total		158	197	335	690

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

Financial liabilities

	Effective interest rates (% p.a.)	in million Baht			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2011					
Current					
Bank overdrafts and short-term loans from financial institutions	2.10 - 9.00 / MOR / MMR LIBOR plus 3.00 Cost of fund plus 0.75	20,058	-	-	20,058
Short-term loans from related parties	0.50 - 0.87	93	-	-	93
Long-term loans from financial institutions	3.65 - 4.10 MLR minus (1.75 - 2.00) LIBOR plus (0.1775 - 1.00) EURIBOR plus 0.65 SIBOR plus (0.375 - 0.90)	3,761	-	-	3,761
Finance lease liabilities	1.23 - 10.00 / Flat rate 2.00	544	-	-	544
Debentures	4.25 - 5.35 / MLR minus 3.00	39,910	-	-	39,910
Non-current					
Long-term loans from financial institutions	0.75 - 4.10 MLR minus (1.00 - 2.00) LIBOR plus (0.1775 - 1.00) EURIBOR plus 0.65 SIBOR plus 0.375	-	14,127	12,654	26,781
Finance lease liabilities	1.23 - 10.00 / Flat rate 2.00	-	1,375	-	1,375
Debentures	3.85 - 5.15 / MLR minus 3.00	-	69,839	-	69,839
Total		64,366	85,341	12,654	162,361

		in million Baht			
	Effective interest rates [% p.a.]	After 1 year			Total
		Within 1 year	but within 5 years	After 5 years	
Year 2010					
Current					
Bank overdrafts and short-term loans from financial institutions	1.85 - 9.00 / MOR / MMR MLR minus 2.00 / plus 2.00 Cost of fund plus (0.50 - 0.75)	8,666	-	-	8,666
Short-term loans from related parties	0.50	158	-	-	158
Long-term loans from financial institutions	5.10 - 5.25 / MLR minus 2.00 FDR3M plus 2.55 LIBOR plus (0.30 - 0.325) SIBOR plus 0.375 TIBOR plus 1.50 Cost of fund plus 0.75	7,013	-	-	7,013
Finance lease liabilities	1.23 - 10.00 / Flat rate 4.00	198	-	-	198
Debentures	4.50 - 5.75	24,878	-	-	24,878
Non-current					
Long-term loans from financial institutions	3.625 - 5.25 FDR plus (2.25 - 2.55) MLR minus (0.50 - 2.00) EURIBOR plus (0.65 - 0.75) LIBOR plus (0.30 - 1.00) SIBOR plus (0.375 - 1.00) Cost of fund plus 0.75	-	15,268	11,561	26,829
Finance lease liabilities	1.23 - 10.00 / Flat rate 4.00	-	814	-	814
Debentures	3.85 - 5.35 / MLR minus 3.00	-	84,854	-	84,854
Total		40,913	100,936	11,561	153,410

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

As at 31 December, the Group's foreign currency interest-bearing debts are as follows:

	in million Baht					
	Short-term and current portion of long-term		Long-term		Total	
	2011	2010	2011	2010	2011	2010
US Dollar	2,690	1,467	12,027	14,440	14,717	15,907
Euro	223	217	1,114	1,301	1,337	1,518
Peso	342	374	73	72	415	446
Dong	304	974	-	-	304	974
Yen	16	14	-	-	16	14
Others	3	15	4	-	7	15
Total	3,578	3,061	13,218	15,813	16,796	18,874

The Group uses derivative financial instruments to manage their foreign exchange risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors, and there are controls on operating procedures for compliance with the policy.

The financial derivatives utilised are forward exchange contract, cross currency swap and interest rate swap to hedge the interest rate and foreign exchange rate risks of short-term and long-term loans as discussed in note 37. Furthermore, the Group also has adequate export and other income in foreign currencies to reduce the impact of exchange rate fluctuations.

Fair value

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2011 and 2010, the carrying amount of the Group's financial instruments does not materially differ from their aggregate fair value (fair value of debentures presented in note 20).

37 Commitments and contingent liabilities

As at 31 December, the Group had:

	in million Baht	
	2011	2010
a) Guarantees on loans of non-consolidated related parties	2,242	2,074
b) Bank guarantees issued by banks to government, state enterprises and private sectors	866	859
c) Unused letters of credit	946	354
d) Commitments		
- for purchase of raw material contracts	75,082	58,943
- for rental and service agreements	1,432	907
- for construction and installation of machinery	2,207	464

	in million Baht	
	2011	2010
e) Contingent liability for the assessment from the Revenue Department and others	141	141
(Since the cases are under the consideration of the Courts and the outcome is uncertain, the Group has not yet recorded such contingent liability in the consolidated financial statements.)		

- f) In the first quarter of 2009, the Company lodged a complaint with the police officers against an ex-employee for the theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged ("plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation.

In the fourth quarter of 2011, the Civil Court had the judgement that the ex-employee committed a tort against the plaintiff and ordered him to return the shares or pay the cash for shares prices together with interest until fully paid, and the dividend which the plaintiff should have received. In addition, the court also decided that the Company, as the employer, shall be jointly liable to the plaintiff. Therefore, the Company has recorded the provision for compensation of Baht 231 million in the consolidated financial statements for year ended 31 December 2011. The Company is preparing an appeal of the judgement of the Civil Court to the Appeal Court.

- g) The Group entered into forward contracts and swap contracts with several local and foreign banks to hedge against the risk from payment of borrowings, payment for goods, machinery and equipment purchased, money received from sales of goods and deposit in foreign country. The details of the contracts are as follows:

	in million / million Baht			
	Contract amount			
	Swap Loan			
	Currency		Equivalent to Baht	
	2011	2010	2011	2010
US Dollar	30	73	1,041	2,381

The above contracts will be gradually due within December 2015 (2010: due within December 2015).

	in million / million Baht							
	Contract amount							
	Forward Receivable				Forward Payable			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	2011	2010	2011	2010	2011	2010	2011	2010
US Dollar	1,075	1,135	33,736	33,974	125	37	3,932	1,149
Euro	6	4	254	180	23	13	1,002	598
Yen	-	18	-	7	236	33	95	13
Others	2	2	60	75	-	-	7	1
Total			34,050	34,236			5,035	1,761

The above contracts will be gradually due within December 2012 (2010: due within December 2011).

- h) The Group entered into interest rate swap contracts with various foreign banks to hedge the risk of interest on foreign loans of US Dollars 357 million *(2010: US Dollars 404 million)*, whereby exchanging floating interest rates based on LIBOR with fixed interest rates from 2.67% to 4.98% per annum *(2010: from 2.67% to 4.98% per annum)*.
- i) The Group had entered into commodity and freight swap contracts with various local banks and foreign banks to hedge the risk of price changes amounting to US Dollars 80 million, equivalent to Baht 2,517 million *(2010: US Dollars 112 million, equivalent to Baht 3,402 million)*.
- j) The Company entered into forward contracts with various local and foreign banks amounting to US Dollars 473 million and Euro 17 million, equivalent to Baht 15,441 million to hedge against the risk in exchange rates for foreign investments. The contracts will be gradually due within January 2012.

38 Capital Management

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

39 Other

- a) On 29 September 2009, the Central Administrative Court ordered 8 governments authorities to order the temporary suspension of the projects or activities representing a total of 76 projects in the Map Ta Phut Industrial Estate and vicinity of Rayong Province. Thereafter, the Supreme Administrative Court and the Central Administrative Court ordered the 12 projects to resume construction. However, the 64 projects were still suspended according to the order of the Central Administrative Court, including 18 projects totalling approximately Baht 57,500 million which mainly are joint ventures projects of SCG Chemicals.

