

ANNUAL REPORT 2012

THE SIAM CEMENT PUBLIC COMPANY LIMITED



ASEAN SUSTAINABLE BUSINESS LEADER



SCG, a leading business conglomerate in the ASEAN region, has committed itself to conducting business in line with good corporate governance and sustainable development principles throughout 100 years. The Group’s longstanding tradition of learning, adjustment and development in all areas has enabled SCG to survive the wave of crises and challenges and earn widespread recognition as a role model for other businesses, both locally and internationally.

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

Throughout the past 100 years, SCG has been relentless in organizational and employee development which helps drive innovation in products, services, processes, and business models to create higher value and address the needs of all parties concerned. Moreover, the Group is committed to contributing to the sustainable progress of the communities where SCG operates and pledges to become ASEAN’s business leader as well as a role model in corporate governance and sustainable development.



SCG has been awarded Sector Leader in Building Materials & Fixtures on the Dow Jones Sustainability Indexes (DJSI) by Robeco Sustainable Asset Management (RobecoSAM) for two consecutive years since 2011 and has been ranked Gold Class, the highest group, for five consecutive years since 2008.

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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
Headquarters 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

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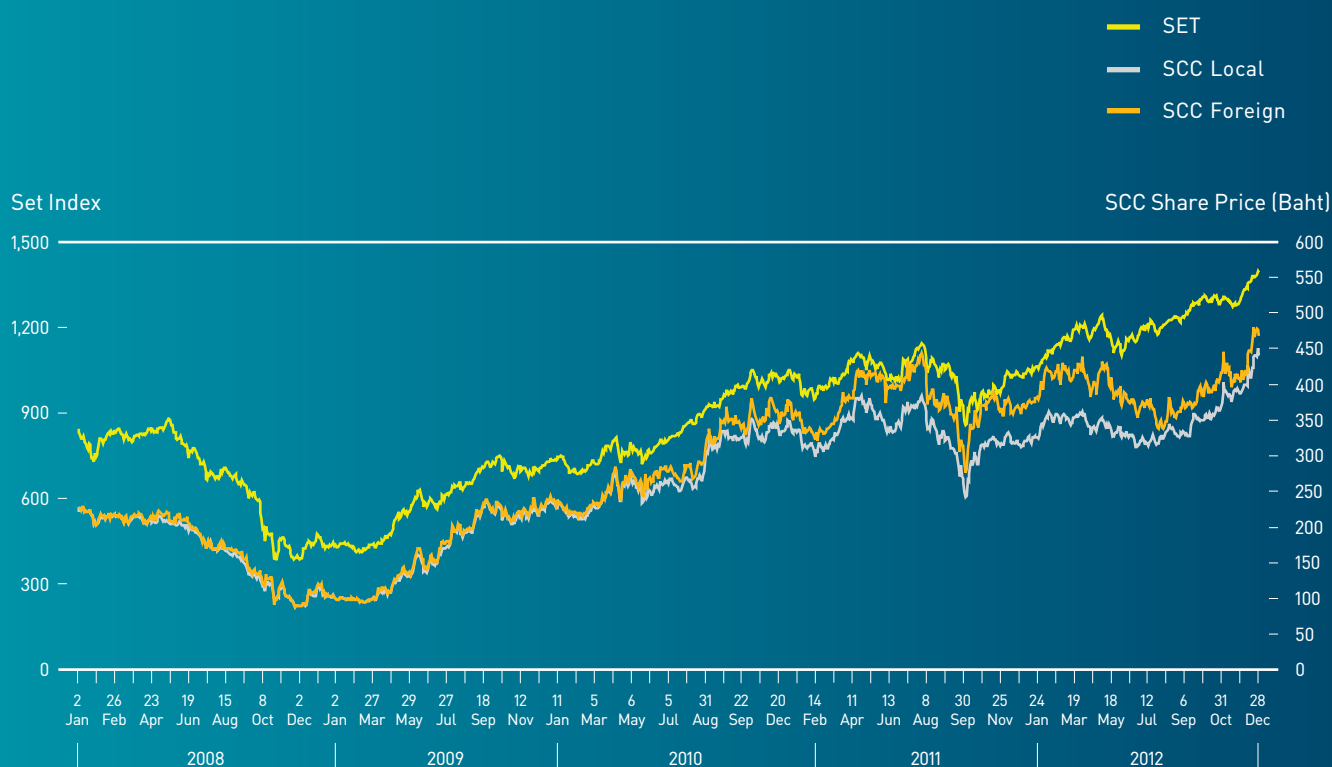
Designated Directors as Minority Shareholders' Representative

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e-mail: ind_dir@scg.co.th

5 Years Share Prices (2008 - 2012)

Compared to SET Index



Financial Overview

The Siam Cement Public Company Limited and Its Subsidiaries

	2012	2011	2010	2009	2008
Income Statement (Million Baht)					
Revenue from sales	407,601	368,579	301,323	238,664	293,230
Costs and expenses	396,535	354,997	282,911	216,767	281,457
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA)	45,716	46,253	45,949	47,116	38,783
Profit for the year without non-recurring items ¹	23,580	25,298	27,387	24,408	16,479
Profit for the year ²	23,580	27,281	37,382	24,346	16,771
Statement of Financial Position (Million Baht)					
Assets ³	395,573	373,789	359,219	315,992	285,776
Liabilities ³	234,450	210,820	199,649	184,571	174,428
Shareholders' equity	161,123	162,969	159,570	131,421	111,348
Equity attributable to owners of the parent	143,186	140,199	133,117	104,510	87,220
Financial Ratio					
Total number of shares issued (Million Shares)	1,200	1,200	1,200	1,200	1,200
Book value per share (Baht)	119.3	116.8	110.9	87.1	72.7
Earnings per share (Baht)	19.7	22.7	31.2	20.3	14.0
Dividends per share (Baht)	11.0	12.5	12.5	8.5	7.5
Dividends payout ratio on profit for the year (%)	56.0	55.1	40.1	41.9	53.6
Return on revenue from sales (%)	5.8	7.4	12.4	10.2	5.7
Return on equity (%)	16.6	20.0	31.5	25.4	19.3
Return on assets (%)	6.1	7.4	11.1	8.1	6.3
EBITDA on total assets (%)	11.9	12.6	13.6	15.7	14.5
Debt to equity ratio (Times) ⁴	1.5	1.3	1.3	1.4	1.6
Price earnings ratio (Times) ⁵	22.3	13.8	10.9	11.6	7.4
Net debt to EBITDA ratio (Times)	3.0	2.4	1.8	2.6	3.1

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

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

3 The figures for year 2011 are restated for comparative purpose with 2012.

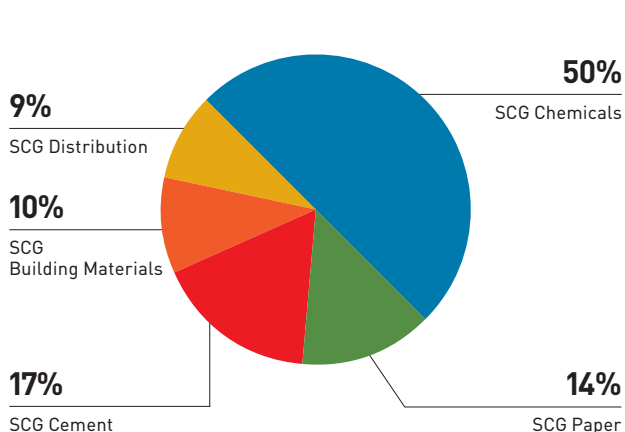
4 Debt to equity ratio = Liabilities divided by shareholders' equity

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

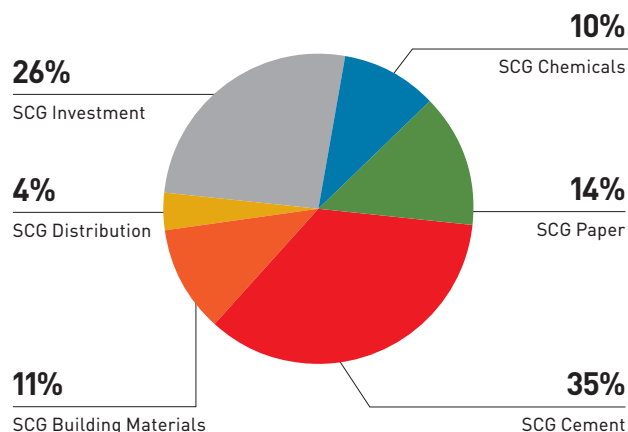
Operating Results

The Siam Cement Public Company Limited and Its Subsidiaries

Revenue from sales breakdown 2012

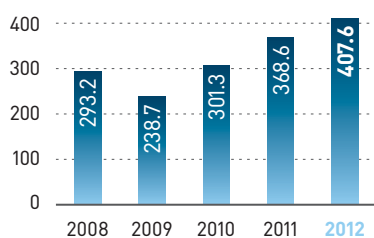


Profit for the year* breakdown 2012



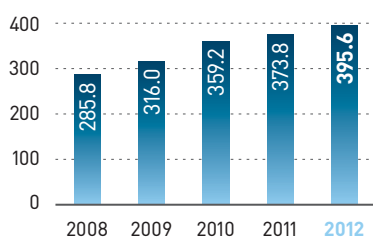
Revenue from sales

(Billion Baht)



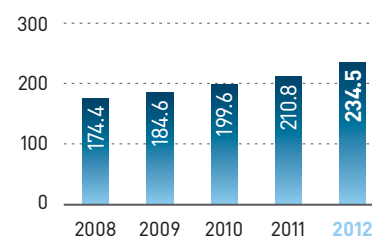
Assets

(Billion Baht)



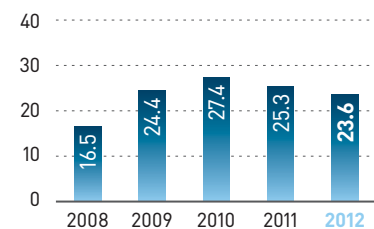
Liabilities

(Billion Baht)



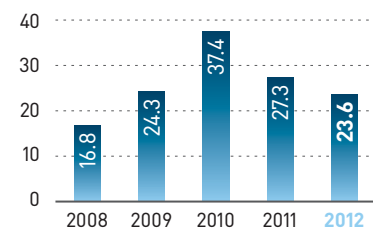
Profit for the year without non-recurring items

(Billion Baht)



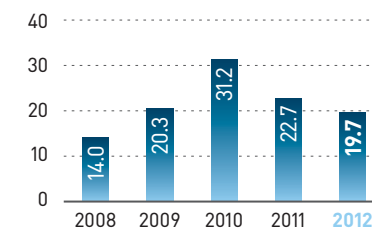
Profit for the year*

(Billion Baht)



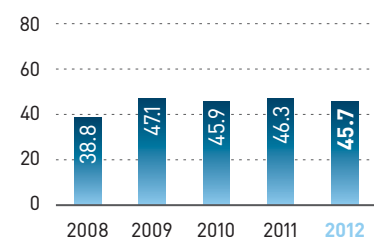
Earnings per share

(Baht/share)



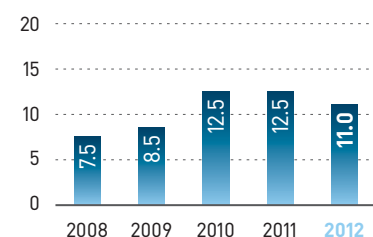
EBITDA

(Billion Baht)



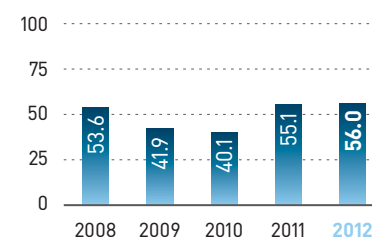
Dividends per share

(Baht/share)