On 2 September 2010, the Central Administrative Court delivered its judgment to revoke permits of the projects, for which such permits were issued after the Constitution B.E. 2550 came into force, and fall within the list of 11 types of serious impact projects issued on 31 August 2010 by the Ministry of Natural Resources and Environment. As a result of the judgment, almost all projects of the Group which are considered as non serious impact projects are able to continue operations, except for 1 project of the Group which fall within the list and is now in process to comply with the paragraph 2 of Article 67 of the Constitution B.E. 2550. At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

- b) Impact of flood situation, the Group has been affected by two subsidiaries that have production plants located in Bang Pa-in Industrial Estate, Ayutthaya province and Nava Nakorn Industrial Estate, Prathumthani province, which have temporarily ceased their production caused by flooding in the plants. The four subsidiaries in Prathumthani, Saraburi and Lampang provinces had also temporarily ceased some of their production lines caused by impact from shortage of raw materials for their production. In addition, production plants of four associates located in Nava Nakorn Industrial Estate were impacted by the flooding and ceased their production. Most of these affected plants currently can operate as normal, except the plants of a subsidiary and the associates which are located in Nava Nakorn are expected to resume their production from the first quarter of 2012.

The management is determining and recognising the impact of the above matters on the financial position and operations of the Group to the consolidated financial statement as at 31 December 2011. Some associates are on the process to determine their damage suffered. However, assets of the Group have all risk insurance coverage, including damage from flood.

40 Events after the reporting period

- a) On 25 January 2012, the Extraordinary General Meeting of the Shareholders approved SCG Chemicals Co., Ltd. to purchase shares of Thai Plastic and Chemicals Public Company Limited ("TPC"), a subsidiary, from connected persons up to 266.5 million shares representing 30.47% of issued and paid-up shares of TPC at the price of Baht 30 per share for a total consideration of not exceeding Baht 7,996 million. On 30 January 2012, the Group has already made a tender offer for all remaining outstanding shares of TPC, totalling 263.5 million shares or equivalent to 30.12% for a total consideration of Baht 7,906 million and also submission of Statement of Intention to make a Tender Offer to the Securities and Exchange Commission.
- b) At the Board of Directors' Meeting held on 25 January 2012, the directors approved the following matters:
 - 1) Submitting for approval at the Annual General Meeting of the Shareholders, the payment of a dividend for 2011 at the rate of Baht 12.50 per share. An interim dividend of Baht 5.50 per share was paid on 25 August 2011, as discussed in note 35. The final dividend will be at the rate of Baht 7.00 per share, payable to shareholders entitled to receive dividends total approximately Baht 8,400 million and is scheduled for payment on 26 April 2012. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 30 March 2012.
 - 2) The issuance of new lots of debentures No. 1/2012 on 1 April 2012, named, unsubordinated and unsecured not exceeding Baht 25,000 million. The term of the new debenture is 4 years, maturing on 1 April 2016. The interest rate will be fixed at market rate upon the issue date and payable quarterly. Subscription of debentures will replace the debentures No. 1/2008 amounting to Baht 20,000 million, which will be retired on 1 April 2012, and additional Baht 5,000 million for future investment.
- c) On 1 February 2012, the Group gave notice to The Stock Exchange of Thailand that SCG Cement, signed an agreement to acquire a 100% stake of Indonesian construction materials business from Boral Limited, Australia, in a transaction valued approximately Baht 4,300 million. The transaction is expected to complete before the end of June 2012.
- d) The Group entered into the partnership with Muangthong United football club for acquiring 30% of the ordinary shares and be five-year Title Sponsor, totalling Baht 600 million.

41 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

The management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement in the period of initial application and has made an assessment that such adoption will have no potential initial significant impact on the financial statements.

42 Reclassification of accounts

Certain accounts in 2010 consolidated financial statements have been reclassified complying with the presentation in the 2011 consolidated financial statements as follows:

	in million Baht		
	<u>Before reclassification</u>	<u>Reclassification</u>	<u>After reclassification</u>
Consolidated statement of financial position			
Available-for-sale investments	-	10,485	10,485
Other long-term investments	13,735	(10,485)	3,250
Goodwill	-	1,170	1,170
Intangible assets	4,798	(1,170)	3,628
Long-term loans to other companies	139	(139)	-
Other non-current assets	3,937	139	4,076
Accrued expenses	6,000	(6,000)	-
Other current liabilities	3,357	6,000	9,357
Provident funds	421	(421)	-
Employee benefits liabilities	-	421	421
Consolidated income statement			
Other income	6,384	18,032	(24,416)
Gain on sales of investments and assets for restructuring, impairment losses of investments and others	18,032	(18,032)	-
Administrative expenses	16,146	261	16,407
Management benefit expenses	261	(261)	-

The reclassifications have been made for proper presentations and to comply with the classification set-out in the Pronouncement of the Department of Business Development *Re: Determination of items in the financial statements B.E. 2554* dated 28 September 2011.

Financial Statements

The Siam Cement Public Company Limited

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying statements of financial position of The Siam Cement Public Company Limited as at 31 December 2011 and 2010, and the related income statements and statements of comprehensive income, and the related statements of changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of The Siam Cement Public Company Limited as at 31 December 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Thai Financial Reporting Standards.

As explained in notes 2, 3 and 4 to the financial statements, with effect from 1 January 2011, the Company has adopted certain new and revised financial reporting standards. The financial statements for the year ended 31 December 2010, which are included in the accompanying financial statements for comparative purposes, have been restated accordingly.

D. Singhasaneh

Supot Singhasaneh
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
22 February 2012

Statement of financial position

As at 31 December 2011 and 2010

The Siam Cement Public Company Limited

in thousand Baht

Assets	Note	2011	2010
Current assets			
Cash and cash equivalents	7	16,588,620	56,995,280
Short-term investments	7	7,205,001	6,000,000
Receivables from and short-term loans to related parties	6	59,514,366	58,506,909
Other current assets		1,369,553	938,571
Total current assets		84,677,540	122,440,760
Non-current assets			
Available-for-sale investments	7	25,114,874	9,849,075
Investments in associates	8	703,980	703,980
Investments in subsidiaries	8	67,337,591	53,226,382
Other long-term investments	9	3,216,758	3,512,858
Receivables from and long-term loans to related parties	6	565,370	625,057
Investment properties	4, 10	1,548,853	1,556,331
Property, plant and equipment	11	683,027	327,891
Intangible assets	12	582,020	156,181
Deferred tax assets	13	268,204	230,807
Other non-current assets		282,054	280,676
Total non-current assets		100,302,731	70,469,238
Total assets		184,980,271	192,909,998

For an on Behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

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

Statement of financial position

As at 31 December 2011 and 2010

The Siam Cement Public Company Limited

in thousand Baht

Liabilities and shareholders' equity	Note	2011	2010
Current liabilities			
Trade payables		121,984	68,526
Current portion of debentures	15	40,000,000	25,000,000
Payables to and short-term loans from related parties	6	5,299,038	5,029,743
Accrued interest expense		1,126,647	1,191,722
Income tax payable		1,079,164	6,751,426
Other current liabilities		299,011	253,899
Total current liabilities		47,925,844	38,295,316
Non-current liabilities			
Debentures	15	70,000,000	85,000,000
Deferred tax liabilities	13	732,066	1,958,273
Employee benefit liabilities	4, 16	196,731	5,545
Other non-current liabilities		344,509	157,933
Total non-current liabilities		71,273,306	87,121,751
Total liabilities		119,199,150	125,417,067
Shareholders' equity			
Share capital			
Authorised share capital	17	1,600,000	1,600,000
Issued and paid-up share capital	17	1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	18	160,000	160,000
General reserve	18	10,516,000	10,516,000
Unappropriated			
		51,732,658	51,229,671
Other components of equity		2,172,463	4,387,260
Total shareholders' equity		65,781,121	67,492,931
Total liabilities and shareholders' equity		184,980,271	192,909,998

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

Income statements

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited

in thousand Baht

	Note	2011	2010
Revenue			
Dividend income	6	13,149,891	16,660,848
Intellectual property income	6	2,565,379	2,086,193
Management fees for administration	6	1,897,895	1,630,353
Other income	19	4,934,608	23,919,775
Total revenues		22,547,773	44,297,169
Expenses			
Administrative expenses	20	(1,902,132)	(1,318,426)
Profit before finance costs and income tax expense		20,645,641	42,978,743
Finance costs	6, 22	(2,105,370)	(2,451,570)
Profit before income tax expense		18,540,271	40,527,173
Income tax expense	23	(1,709,288)	(7,182,855)
Profit for the year		16,830,983	33,344,318
Basic earnings per share (in Baht)	24	14.03	27.79

For an on Behalf of the Board of Directors



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

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

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited

	in thousand Baht	
	2011	2010
Profit for the year	16,830,983	33,344,318
Other comprehensive income		
Net change in fair value of available-for-sale investments	(3,447,164)	6,267,536
Defined benefit plan actuarial gains	7,154	-
Income tax on other comprehensive income	1,230,221	(1,880,261)
Other comprehensive income (loss) for the year, net of income tax	(2,209,789)	4,387,275
Total comprehensive income for the year	14,621,194	37,731,593

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

Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited

	Note	Issued and paid-up share capital
Balance at 1 January 2010		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	25	-
Total transactions with owners, recorded directly in shareholders' equity		-
Total comprehensive income for the year		-
Balance at 31 December 2010		1,200,000
Balance at 1 January 2011 - as reported		1,200,000
Impact of changes in accounting policy	4	-
Balance at 1 January 2011 - restated		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	25	-
Total transactions with owners, recorded directly in shareholders' equity		-
Comprehensive income for the year		
Profit or Loss		-
Other comprehensive income		-
Total comprehensive income for the year		-
Balance at 31 December 2011		1,200,000

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

in thousand Baht

Retained earnings			Other components of equity	Total shareholders' equity
Appropriated		Unappropriated		
Legal reserve	General reserve			Available-for-sale investments
160,000	10,516,000	29,260,505	(15)	41,136,490
-	-	(11,375,152)	-	(11,375,152)
-	-	(11,375,152)	-	(11,375,152)
-	-	33,344,318	4,387,275	37,731,593
160,000	10,516,000	51,229,671	4,387,260	67,492,931
160,000	10,516,000	51,229,671	4,387,260	67,492,931
-	-	(145,185)	-	(145,185)
160,000	10,516,000	51,084,486	4,387,260	67,347,746
-	-	(16,187,819)	-	(16,187,819)
-	-	(16,187,819)	-	(16,187,819)
-	-	16,830,983	-	16,830,983
-	-	5,008	(2,214,797)	(2,209,789)
-	-	16,835,991	(2,214,797)	14,621,194
160,000	10,516,000	51,732,658	2,172,463	65,781,121

Statements of cash flows

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited

in thousand Baht

	2011	2010
Cash flows from operating activities		
Profit for the year	16,830,983	33,344,318
Adjustments for		
Depreciation and amortisation	88,146	113,208
Interest income	(4,431,703)	(3,391,180)
Interest expense	5,140,100	5,450,801
Unrealised loss (gain) on foreign currency exchange	(1,282,533)	63,250
Dividend income	(13,149,891)	(16,660,848)
Employee benefit expense	43,536	-
Income tax expense	1,709,288	7,182,855
Gain on sales of assets and others	(3,064,607)	(23,191,766)
Profit provided by operating activities before changes in operating assets and liabilities	1,883,319	2,910,638
Decrease (increase) in operating assets		
Receivables from related parties	444,277	(631,300)
Other current assets	(214,989)	17,132
Other non-current assets	10,818	8,506
Net decrease (increase) in operating assets	240,106	(605,662)
Increase (decrease) in operating liabilities		
Trade payables	53,458	3,543
Payables to related parties	(78,176)	7,854
Other current liabilities	159,896	88,841
Employee benefit liabilities	(60,828)	-
Other non-current liabilities	185,511	46,086
Net increase in operating liabilities	259,861	146,324
Cash generated from the operations	2,383,286	2,451,300
Income tax paid	(322,821)	(174,306)
Net cash provided by operating activities	2,060,465	2,276,994

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

Statements of cash flows

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited

	in thousand Baht	
	2011	2010
Cash flows from investing activities		
Interest received	4,300,478	3,701,981
Dividends received	12,116,174	16,622,279
Short-term investments	(997,776)	(6,000,000)
Available-for-sale investments	(44,321,482)	-
Investments, intangible assets and others	(14,561,673)	(9,956,753)
Proceeds from sales and return of investments	29,710,178	36,684,967
Income tax paid from sales of investments	(7,029,890)	-
Purchases of property, plant and equipment	(426,062)	(50,663)
Proceeds from sales of property, plant and equipment	73,151	228,656
Payments received on loans to (loans to) related parties	(273,906)	3,843,519
Payments received on loans to other parties	-	1,065,199
Net cash provided by (used in) investing activities	(21,410,808)	46,139,185
Cash flows from financing activities		
Borrowings		
Interest paid	(5,202,305)	(5,532,923)
Proceeds from short-term loans from related parties	333,807	2,497,550
Proceeds from issuance of debentures	25,000,000	15,000,000
Redemption of debentures	(25,000,000)	(15,000,000)
Net decrease in borrowings	(4,868,498)	(3,035,373)
Dividends paid	(16,187,819)	(11,375,152)
Net cash used in financing activities	(21,056,317)	(14,410,525)
Net increase (decrease) in cash and cash equivalents	(40,406,660)	34,005,654
Cash and cash equivalents at beginning of the year	56,995,280	22,989,626
Cash and cash equivalents at end of the year	16,588,620	56,995,280

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

Notes to the financial statements

For the years ended 31 December 2011 and 2010

The Siam Cement Public Company Limited

Note	Content	Page
1	General information	173
2	Basis of preparation of the financial statements	173
3	Changes in accounting policies	175
4	Effect from first time adoption of Thai Financial Reporting Standards	177
5	Significant accounting policies	177
6	Related parties	186
7	Cash and cash equivalents and other investments	191
8	Investments in subsidiaries and associates	192
9	Other long-term investments	192
10	Investment properties	193
11	Property, plant and equipment	194
12	Intangible assets	195
13	Deferred tax assets (deferred tax liabilities)	195
14	Short-term loans from financial institutions	196
15	Debentures	197
16	Employee benefit liabilities	197
17	Share capital	199
18	Reserves	199
19	Other income	199
20	Administrative expenses	200
21	Employee benefit expenses	200
22	Finance costs	201
23	Income tax expense	201
24	Basic earnings per share	202
25	Dividends	202
26	Financial instruments	202
27	Commitments and contingent liabilities	205
28	Capital management	206
29	Other	206
30	Events after the reporting period	206
31	Thai Financial Reporting Standards (TFRS) not yet adopted	207
32	Reclassification of accounts	208

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages, and were approved and authorised for issue by the audit committee, as appointed by the Board of Directors of the Company, on 22 February 2012.

1 General information

The Siam Cement Public Company Limited, the (“Company”), is incorporated in Thailand and has its registered office at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company was listed on the Stock Exchange of Thailand on 25 April 1975.