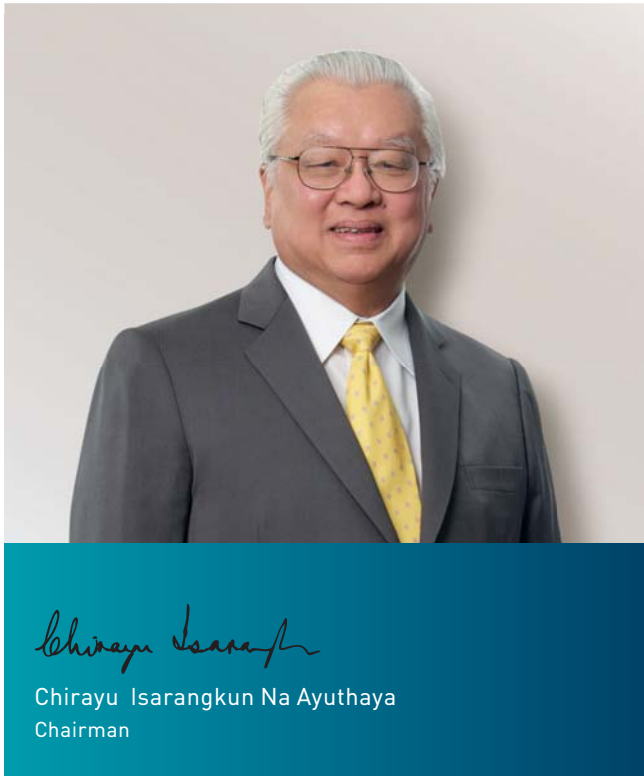
Dividends payout ratio on profit for the year*

(Percent)



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

Message from the Board of Directors



In 2012, the global economic downturn persisted as a consequence of the continued Eurozone debt crisis, coupled with the volatile oil prices and the sluggish economies in the US, Japan, and China. Nevertheless, these external forces had limited impact on the ASEAN region, as the region witnessed steady economic growth, particularly Thailand which saw a quick rebound from the worst flooding in 50 years in late 2011.

SCG continued to operate its businesses with vigilance, prudence, and agility in anticipation of any uncertainties. The Group continues to maintain a solid financial position and sustainable growth. In 2012, SCG reported revenue from sales of 407,601 Million Baht and profit for the year of 23,580 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 at the 2013 Annual General Meeting of Shareholders a full-year dividend of 11 Baht per share, representing 56% of consolidated profit for the year.

Entering its 100th Anniversary as a Role Model in Sustainable Development

Since its inception in 1913, upon the royal decree of His Majesty King Rama VI, SCG has conducted its businesses

in tune with the sustainable development approach and continues to do so well into its 100th Anniversary. The Group has learned to adjust to change and developed its organization continually, enabling SCG to survive the wave of crises and challenges, both domestically and internationally. Throughout the years, SCG has pledged to drive innovation in products, services, and processes with a focus on achieving a balance among economic, social, and environmental development under the principles of good corporate governance. SCG commits itself to realizing this noble cause in pursuit of becoming an ASEAN sustainable business leader.

SCG's commitment to operating in line with the sustainable development approach has resulted in its ranking as global "Sector Leader in Building Materials & Fixtures" in the Dow Jones Sustainability Indexes (DJSI) for two consecutive years (2011-2012). DJSI rank the world's leading sustainability-driven companies in their adoption of sustainable best practices based on economic, environmental, and social criteria. SCG is the first ASEAN company to have been ranked as Sector Leader and awarded Gold Class, the highest class ranking, for five consecutive years since 2008.

SCG has risen to prominence as a role model in sustainable development keen on sharing its experience and ideas in sustainable development management to all sectors. In 2012, SCG organized the ASEAN Sustainable Development Symposium 2012 for the third year running. The symposium has been scaled upwards from the national level to that of a regional event, with the aim of encouraging the adoption of sustainable development on a broader scale and building a cooperation network among ASEAN countries which helps drive sustainable progress in the region.

Promoting ASEAN's Sustainable Growth through Ongoing Business Expansion

SCG continues to expand in ASEAN. In 2012, SCG embarked on expansion plans in Indonesia, making several investments including a 1.8-million-ton-per-year cement plant, a 2.2-million-cubic meter-per-year ready-mixed concrete business, and a 6-million-square meter-per-year light weight concrete plant. In Cambodia, SCG has moved ahead with an additional cement manufacturing facility to add capacity of another 900,000 tons per year from the earlier 1 million tons. Likewise, SCG expanded its operations in the Philippines, increasing its stake in Mariwasa-Siam Ceramics, Inc., a leading ceramic tile

company, from 46% to 83%. Toward the end of 2012, SCG has entered into an agreement to purchase an 85% stake in Prime Group Joint Stock Company, Vietnam's largest ceramic tile manufacturer, which has a production capacity of 75 million square meters per year.

For the operating results of SCG in the ASEAN region exclusive of Thailand in 2012, revenue from sales amounted to 31,208 Million Baht, accounting for 8% of total revenue, an increase of 39% from the previous year. SCG's assets in ASEAN amounted to 55,300 Million Baht, or 14% of the Group's total assets.

For SCG's business expansion in Thailand, SCG has enhanced its manufacturing capacity of packaging paper at its Ratchaburi and Kanchanaburi plants for another 400,000 tons per year. The Group also increased its stake in Thai Plastic and Chemicals Public Company Limited (TPC), resulting in SCG directly and indirectly holding 91% of shares in TPC. More recently, SCG has invested in a 31% stake in Siam Global House Public Company Limited, the Group's entry into the retail trade business of building material products that is operated in a warehouse store format with high growth rates as a result of changing consumer behaviors. The objective is to achieve synergy of expertise to enhance the capabilities and opportunities for future business expansion.

Focusing on Research and Development to Drive High Value Added Products and Services

The ongoing promotion of research and development is a key contributing factor to driving SCG's diverse range of innovative products and services that best accommodate the real needs of customers while uplifting people's quality of life, and contributing to a better environment and sustainable society. In 2012, SCG invested over 1,430 Million Baht in R&D, representing an increase of 29% from the previous year. The Group's R&D team, consisting of 1,034 members, 71 of whom hold doctoral degrees, is dedicated to developing high value added products and services (HVA) as well as the "SCG eco value" label that encompasses a broad spectrum of eco-friendly products. Examples include special plastic film with high tensile strength as well as leakage and tear resistance, making it ideal for food packaging; machine glazed paper with high gloss and especially thin tissue suitable for packaging, food bags, and the medical industry; and dissolving pulp, which is a raw material for the production of rayon, creating more opportunities beyond normal paper business.