The Company holds investments in the following core business segments: SCG chemicals, SCG Paper, SCG Cement, SCG Building materials, SCG Distribution and SCG investment businesses.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2011, the FAP issued the following new and revised Thai Financial Reporting Standards (TFRS) relevant to the Company’s operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting

TFRS	Topic
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
FAP's announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits

The adoption of these new and revised TFRS has resulted in changes in the Company's accounting policies. The effects of these changes are disclosed in note 4.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 31.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- the present value of the defined benefit obligation.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 7, 8, 9, 10, 11 and 12	Measurement of the recoverable amounts of each asset and cash-generating units containing goodwill
Note 13, 23	Utilisation of tax losses, current and deferred tax
Note 16	Discount rate, salary increase rate, employee turnover rate and mortality rate
Note 27	Provisions and contingent liabilities

3 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Company has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for employee benefits

Details of new accounting policies for the Company are summarised in note 3 (b) to 3 (e) as follows:

(b) Presentation of financial statements

The Company has adopted TAS 1 (revised 2009) Presentation of Financial Statements. Under the revised TAS, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Statement of cash flows; and
- Notes to the financial statements

As a result, the Company separately presents other comprehensive income from the statement of changes in shareholders' equity and presents those transactions in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

(c) Accounting for property, plant and equipment

The Company has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Company are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of assets has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised TAS, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

(d) Accounting for investment properties

The Company has adopted TAS 40 (revised 2009) Investment Property.

Under the revised TAS, investment property is defined as properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

The Company has selected the cost model for accounting for its investment properties and disclosed investment properties in the financial statements separately from other property, plant and equipment. The change in accounting policy has been applied to reclassify the comparative financial statements. From 1 January 2011, the depreciable amount and useful life of the investment property have been reassessed in accordance with the requirements of TAS 16 (revised 2009) – see note 3 (e). These changes in accounting policy in this regard have been applied prospectively in accordance with the transitional provisions of TAS 16 (revised 2009).

(e) Accounting for employee benefits

The Company has adopted TAS 19 Employee Benefits.

Under the new policy, the Company's obligation in respect of post-employment benefits under defined benefit plans and other long-term employee benefits is recognised in the financial statements based on calculations by a qualified actuary using the projected unit credit method. Previously, this obligation was recognised as incurred.

The Company has opted to record the entire amount of this liability as an adjustment to retained earnings as at 1 January 2011, in accordance with the transitional provisions of TAS 19 as disclosed in note 4.

4 Effect from first time adoption of Thai Financial Reporting Standards

From 1 January 2011, consequent to the adoption of new and revised TFRS, the Company has affected to the financial statements as follows:

Year 2011

	in million Baht
Statement of financial position	
Retained earnings at 31 December 2010 – as reported	51,229
Increase in employee benefit liabilities	(207)
Increase in deferred tax assets	62
Retained earnings at 1 January 2011	51,084

The Company has disclosed the additional details of TAS 19 Employee Benefits in note 16.

Year 2010

	in million Baht		
	<u>Before</u> <u>reclassification</u>	<u>Reclassification</u>	<u>After</u> <u>reclassification</u>
Statement of financial position			
Investment properties	-	1,556	1,556
Property, plant and equipment	1,884	(1,556)	328

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 4, which addresses changes in accounting policies.

(a) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(b) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(c) Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for using the cost method.

Investments in other debt and other equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortised cost less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than accumulated impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

(d) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	5, 20 years
Buildings and structures	5, 20 years

Reclassification to property, plant and equipment

When the use of property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(e) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or expense in profit or loss.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5, 20	years
Buildings and structures	5, 20	years
Plant, machinery and equipment	5	years
Transportation equipment	5	years
Furniture, fixtures and office equipment	3, 5	years

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

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

(f) Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Licence fees	term of agreements
Software licences	3 - 10 years
Others	3, 5 years

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

(g) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit and loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An accumulated impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of other non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or accumulated amortisation, if no impairment loss had been recognised.

(h) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(i) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity (Provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Revenue

Revenue excludes value added taxes.

Service fee income

Intellectual property income, management income and service income are recognised on an accrual basis in accordance with the terms of agreement.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the rent. Lease incentives granted are recognised as expenses in which they are incurred.

Interest and dividend income

Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.

(l) Expenses

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Early retirement expense

The Company offered certain qualifiable employees the option to take early retirement from the Company. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Company records expenses on early retirement upon mutual acceptance.

(m) Income tax

Income tax expense on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates

that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates that fair value was determined.

(o) Derivative financial instruments

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other accounts receivable and payable, long-term receivables, loans, investments, borrowings and debentures.

The Company operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Company uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognised in profit or loss in the same period as the exchange differences on the items covered by the hedge.

6 Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control, common control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarised as follows:

	<u>in million Baht</u>		Pricing policies
	<u>2011</u>	<u>2010</u>	
<i>Subsidiaries</i>			
Intellectual property income, management income, services and others	3,926	3,582	Mainly based on percentage of revenue from sales
Dividend income	10,122	12,925	Upon declaration
Gain on sales of assets	-	294	Market price
Interest income	2,615	2,984	Contract rate
Interest expense	46	16	Contract rate
<i>Associates</i>			
Intellectual property income, management income, services and others	446	215	Mainly based on percentage of revenue from sales
Dividend income	388	1,296	Upon declaration
Interest income	13	14	Contract rate
<i>Others</i>			
Intellectual property income, management income, services and others	320	266	Mainly based on percentage of revenue from sales
Dividend income	2,393	2,440	Upon declaration
Interest expense	35	36	Contract rate

In the income statement for the year ended 31 December 2011, the Company presents finance costs of Baht 2,105 million (2010: Baht 2,452 million), which is comprised of interest expense and financial charges of Baht 4,733 million (2010: Baht 5,450 million) and interest income from related parties of Baht 2,628 million (2010: Baht 2,998 million).

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

Receivables from and short-term loans to related parties

	in million Baht	
	2011	2010
<i>Current accounts</i>		
<i>Subsidiaries</i>		
Thai Polyethylene Co., Ltd.	256	198
Thai Polypropylene Co., Ltd.	169	137
The Concrete Products and Aggregate Co., Ltd.	76	72
The Siam Cement (Thung Song) Co., Ltd.	72	64
The Siam Cement (Kaeng Khoi) Co., Ltd.	67	108
The Siam Cement (Ta Luang) Co., Ltd.	66	105
The Siam Fibre - Cement Co., Ltd.	65	50
Map Ta Phut Olefins Co., Ltd.	53	372
SCG Chemicals Co., Ltd.	39	51
SCG Trading Co., Ltd.	37	42
SCG Logistics Management Co., Ltd.	34	33
Thai Ceramic Co., Ltd.	32	31
The Siam Cement (Lampang) Co., Ltd.	24	30
Thai Kraft Paper Industry Co., Ltd.	24	26
Thai Paper Co., Ltd.	24	25
Siam Kraft Industry Co., Ltd.	23	20
Cementhai Property (2001) Public Company Limited	22	-
SCG Paper Public Company Limited	19	26
SCG Network Management Co., Ltd.	18	14
The Siam Refractory Industry Co., Ltd.	18	16
Siam Mortar Co., Ltd.	15	11
SCG Plastics Co., Ltd.	13	13
The CPAC Roof Tile Co., Ltd.	10	5
Other companies	134	135
	<u>1,310</u>	<u>1,584</u>
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	111	188
IT One Co., Ltd.	28	31
Mariwasa-Siam Ceramics, Inc.	27	19
Sekisui-SCG Industry Co., Ltd.	7	4
Other companies	23	15
	<u>196</u>	<u>257</u>

	in million Baht	
	2011	2010
<i>Others</i>		
Toyota Motor Thailand Co., Ltd.	1,023	3
Michelin Siam Group Co., Ltd.	205	205
Siam Yamato Steel Co., Ltd.	1	21
Other companies	15	15
	<u>1,244</u>	<u>244</u>
	<u>2,750</u>	<u>2,085</u>
<i>Notes receivable</i>		
<i>Subsidiaries</i>		
SCG Chemicals Co., Ltd.	19,831	25,960
The Siam Fibre-Cement Co., Ltd.	14,542	7,287
SCG Paper Public Company Limited	12,553	12,258
The Concrete Products and Aggregate Co., Ltd.	7,150	6,926
Cementhai Ceramics Co., Ltd.	1,672	1,268
Kampot Cement Co., Ltd.	477	488
SCG Distribution Co., Ltd.	370	86
Bangsue Management Co., Ltd.	78	135
SCG Legal Counsel Limited	4	-
Map Ta Phut Olefins Co., Ltd.	-	1,930
	<u>56,677</u>	<u>56,338</u>
<i>Receivable and short-term loans</i>		
<i>Subsidiary</i>		
The Siam Cement (Thung Song) Co., Ltd.	74	72
<i>Associate</i>		
Mariwasa-Siam Ceramics, Inc.	13	12
	<u>87</u>	<u>84</u>
Total	<u>59,514</u>	<u>58,507</u>

Receivable from and long-term loans to related parties

	in million Baht	
	2011	2010
<i>Subsidiary</i>		
The Siam Cement (Thung Song) Co., Ltd.	164	232

	in million Baht	
	2011	2010
<i>Associate</i>		
Mariwasa-Siam Ceramics, Inc.	401	393
Total	565	625

Finance lease receivable

The Company entered into a finance lease agreement for machinery and equipment with a related party. Lease terms are for a period of 4 years. The Company presented finance lease receivable net of deferred interest income under the caption of "Receivables from and loans to related parties" as at 31 December are as follows:

	in million Baht		
	Finance lease receivable	Deferred Interest income	Net
Year 2010			
Within 1 year	82	10	72
After 1 year but within 5 years	259	27	232
Total	341	37	304
Year 2011			
Within 1 year	81	7	74
After 1 year but within 5 years	178	14	164
Total	259	21	238

Movements during the years on loans to related parties were as follows:

	in million Baht	
	2011	2010
Short-term		
At 1 January	56,422	60,178
Increase	34,260	28,594
Decrease	(33,918)	(32,350)
At 31 December	56,764	56,422
Long-term		
At 1 January	625	436
Increase	20	304
Decrease	(80)	(115)
At 31 December	565	625

Payables to and short-term loans from related parties

Payables to and short-term loans from related parties

	<u>in million Baht</u>	
	<u>2011</u>	<u>2010</u>
<i>Current accounts</i>	<u>122</u>	<u>198</u>
<i>Notes payable</i>		
<i>Subsidiaries</i>		
Cement Thai Holding Co., Ltd.	2,934	2,815
The Siam Iron and Steel Co., Ltd.	1,298	1,207
Cement Thai Captive Insurance Pte. Ltd.	270	201
Property Value Plus Co., Ltd.	211	168
Bangsue Industry Co., Ltd.	160	159
SCG Accounting Services Co., Ltd.	62	57
Other companies	19	13
	<u>4,954</u>	<u>4,620</u>
<i>Short-term loans</i>		
<i>Subsidiary</i>		
Tuban Petrochemicals Pte. Ltd.	<u>223</u>	<u>212</u>
Total	<u><u>5,299</u></u>	<u><u>5,030</u></u>

Movements during the years on short-term loans from related parties were as follows:

	<u>in million Baht</u>	
	<u>2011</u>	<u>2010</u>
At 1 January	4,832	2,357
Increase	3,144	6,325
Decrease	(2,799)	(3,850)
At 31 December	<u><u>5,177</u></u>	<u><u>4,832</u></u>

Management benefit expenses

	<u>in million Baht</u>	
	<u>2011</u>	<u>2010</u>
Short-term employee benefits	150	125
Post-employment benefits	5	3
Total	<u><u>155</u></u>	<u><u>128</u></u>

Management benefit expenses comprise of the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

7 Cash and cash equivalents and other investments

	in million Baht	
	2011	2010
Cash and cash equivalents		
Cash on hand and at banks	1,549	23,928
Highly liquid short-term investments	14,800	33,067
Cash (Private funds)	240	-
Total	16,589	56,995
Short-term investments		
Fixed deposits with financial institutions	2,000	6,000
Available-for-sale debt securities (Private funds)	5,205	-
Total	7,205	6,000
Available-for-sale investments		
Available-for-sale debt securities (Private funds)	20,103	-
Marketable securities	5,012	9,849
Total	25,115	9,849

In the first quarter of 2011, the Company established private funds and engaged totalling 6 local and foreign independent assets management companies to manage cash balance of the Company. As at 31 December 2011, the private funds had invested in debt securities totalling Baht 25,548 million which have high liquidity and rating as investment grade with return rates from 1.03% to 4.40% per annum. The Company had entered into forward contracts to hedge the foreign exchange rate risks of all debt securities denominated in foreign currencies.

The quoted market prices of available-for-sale investments on the Stock Exchange as at 31 December 2011 are as follows:

	in million Baht		
	Cost	Quoted market prices (latest bid price)	Net changes in fair value of available-for-sale securities
Marketable securities	27,500	30,320	2,820

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

	in million Baht	
	2011	2010
Net change in fair value	(638)	6,268
Net change in fair value transferred to profit or loss	(2,809)	-
Net	(3,447)	6,268

During 2011, the Company sold the available-for-sale investments and recorded a gain before tax which is presented under the caption of "Other income" in the income statement for the year ended 31 December 2011 amounting to Baht 2,505 million.

8 Investments in subsidiaries and associates

Movements for the years ended 31 December on investments in subsidiaries and associates entities accounted for using the cost method were as follows:

	in million Baht	
	2011	2010
At 1 January	53,930	61,711
Acquisitions and additional investments	14,118	9,715
Disposals and return of capital	(6)	(17,496)
At 31 December	68,042	53,930

Investments in subsidiaries and associates as at 31 December and dividends from these investments in the years ended at the same date are as follows:

	Ownership interest		in million Baht									
	(%)		At Cost				Accumulated Impairment losses		Net		Dividends	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		
	SCG Chemicals Co., Ltd. and its subsidiaries	100	100	31,929	18,915	-	-	31,929	18,915	3,838	8,540	
SCG Paper Public Company Limited and its subsidiaries	98	98	17,149	17,143	-	-	17,149	17,143	769	676		
SCG Cement Co., Ltd. and its subsidiaries	100	100	9,518	9,518	-	-	9,518	9,518	4,515	4,003		
SCG Building Materials Co., Ltd. and its subsidiaries and associates	100	100	5,096	5,096	526	526	4,570	4,570	111	607		
SCG Distribution Co., Ltd. and its subsidiaries	100	100	2,812	1,714	-	-	2,812	1,714	386	-		
Companies in SCG Investment	100	100	2,205	2,211	141	141	2,064	2,070	891	395		
Total			68,709	54,597	667	667	68,042	53,930	10,510	14,221		

9 Other long-term investments

	Ownership interest		in million Baht			
	(%)		Investment		Dividends	
	2011	2010	2011	2010	2011	2010
At Cost						
Asia Cement Public Company Limited	10	10	1,119	1,119	39	39
Toyota Motor Thailand Co., Ltd.	10	10	881	881	2,060	2,121
Siam Yamato Steel Co., Ltd.	10	10	401	401	-	-
Finfloor S.P.A.	10	10	299	299	-	8
Michelin Siam Group Co., Ltd. - Cumulative preferred shares	10	10	267	267	205	205
Siam Toyota Manufacturing Co., Ltd.	4	4	249	249	84	67
The Siam United Steel (1995) Co., Ltd.	-	5	-	296	5	-
Others	-	-	10	10	-	-
Total			3,226	3,522	2,393	2,440
Less accumulated impairment losses			9	9	-	-
Net			3,217	3,513	2,393	2,440

In the fourth quarter of 2011, The Company sold its entire remaining 5% interest in the ordinary shares of Siam United Steel (1995) Co., Ltd. to the major shareholder, Nippon Steel Corporation and recorded a gain before tax which is presented under the caption of "Other income" in the income statement for the year ended 31 December 2011 amounting to Baht 559 million.