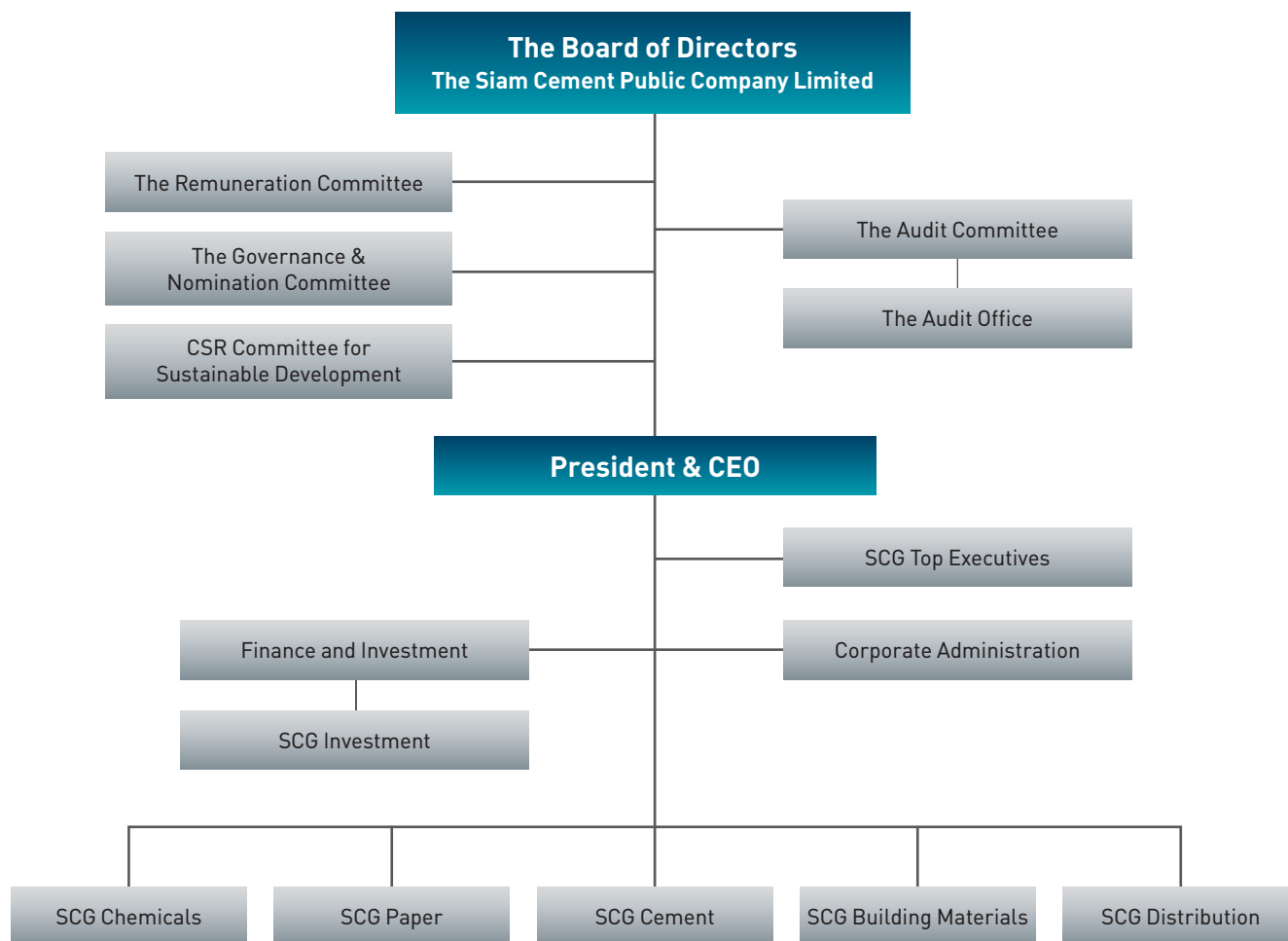
SCG's sales of HVA have grown steadily from 32% of revenue from sales in 2011 to account for 34% of revenue from sales in 2012, while sales of SCG eco value products accounted for 14% of revenue from sales in 2012.

As SCG enters its 100th anniversary of business operations in tune with the sustainable development approach, the Board of Directors wishes to express its sincere appreciation to all shareholders, debenture holders, joint-venture partners, business partners, customers, staff, stakeholders, and domestic and international financial institutions for the continued support that has helped render SCG's success. We promise that SCG will continue to conduct business with integrity, prudence, transparency and adherence to its code of conduct, good corporate governance, and sustainable development principles, acting in the best interests of all parties, and driving to realize our vision with sustainable growth and prosperity along with Thailand and ASEAN.

Bangkok, January 30, 2013.

Organizational Structure

(As at January 1, 2013)



The Board of Directors

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

SCG Top Executives

(As at January 1, 2013)



Kan Trakulhoon

President and CEO
SCG



Chaovalit Ekabut

Vice President – Finance and Investment & CFO
SCG
President, SCG Investment



Tanawong Areeratchakul

Vice President – Corporate Administration
SCG



Cholanat Yanaranop

President
SCG Chemicals



Somchai Wangwattanapanich

Vice President – Operations
SCG Chemicals



Roongrote Rangsiyopash

President
SCG Paper



Pichit Maipoom

President
SCG Cement



Aree Chavalitcheewingul

President
SCG Building Materials



Kajohndet Sangsuban

President
SCG Distribution



OPERATING RESULTS

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SCG

Consolidated revenue from sales was 407,601 Million Baht. Consolidated EBITDA was 45,716 Million Baht, and consolidated profit for the year was 23,580 Million Baht, a decline of 14% from the previous year as a result of the cyclical downturn in the petrochemicals industry. SCG commits itself to ongoing organizational development through its two main strategies: to expand business within ASEAN, and to develop high value added products and services.