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements as at 31 December 2011 are as follows:

	in million Baht		
	Cost	Carrying amount	Accumulated impairment losses
Non-marketable investment	<u>3,217</u>	<u>8,508</u>	<u>(9)</u>

10 Investment properties

		in million Baht		
	Note	Land and land improvement	Buildings and structures	Total
Cost				
At 31 December 2010		-	-	-
Impact of changes in accounting policy	4	1,623	156	1,779
At 1 January 2011 - restated		<u>1,623</u>	<u>156</u>	<u>1,779</u>
At 31 December 2011		<u>1,623</u>	<u>156</u>	<u>1,779</u>
Accumulated depreciation				
At 31 December 2010		-	-	-
Impact of changes in accounting policy	4	105	118	223
At 1 January 2011 - restated		<u>105</u>	<u>118</u>	<u>223</u>
Depreciation charge for the year		-	7	7
At 31 December 2011		<u>105</u>	<u>125</u>	<u>230</u>
Carrying Amount				
At 31 December 2010		1,518	38	1,556
At 31 December 2011		1,518	31	1,549

Investment properties were revalued as at 31 December 2011 at open market values on an existing use basis. The appraised value was Baht 2,693 million.

11 Property, plant and equipment

	in million Baht						
	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Cost							
At 1 January 2010	1,797	1,393	1,084	67	359	103	4,803
Addition	-	-	-	-	2	47	49
Disposals / written-off	(1)	(211)	(963)	(2)	(2)	-	(1,179)
Transfers in / (out)	1	3	2	-	3	(9)	-
At 31 December 2010	1,797	1,185	123	65	362	141	3,673
Impact of changes in accounting policy	(1,623)	(156)	-	-	-	-	(1,779)
At 1 January 2011 - restated	174	1,029	123	65	362	141	1,894
Addition	-	-	-	-	-	333	333
Disposals / written-off	(3)	(8)	(10)	(29)	(73)	-	(123)
Transfers in / (out)	2	6	-	-	3	(11)	-
At 31 December 2011	173	1,027	113	36	292	463	2,104
Accumulated depreciation and accumulated impairment losses							
At 1 January 2010	178	1,109	1,054	44	295	86	2,766
Depreciation charge for the year	8	50	7	6	24	-	95
Disposals / written-off	-	(118)	(951)	(1)	(2)	-	(1,072)
At 31 December 2010	186	1,041	110	49	317	86	1,789
Impact of changes in accounting policy	(105)	(118)	-	-	-	-	(223)
At 1 January 2011 - restated	81	923	110	49	317	86	1,566
Depreciation charge for the year	7	30	5	3	17	-	62
Reversal of impairment losses	-	-	-	-	-	(86)	(86)
Disposals / written-off	(9)	(7)	(10)	(21)	(74)	-	(121)
At 31 December 2011	79	946	105	31	260	-	1,421
Carrying amount							
At 31 December 2010	93	106	13	16	45	55	328
At 31 December 2011	94	81	8	5	32	463	683

The gross carrying amounts of fully depreciated property, plant and equipment that is still in use amounted to Baht 1,131 million as of 31 December 2011 (2010: Baht 1,238 million).

12 Intangible assets

	in million Baht		
	Software licences	Others	Total
Cost			
At 1 January 2010	164	36	200
Addition	4	5	9
Disposals / written-off	(1)	-	(1)
At 31 December 2010	167	41	208
Addition	11	431	442
At 31 December 2011	178	472	650
Accumulated amortisation			
At 1 January 2010	34	-	34
Amortisation charge for the year	16	2	18
At 31 December 2010	50	2	52
Amortisation charge for the year	16	-	16
At 31 December 2011	66	2	68
Carrying amount			
At 31 December 2010	117	39	156
At 31 December 2011	112	470	582

13 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities determined after appropriate offsetting are included in the statement of financial position as follows:

	in million Baht	
	2011	2010
Deferred tax assets	268	231
Deferred tax liabilities	(732)	(1,958)
Net	(464)	(1,727)

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

	in million baht			
	At	Credited (charged) to		At
	1 January	income	shareholders'	31 December
	2010	statement	equity	2010
		(note 23)		
Deferred tax assets				
Investments in subsidiaries and associate	203	-	-	203
Loss carry forward	180	(180)	-	-
Others	27	1	-	28
Total	410	(179)	-	231
Deferred tax liabilities				
Available-for-sale investment	-	-	(1,880)	(1,880)
Finance lease receivable	-	(77)	-	(77)
Others	-	(1)	-	(1)
Total	-	(78)	(1,880)	(1,958)
Net	410	(257)	(1,880)	(1,727)

	in million baht			
	At	Credited (charged) to		At
	1 January	income	shareholders'	31 December
	2010	statement	equity	2010
	(Restate)	(note 23)		
Deferred tax assets				
Available-for-sale investment	-	32	-	32
Investments in subsidiaries and associate	203	(68)	-	135
Employee benefit liabilities	62	(14)	(2)	46
Others	28	27	-	55
Total	293	(23)	(2)	268
Deferred tax liabilities				
Available-for-sale investment	(1,880)	-	1,232	(648)
Finance lease receivable	(77)	38	-	(39)
Others	(1)	(44)	-	(45)
Total	(1,958)	(6)	1,232	(732)
Net	(1,665)	(29)	1,230	(464)

14 Short-term loans from financial institutions

In 2011, the Company has overdraft lines with several local banks amounting to approximately Baht 740 million, bearing interest at the minimum overdraft rate (2010: Baht 740 million).

15 Debentures

As at 31 December 2011, the Company had issued unsubordinated and unsecured debentures totalling Baht 110,944 million (2010: Baht 110,000 million) as follows:

Debentures No.	In million Baht		Interest	Term	Maturity Date	Fair Value *	
	2011	2010	Rate (% p.a.)			2011	2010
No. 1/2007	-	15,000	5.75	4 years	1 April 2011	-	1,020
No. 2/2007	-	10,000	4.50	4 years	1 November 2011	-	1,024
No. 1/2008	20,000	20,000	4.25	4 years	1 April 2012	1,001	1,031
No. 2/2008	20,000	20,000	5.35	4 years	1 November 2012	1,019	1,046
No. 1/2009	20,000	20,000	5.15	4 years	1 April 2013	1,022	1,044
No. 2/2009	10,000	10,000	4.15	4 years	1 October 2013	1,011	1,031
No. 1/2010	10,000	10,000	3.85	4 years	1 April 2014	1,014	1,032
No. 2/2010	5,000	5,000	3.85	4 years	1 October 2014	1,020	1,037
No. 1/2011	15,000	-	4.00	4 years	1 April 2015	1,020	-
No. 2/2011	10,000	-	4.00	4 years	1 November 2015	1,000	-
Total	110,000	110,000					
Less: Current portion	40,000	25,000					
Net	70,000	85,000					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2011 and 2010.

16 Employee benefit liabilities

The Company adopted TAS 19 Employee Benefits with effect from 1 January 2011.

The Company operates post employment benefit and pension plans based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits and other long term benefits to employees based on pensionable remuneration and length of service.