SCG Chemicals

Revenue from sales was 203,539 Million Baht. EBITDA was 8,628 Million Baht, and profit for the year was 2,690 Million Baht, declining 76% from the previous year attributable to the cyclical downturn in the petrochemicals industry and the global economic slowdown. SCG Chemicals focuses on developing high value added products and services along with expanding its investment in ASEAN with strategic partners and leveraging work process efficiency.

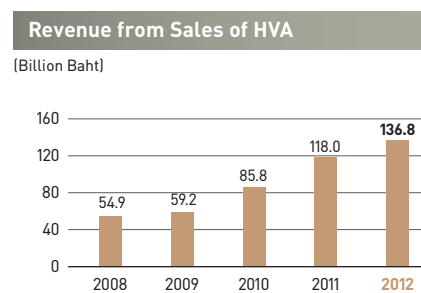
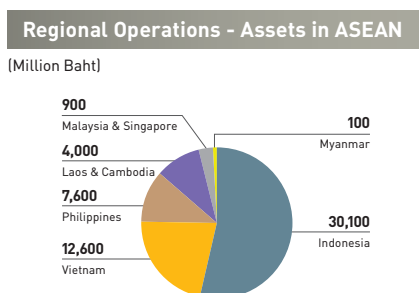
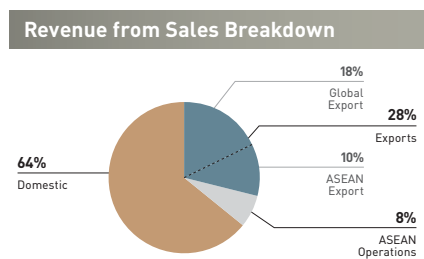
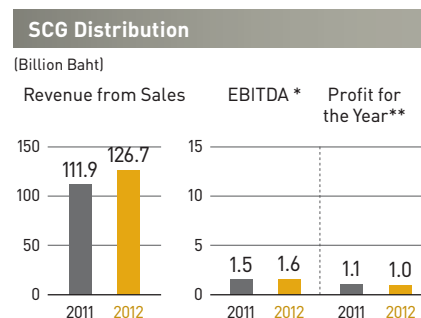
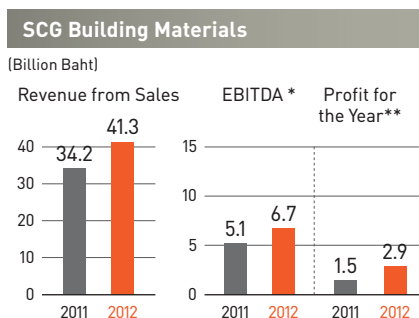
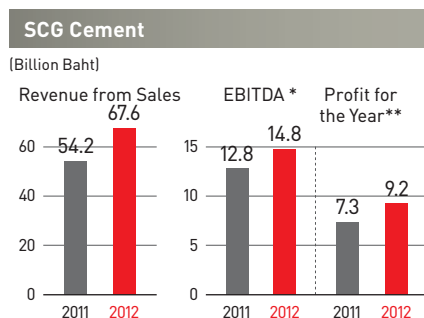
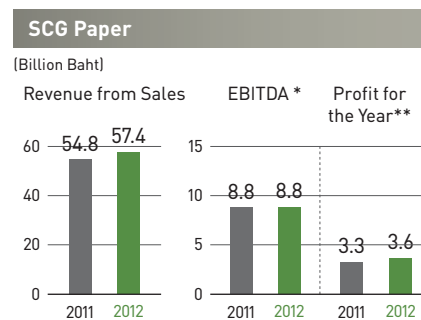
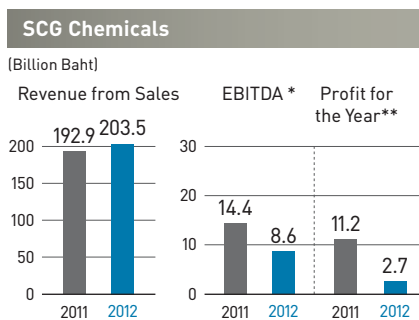
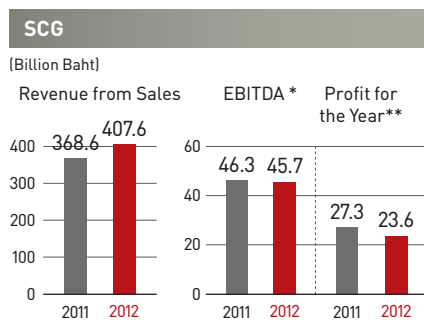
SCG Paper

Revenue from sales was 57,430 Million Baht. EBITDA was 8,844 Million Baht, and profit for the year was 3,560 Million Baht, an increase of 7% from the previous year on the back of strong demand for packaging paper and corrugated containers. SCG Paper focuses on continuing business expansion in ASEAN as well as development of high value added and environmentally-friendly products and services to accommodate the real needs of consumers.

SCG Cement

Revenue from sales was 67,558 Million Baht. EBITDA was 14,824 Million Baht, and profit for the year was 9,163 Million Baht, up 26% from the previous year due to growth in sales volume in the light of the economic recovery and the expansion of its manufacturing base to other ASEAN countries. SCG Cement focuses on production base expansion in ASEAN together with the development of resource-efficient production technologies and development of products and services that address wide-ranging application needs.

Summary of Operating Results



ASEAN Operations >> subsidiaries in ASEAN
Export Destinations >> from Thai subsidiaries

Total Assets in ASEAN ~ 55,300 Million Baht
(14% of Total Assets)



SCG Building Materials

Revenue from sales was 41,340 Million Baht. EBITDA was 6,661 Million Baht, and profit for the year was 2,949 Million Baht, an increase of 100% from the previous year as a result of a rise in construction projects in the government and private sectors following recovery after last year's devastating floods. SCG Building Materials focuses on investment expansion in ASEAN and development of eco-friendly products and integrated solutions to enhance the quality of life of consumers.

SCG Distribution

Revenue from sales was 126,690 Million Baht. EBITDA was 1,564 Million Baht, and profit for the year was 1,035 Million Baht, declining 4% from the previous year. SCG Distribution focuses on developing the dealer network in Thailand, expanding distribution channels in the overseas markets, and expanding markets and logistics services in ASEAN.