Employee benefit liabilities in statement of financial position as at 31 December 2011

	in million Baht
Post-employment benefits	
Legal severance payments plan	190
Other long-term employee benefits	6
Other employee benefits	1
Total	197

Movement in the present value of the defined benefit obligations

	in million Baht
For the years ended 31 December 2011	
Defined benefit obligations at 1 January 2011	205
Benefits paid by the plan	(29)
Current service costs and interest	20
Defined benefit obligations at 31 December 2011	196

Statement of comprehensive income

Recognised in profit or loss

	in million Baht
For the year ended 31 December 2011	
Current service costs	9
Interest on obligation	11
Total	20
Increase in employee expenses resulting in Increase in administrative expenses	20
Decrease in profit before income tax	20
Decrease in earnings per share (in Baht)	0.017

Recognised in other comprehensive income

	in million Baht
For the years ended 31 December 2011	
Actuarial gains	7

Principal actuarial assumptions at the reporting date

	[%]
For the years ended 31 December 2011	
Discount rate	4.90 – 5.00
Salary increase rate	3.00 – 9.00
Employee turnover rate	0.00 – 12.00 *
Mortality rate	25.00 of TMO97 **

* Upon the length of service

** Reference from TMO97: Thai Mortality Ordinary Table 1997

17 Share capital

	Par Value (in Baht)	in million shares / million Baht			
		2011		2010	
		Number of shares	Value	Number of shares	Value
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- ordinary shares	1	1,600	1,600	1,600	1,600
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary shares	1	1,200	1,200	1,200	1,200

18 Reserves

Fair value changes

Fair value changes recognised in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognised.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

19 Other income

	in million Baht	
	2011	2010
Income from sales of investments and others	3,064	22,770
Interest income from banks and financial institutions	1,552	346
Guarantee fee income	217	239
Reversal of impairment losses	86	-
Gain on stores sold and others	4	72
Gain on fixed assets sold	1	312
Income from land expropriation	-	110
Interest income from other companies	-	47
Others	11	24
Total	4,935	23,920

20 Administrative expenses

	in million Baht	
	2011	2010
Salary, welfares and personnel expenses	1,339	1,182
Publication	564	392
Provision for share certificates compensation case	231	-
Outside wages	127	129
Professional fees	122	115
Repair and maintenance	121	87
Rent	114	91
Depreciation	81	97
Utility expense	64	65
Licence fees and others	50	40
Reimbursed amounts	(1,033)	(982)
Others	122	102
Total	1,902	1,318

21 Employee benefit expenses

	in million Baht	
	2011	2010
Salaries and wages	731	630
Welfares and others	110	88
Contribution to defined contribution plans	47	41
Early retirement expense	23	72
Contribution to defined benefit plans	20	-
Total	931	831

The Company has provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, the benefits made solely by the Company are payable to the employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment. In addition to the above provident funds, since April 1995, the Company has established a contributory provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership is voluntary upon employees attaining permanent status. Under the regulations of the fund, members are required to make monthly contributions to the fund at 2% to 10% of the members' basic salaries and the Company is required to make monthly contributions to the fund at 5% to 10% of the members' basic salaries, depending on the length of employment.

22 Finance costs

	in million Baht	
	2011	2010
Interest expense -Thai Baht loans	5,112	5,338
Interest income - Foreign loans	(583)	-
Interest expense (income) - Affiliated companies		
Interest expense - Affiliated companies	82	52
Interest income - Affiliated companies	(2,628)	(2,998)
Interest expense - Provident funds	1	1
Loss on exchange rate	121	59
Total	2,105	2,452

23 Income tax expense

		in million Baht	
	Note	2011	2010
Current tax		1,680	6,926
Deferred tax			
Movement in temporary differences	13	(72)	257
Income tax reduction	13	101	-
		(29)	257
Total		1,709	7,183

Income tax reduction - current

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. The listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax rate reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

Income tax reduction - deferred

On 11 October 2011, the Cabinet announced the change in the corporate income tax rate to 23% for accounting periods ending 31 December 2012, and to 20% for accounting periods ending 31 December 2013 onward.

24 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December were based on the profit for the year attributable to ordinary shareholders and the number of ordinary shares outstanding during the year as follow:

	<u>in million Baht / million shares</u>	
	<u>2011</u>	<u>2010</u>
Profit for the year attributable to ordinary shareholders	<u>16,831</u>	<u>33,344</u>
Number of ordinary shares outstanding	<u>1,200</u>	<u>1,200</u>
Basic earnings per share (in Baht)	<u>14.03</u>	<u>27.79</u>

25 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 31 March 2010, the shareholders resolved to declare total dividends for the year 2009 at Baht 8.50 per share, totalling approximately Baht 10,200 million. The interim dividend was paid at the amount of Baht 3.50 per share to the shareholders entitled to receive the dividends, totalling Baht 4,190 million, and was paid on 27 August 2009. The final dividend was paid at the amount of Baht 5.00 per share to the shareholders entitled to receive the dividends, totalling Baht 5,982 million, and was paid on 28 April 2010.

At the Annual General Meeting of the Shareholders of the Company held on 30 March 2011, the shareholders resolved to declare total dividends for the year 2010 at Baht 12.50 per share, totalling approximately Baht 15,000 million. The interim dividend was paid at the amount of Baht 4.50 per share to the shareholders entitled to receive the dividends, totalling Baht 5,393 million, and was paid on 26 August 2010. The final dividend was paid at the amount of Baht 8.00 per share to the shareholders entitled to receive the dividends, totalling Baht 9,594 million, and was paid on 27 April 2011.

At the Board of Directors' Meeting of the Company held on 27 July 2011, the directors resolved to declare interim dividend for the year 2011 at Baht 5.50 per share to the shareholders entitled to receive the dividends, totalling Baht 6,594 million, and was paid on 25 August 2011.

26 Financial instruments

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Company manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivables as at 31 December and the periods in which the loans receivables mature were as follows:

Loans receivable

	Effective interest rates (% p.a.)	in million Baht			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2011					
Current					
Receivables from and short-term loans to related parties	4.97	56,764	-	-	56,764
Non-current					
Receivable from and long-term loans to related parties	2.00 - 6.25	-	277	288	565
Total		56,764	277	288	57,329
Year 2010					
Current					
Receivables from and short-term loans to related parties	5.10	56,422	-	-	56,422
Non-current					
Receivable from and long-term loans to related parties	2.00 - 6.25	-	290	335	625
Total		56,422	290	335	57,047

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

Financial liabilities

	Effective interest rates (% p.a.)	in million Baht			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2011					
Current					
Short-term loans from related parties	0.86	5,177	-	-	5,177
Debentures	4.25 - 5.35	40,000	-	-	40,000
Non-current					
Debentures	3.85 - 5.15	-	70,000	-	70,000
Total		45,177	70,000	-	115,177
Year 2010					
Current					
Short-term loans from related parties	0.50	4,832	-	-	4,832
Debentures	4.50 - 5.75	25,000	-	-	25,000
Non-current					
Debentures	3.85 - 5.35	-	85,000	-	85,000
Total		29,832	85,000	-	114,832

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

As at 31 December, the Company's foreign currency interest-bearing debts are as follows:

	in million Baht	
	Short-term loans	
	2011	2010
US Dollars	223	212

The Company uses derivative financial instruments to manage their foreign exchange risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors, and there are controls on operating procedures for compliance with the policy.

The financial derivatives utilised are forward exchange contracts and interest rate swaps.

Fair value

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2011 and 2010, the carrying amount of the Company's financial instruments does not materially differ from their aggregate fair value (fair value of debentures presented in note 15).

27 Commitments and contingent liabilities

As at 31 December, the Company had:

	<u>in million Baht</u>	
	<u>2011</u>	<u>2010</u>
a) Guarantees on loans of related parties	24,375	24,892
b) Bank guarantees issued by banks to government, state enterprises and private sectors	118	56
c) Commitments for office buildings 3 and improvement of SCG Green Building Project	1,863	85

- d) In the first quarter of 2009, the Company lodged a complaint with the police officers against an ex-employee for the theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged (the plaintiffs) filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation.