SCG Investment

EBITDA inclusive of dividend from associated companies was 5,564 Million Baht, and profit for the year was 6,668 Million Baht, an increase of 32% from the previous year, thanks to the improved operating results of its associates. SCG Investment focuses on investment in business with positive growth, yielding favorable returns, and is actively involved in strengthening its joint venture companies.

* Includes dividends from associates.

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

	2012	2011	2010	2009	2008
Information from Statement of Financial Position					
Current assets	46,423	43,257	38,178	31,339	28,039
Assets ¹	176,837	176,036	165,087	165,964	138,504
Liabilities ¹	99,968	95,337	93,875	96,998	78,355
Shareholders' equity	76,869	80,699	71,212	68,966	60,149
Information from Income Statement					
Revenue from sales	203,539	192,929	144,317	101,115	136,527
Costs and expenses	206,946	192,642	138,380	89,407	133,694
Profit for the year without non-recurring items ²	2,690	9,762	12,641	12,681	5,869
Profit for the year ³	2,690	11,190	22,609	12,556	6,136
EBITDA ⁴	8,628	14,394	16,024	19,482	12,598

1 The figures for year 2011 are restated for comparative purpose with 2012.

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

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

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

Operating Results

In 2012, the petrochemicals business continued to face downward pressure since the second half of 2011 due to the global economic slowdown, especially in Europe and the US. Price of Naphtha, main feedstock, remained high on the back of rising crude oil prices triggered by the Middle East tensions, resulting in narrower product-to-feed margins. The average prices of Naphtha and PE resin were 943 USD and 1,373 USD per ton respectively, which were at the same level as the previous year. The average PP resin price was 1,452 USD per ton, a decrease of 137 USD per ton from the year before.

Revenue from sales of SCG Chemicals totaled 203,539 Million Baht, up 5% year-on-year as a result of the streamlined production process which increased the productivity. However, EBITDA was 8,628 Million Baht, a 40% decrease from the previous year, and profit for the year was 2,690 Million Baht, a decline of 76% attributed to the cyclical downturn in the petrochemicals industry and the sluggish global economy.

Organizational Development

Business Development

- Collaborated with PT Chandra Asri Petrochemical Tbk, an associated company in Indonesia, to reduce cost through various activities such as supply chain management and financing cost reduction to increase economic value and profitability for both companies.

- Acquired higher stake in Thai Plastic and Chemicals Public Company Limited from 46% to 91%. The acquisition strengthened and expanded SCG Chemicals' business potential and opportunity for high value added product (HVA) development.

- Acquired a 23% and 20% stake in Tien Phong Plastics Joint Stock Company and Binh Minh Plastics Joint Stock Company, respectively. Both are major PVC pipe manufacturers in Vietnam.

- Studied a joint investment in the first integrated petrochemicals complex in Vietnam with Thai Plastic and Chemicals Public Company Limited, as well as Vietnamese and Qatari partners. In addition to the Joint Venture Agreement Amendment, the partners also signed a Memorandum of Understanding for supply of long-term feedstock for the project including Propane, Naphtha, and Ethane, which was a key contributing factor to increasing business competitiveness.

- Formed a joint venture with Mitsui Chemicals Tohcello, Inc. (MCTI), with SCG Chemicals holding a 45% stake in the joint venture which will produce and supply T.U.X™ (Tohcello Ulzex), a highly functional sealant film mainly used in food packaging. The company is scheduled to commercialize in the first quarter of 2014.

- Developed special grades of plastic resin for various applications such as medical devices, pipes, electrical appliances, automotive, and packaging. Consequently, sales of high value added products (HVA) increased to 45% of the revenue from sales, compared to 38% in the previous year. Moreover, SCG Chemicals continuously worked with business partners in product development and competitive strategic planning to increase the competitiveness.

Human Resources Development

- Developed matrix organization that links work functions across the company. The matrix organization helps speed-up work process and better aligns the company with customer's needs by modifying the new product



Paramate Nisagornsen

Vice President Director - Operation,
PT Chandra Asri Petrochemical Tbk

*PT Chandra Asri Petrochemical Tbk,
an associate of SCG, Indonesia's leading
integrated petrochemicals company.*



The collaboration between SCG Chemicals and PT Chandra Asri Petrochemical Tbk of Indonesia helps strengthen and improve our competitiveness in the global market through the synergy from cost management, supply chain management, and distribution management, which enhances our ability to serve the regional demand growth for plastic products. With that, we are becoming ASEAN's sustainable leader in petrochemicals.



development process and supply chain management process to ensure accurate and on-time delivery of product to customers.

Innovation Development

- Formulated specialty PVC resin for various applications such as fire-resistant electrical conduit which is safe and environmentally-friendly, and wood plastic composite product, for example, flooring and lattice, with surface finishing technology to simulate wood surfaces.
- Reduced cost of production by 25% via increasing production capacity of specialty HDPE and developed special grade plastic resin for sack and woven bag coating, which increases customer's production flexibility.
- Cooperated in R&D with Phoenix Pulp & Paper Public Company Limited, a subsidiary of SCG Paper, and were granted a patent for converting spent caustic soda from olefins plants to mixed-salt for use in kraft pulping process. The companies have also generated revenue from licensing the patented technology to the industries which generate waste caustic soda from their manufacturing processes.
- Added value to products through design innovations such as designing of temporary emergency shelters, which demonstrated plastic's ability to build strong and durable shelters or even products from recycled materials such as furniture made from recycled plastic resins.

Sustainable Development in Business Operations

- Defined strategies for sustainable environmental conservation, striding towards becoming a role model in eco

industry by looking after the environment in all areas including air, waste, energy, and water resources. Examples include:

- Developed environmentally-friendly manufacturing processes, that contributed to having more products and services receiving the SCG eco value certification, for example, PTA powder from the manufacturing process that reduced greenhouse gases by 11% in the past five years.
- Researched and converted spent caustic soda to chemical substance for use in kraft pulping process instead of sending it for wastewater treatment or disposal, thereby reducing water consumption and the amount of wastewater discharge by 252,000 cubic meters per year.
- Collaborated with the governmental agency and the community to develop an eco-community under the "Prototype Environmental Conservation Community". The initiative consists of four major projects, namely, waste management, dust and particulate reduction, production of effective microorganisms (EM) and bio-gas from organic waste, and community waste water management.
- Applied Emisspro™ ceramic coating in furnaces at the olefins, vinyl chloride monomer, and ceramic tile plants to conserve energy, resulting in reduction of gas consumption by 2-5%.
- Used bacteria to break down chemical substances to eliminate odors and reduce waste from the maintenance of the chemical tanks at Map Ta Phut Tank Terminal Co.,Ltd. It also reduced maintenance cost and increased level of safety for operators.

	2012	2011	2010	2009	2008
Information from Statement of Financial Position					
Current assets	19,927	16,963	16,088	13,121	14,010
Assets ¹	58,439	52,463	50,127	47,942	51,089
Liabilities ¹	22,656	19,936	19,957	19,780	23,683
Shareholders' equity	35,783	32,527	30,170	28,162	27,406
Information from Income Statement					
Revenue from sales	57,430	54,839	51,714	42,729	47,110
Costs and expenses	53,127	50,461	46,972	39,740	44,909
Profit for the year without non-recurring items ²	3,560	3,331	3,490	2,286	1,658
Profit for the year ³	3,560	3,331	3,490	2,286	1,658
EBITDA ⁴	8,844	8,811	9,129	7,901	6,660

1 The figures for year 2011 are restated for comparative purpose with 2012.

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

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

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

Operating Results

In 2012, revenue from sales of SCG Paper amounted to 57,430 Million Baht, a 5% increase from the previous year on the back of strong demand for packaging paper and corrugated containers. EBITDA was 8,844 Million Baht, similar to the previous year due to the impact from the fire at Phoenix Pulp & Paper Public Company Limited (PPPC)'s pulp and printing & writing paper plant in July, 2012. Profit for the year was 3,560 Million Baht, up 7% year-on-year.

Packaging Paper and Corrugated Containers: Total sales volume grew 6% from the previous year due to the rising demand for packaging paper and corrugated containers in the ASEAN region in response to the growing economy. Meanwhile, packaging paper and corrugated containers prices remained unchanged whereas waste paper prices dropped. SCG Paper also earned revenue from sales from a corrugated containers plant in Thailand whose shares were acquired by SCG Paper in 2012.

Pulp and Printing & Writing Paper: Total sales volume dropped 2% from the previous year as a result of lower export sales of printing & writing paper. This could be attributed to the highly intense competition in the overseas markets and the reduced pulp capacity following the fire at PPPC plant. As a consequence, revenue from sales of pulp as well as pulp and printing & writing paper prices declined compared to the year before.

Organizational Development

Business Development

- Entered into a joint venture agreement with Nippon Paper Industries Co.,Ltd. and NP Trading Co.,Ltd., the subsidiaries of Nippon Paper Group, Inc. of Japan, to establish Siam Nippon Industrial Paper Co.,Ltd. (SCG Paper 45%, the subsidiaries of Nippon Paper Group, Inc. 55%) to manufacture

machine glazed paper, a specialized product with applications in the food and medical industry. Located in Ratchaburi Province, the plant will have a capacity of 43,000 tons per year, and its commercial production is expected in mid-2014.

- Expanded corrugated containers business in Thailand. Thai Containers Group Co.,Ltd's acquisition of 72% of shares in Tawana Container Co.,Ltd. has increased the production capacity for corrugated containers from 794,000 to 855,000 tons per year.

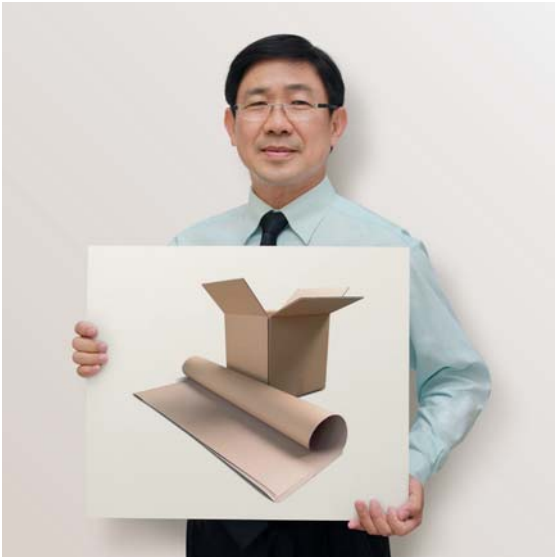
- Expanded SCG Paper's production capacity for packaging paper in Thailand by 400,000 tons per year, resulting in the business' combined capacity in ASEAN adding up to 2.3 million tons per year. The project is scheduled for completion in 2014.

- Expanded the production capacity for packaging paper of Vina Kraft Paper Co.,Ltd. in Vietnam from 220,000 to 250,000 tons per year to accommodate the increasing demand for packaging paper. The expansion is expected to start in mid-2013.

- Converted the pulp lines at PPPC for dissolving pulp production with an annual capacity of 96,000 tons. The conversion is scheduled for completion in late 2013.

Human Resources Development

- Placed utmost importance on raising safety awareness through various activities such as the Fasten Your Seatbelts for Safety campaign, and entrusting leaders with a vital role in creating a safety culture and passing it on to all levels of employees through Felt Leadership Safety Program. Added to this is the implementation of a BBS (Behavior Based Safety) program involving observation of workers' behaviors at site, providing feedback when the observer monitors at-risk behaviors, and giving commendable comments on their safe behaviors.



Chartchai Luekulwatanachai
 Managing Director, Siam Kraft Industry Co., Ltd.

TTF and CAF paper are packaging paper made entirely of recycled paper pulp and certified the FSC recycled label.



SCG Paper strives to meet the steady demand growth for packaging paper and corrugated containers in ASEAN by increasing production capacity of paper in Thailand and Vietnam as well as considering expanding investment to other ASEAN countries. In addition, the business pledges to develop high value added products (HVA) in line with the business management principle to achieve Operational Excellence and create eco-friendly paper innovations in compliance with internationally accepted environmental standards such as FSC (Forest Stewardship Council) to get ready for competition and sustainable growth in ASEAN.