In the fourth quarter of 2011, the Civil Court had the judgement that the ex-employee committed a tort against the plaintiff and ordered him to return the shares or pay the cash for shares prices together with interest until fully paid, and the dividend which the plaintiff should have received. In addition, the court also decided that the Company, as the employer, shall be jointly liable to the plaintiff. Therefore, the Company has recorded the provision for compensation of Baht 231 million in the financial statements for year ended 31 December 2011. The Company is preparing an appeal of the judgement of the Civil Court to the Appeal Court.

- e) The Company entered into forward contracts with several local and foreign banks amounting to US Dollars 1,192 million and EUR 17 million, equivalent to Baht 38,059 million *(31 December 2010: US Dollars 796 million, equivalent to Baht 23,804 million)*, to hedge against the risk in exchange rates for foreign investments, payment received on loan to a foreign related party and from its cash flows of commercial transactions to the Group of SCG. The contracts will be gradually due within November 2012.

28 Capital management

The management of the Company has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Company considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

29 Other

- a) On 29 September 2009, the Central Administrative Court ordered 8 governments authorities to order the temporary suspension of the projects or activities representing a total of 76 projects in the Map Ta Phut Industrial Estate and vicinity of Rayong Province. Thereafter, the Supreme Administrative Court and the Central Administrative Court ordered the 12 projects to resume construction. However, the 64 projects were still suspended according to the order of the Central Administrative Court, including 18 projects totalling approximately Baht 57,500 million which mainly are joint ventures projects of SCG Chemicals.

On 2 September 2010, the Central Administrative Court delivered its judgment to revoke permits of the projects, for which such permits were issued after the Constitution B.E. 2550 came into force, and fall within the list of 11 types of serious impact projects issued on 31 August 2010 by the Ministry of Natural Resources and Environment. As a result of the judgment, almost all projects of the Company which are considered as non serious impact projects are able to continue operations, except for 1 project of the Group which fall within the list and is now in process to comply with the paragraph 2 of Article 67 of the Constitution B.E. 2550. At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

- b) Impact of flood situation, the Group has been affected by two subsidiaries that have production plants located in Bang Pa-in Industrial Estate, Ayutthaya province and Nava Nakorn Industrial Estate, Prathumthani province, which have temporarily ceased their production caused by flooding in the plants. The four subsidiaries in Prathumthani, Saraburi and Lampang provinces had also temporarily ceased some of their production lines caused by impact from shortage of raw materials for their production. In addition, production plants of four associates located in Nava Nakorn Industrial Estate were impacted by the flooding and ceased their production. Most of these affected plants currently can operate as normal, except the plants of a subsidiary and the associates which are located in Nava Nakorn are expected to resume their production from the first quarter of 2012.

30 Events after the reporting period

- a) On 25 January 2012, the Extraordinary General Meeting of Shareholders approved SCG Chemicals Co., Ltd. to purchase additional shares of Thai Plastic and Chemicals Public Company Limited ("TPC"), a subsidiary, from connected persons up to 266.5 million shares representing 30.47% of issued and paid-up shares of TPC at the price of Baht 30 per share for a total consideration of not exceeding Baht 7,996 million. On 30 January 2012, Group has already made make a tender offer for all remaining outstanding shares of TPC, totalling 263.5 million shares or equivalent to 30.12% for a total consideration of Baht 7,906 million and also submission of Statement of Intention to Make a Tender Offer to the Securities and Exchange Commission.

- b) At the Board of Directors' Meeting held on 25 January 2012, the directors approved the following matters:
- 1) Submitting for approval at the Annual General Meeting of the Shareholders, the payment of a dividend for 2011 at the rate of Baht 12.50 per share. An interim dividend of Baht 5.50 per share was paid on 25 August 2011, as discussed in note 25. The final dividend will be at the rate of Baht 7.00 per share, payable to shareholders entitled to receive dividends total approximately Baht 8,400 million and is scheduled for payment on 26 April 2012. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 30 March 2012.
 - 2) The issuance of new lots of debentures No. 1/2012 on 1 April 2012, named, unsubordinated and unsecured not exceeding Baht 25,000 million. The term of the new debenture is 4 years, maturing on 1 April 2016. The interest rate will be fixed at market rate upon the issue date and payable quarterly. Subscription of debentures will replace the debentures No. 1/2008 amounting to Baht 20,000 million, which will be retired on 1 April 2012, and additional Baht 5,000 million for future investment.
- c) On 1 February 2012, the Company gave notice to The Stock Exchange of Thailand that SCG Cement, signed an agreement to acquire a 100% stake of Indonesian construction materials business from Boral Limited, Australia, in a transaction valued approximately Baht 4,300 Million. The transaction is expected to complete before the end of June 2012.
- d) The Group entered into the partnership with Muangthong United football club for acquired 30% of the ordinary shares and be five-year Title Sponsor, totalling Baht 600 million.

31 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

The management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement in the period of initial application and has made an assessment that such adoption will have no potential initial significant impact on the financial statements.

32 Reclassification of accounts

Certain accounts in 2010 consolidated financial statements have been reclassified complying with the presentation in the 2011 consolidated financial statements as follows:

	in million Baht		
	Before reclassification	Reclassification	After reclassification
Statement of financial position			
Available-for-sale investments	-	9,849	9,849
Other long-term investments	13,362	(9,849)	3,513
Accrued expenses	95	(95)	-
Other current liabilities	159	95	254
Employee benefit liabilities	-	6	6
Other non-current liabilities	164	(6)	158
Income statement			
Other Income	1,150	22,770	23,920
Administrative expenses	(1,158)	(160)	(1,318)
Management benefit expenses	(160)	160	-
Gain on sales of investments and assets for restructuring, impairment losses of investments and others	22,770	(22,770)	-

The reclassifications have been made for proper presentations and to comply with the classification set-out in the Pronouncement of the Department of Business Development *Re: Determination of items in the financial statements B.E. 2554* dated 28 September 2011.

References

Registrars

Address

Tel.

Fax

e-mail

Website

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building

1st Floor, 62 Ratchadapisek Road, Klongtoey, Bangkok 10110

66-2229-2800

66-2359-1259

contact.tsd@set.or.th

www.tsd.co.th

Auditors

KPMG Phoomchai Audit Ltd.

Mr. Supot Singhasaneh (Certified Public Accountant No. 2826) and/or

Mr. Winid Silamongkol (Certified Public Accountant No. 3378) and/or

Mr. Charoen Phosamritlert (Certified Public Accountant No. 4068) and/or

Ms. Sureerat Thongarunsang (Certified Public Accountant No. 4409)

Address

Empire Tower 50th - 51st Floors, 195 South Sathorn Road

Yannawa, Sathorn, Bangkok 10120

Tel.

66-2677-2000

Fax

66-2677-2222

Legal Advisors

Address

SCG Legal Counsel Limited

1 Siam Cement Road, Bangsue, Bangkok 10800

Tel.

66-2586-5777 or 66-2586-5888

Fax

66-2586-2976

Trustee of Debenture Holders

Address

TMB Bank Public Company Limited

3000 Phahon Yothin Road, Chom Phon, Chatuchak, Bangkok 10900

Tel.

66-2299-1111

Fax

66-2990-6010

Website

www.tmbbank.com



SCG ensures this report is environmentally friendly. All paper is 100% made from EcoFiber using Green Process by SCG Paper. Soy ink is used in the printing process without laminating or any special printing technique.



Corporate Headquarters

1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand

Tel: 66-586-3333, 66-2586-4444 Fax: 66-2586-2974

www.scg.co.th