- Streamlined organizational structure and value chain management to enhance efficiency and effectiveness of the processes involved with interconnected activities. A corporate-wide leadership development was also carried out to generate innovative work concepts and processes.

- Enhanced employees' knowledge and capabilities through a string of technical and functional training programs.

Innovation Development

- Developed "G Technology" for Green Carton 2, the eco-friendly corrugated container that reduces the use of materials from 25 to 50 grams per square meter. The business also developed "G Plus", the corrugated board that provides better support for stacking weights and excellent product protection. The reduction of the paper layers of the corrugated board from 5 to 3 helps reduce weight and freight costs.

- Established "Design Solution Center", a one-stop product design and development service center featuring a team of professional staff with years of experience to provide solutions that meet every paper-related need of customers.

- Proceeded with the "Real Friend to Thai Agriculture" initiative by introducing four new eucalyptus clones that can be grown in diverse geographical conditions and are more resistant to disease and insect pest damage. The goal is to promote eucalyptus as an economic crop that can provide a sustainable source of income for Thai farmers across the country.

- Focused on promoting high value added products and eco-products through various campaigns such as "Idea Eco Edition" of Idea paper that uses boxes and wrapping paper made from special packaging paper which uses less chemicals in pulp bleaching. They are also printed with environmentally-friendly ink with the wrapping paper printed

with water-based ink and the box with soy ink.

- Developed high waxed pick paper which has a strong surface and excellent resistance to abrasion for use in the production of gypsum board.

Sustainable Development in Business Operations

- Committed to conducting business with environmental responsibility in accordance with the 3Gs principles which includes the following:

- Green Product focuses on manufacturing eco-friendly products. For example, the increase in the use of EcoFiber as the raw material in the production of Idea Green to 40% helps save trees. The business also developed coated white-back duplex paper, which is the first to be labeled FSC-CoC (Chain-of-Custody Certification) FSC Mix type.

- Green Process stresses the importance of production processes that make the optimum use of natural resources. Examples include enhancing combustion efficiency of the boiler, reducing energy consumption in the paper production process, managing site waste through reuse or recycling in compliance with the 3Rs principle (Reduce, Reuse/ Recycle, Replenish).

- Green Mind emphasizes participatory involvement of employees and the community in environmental stewardship such as the organization of SCG Paper Green Academy initiative to inculcate a sense of environmental protection into the minds of young people surrounding the plants. The efforts also extended to the launch of the Shred2Share#4 project in which SCG Paper in cooperation with over 59 business partners donated school supplies and carried out career development for 10 border patrol police schools in Chumphon Province.

	2012	2011	2010	2009	2008
Information from Statement of Financial Position					
Current assets	16,654	11,882	9,675	9,013	9,886
Assets ¹	66,808	60,115	61,018	60,681	60,770
Liabilities ¹	29,750	19,139	16,364	12,424	11,932
Shareholders' equity	37,058	40,976	44,654	48,257	48,838
Information from Income Statement					
Revenue from sales	67,558	54,249	48,954	46,661	49,999
Costs and expenses	56,522	44,482	41,189	38,694	42,124
Profit for the year without non-recurring items ²	9,163	7,304	6,001	6,124	6,004
Profit for the year ³	9,163	7,288	6,014	6,214	6,006
EBITDA ⁴	14,824	12,781	10,810	11,616	11,272

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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 2012, domestic cement demand increased 12% compared to the previous year due to the domestic economic growth driven by the government and private investments as well as an increase in housing demand in the provincial areas.

Export to the ASEAN market declined as a consequence of higher domestic demands. The focus was on exporting to high growth ASEAN markets such as Cambodia and Myanmar.

Revenue from sales of SCG Cement amounted to 67,558 Million Baht, up 25% from the year before. EBITDA was 14,824 Million Baht, an increase of 16% year-on-year, and profit for the year was 9,163 Million Baht, a rise of 26% from the year before, attributable to higher sales in response to the economic recovery and expansion of production bases to ASEAN.

Grey Cement: Revenue from sales grew 11% on the back of a 12% increase in domestic sales whereas export sales rose 5% from the year before.

Ready-Mixed Concrete: Revenue from sales increased 27% driven by increased domestic sales as a result of real estate development and construction from the government sector.

White Cement: Revenue from sales was up 6% on a 2% increase in domestic sales whereas export sales grew 11% from the previous year.

Mortar: Revenue from sales rose by 16% from an increase in domestic sales and price.

Refractory: Revenue from sales grew in response to the increase in domestic cement sales.

Organizational Development

Business Development

- Expanded manufacturing base to Indonesia by investing in an integrated cement plant with a production capacity of 1.8 million tons per year. It is scheduled to commence operations in mid-2015. The plant will install the advanced waste heat power generator which helps reduce the purchase of electricity from outside.

- Expanded production and distribution base of ready-mixed concrete in Indonesia by acquiring stake of a leading manufacturer of ready-mixed concrete which operates under the brand "Jayamix" across its 40 plants with a capacity of 2.2 million cubic meters per year. The company also operates other related businesses to consolidate its core business such as precast concrete operations, concrete pipes, quarries, and key limestone reserves which are beneficial for future business expansion.

- Increased production capacity of cement in Cambodia by 900,000 tons per year. The commercial production is expected in mid-2015.

- Installed pre-grinding facilities using Roller Press technology at Kaeng Khoi plant and a vertical raw mill at Ta Luang plant to reduce electricity consumption in production.

- Installed fuel preparation facilities at Kaeng Khoi plant to produce alternative energy from solid waste derived fuels (Solid AF) and refuse derived fuel (RDF) for use in the production process.

- Expanded production capacity of cement at Khao Wong and Lampang plants to meet the growing demand for cement in the domestic market.

- Increased production capacity of mortar at the eastern plant to accommodate the steadily-increasing demand for mortar.



Nantapong Chantrakul

President Director, PT SCG Readymix Indonesia

SCG expanded its production and distribution bases of ready-mixed concrete in Indonesia through acquiring a stake in a leading ready-mixed concrete company.



SCG Cement operates ready-mixed concrete and mortar business in Indonesia with a commitment to uplifting the quality of products, services, and overall construction system to accommodate the development of infrastructure and construction in ASEAN. Realizing that employees are a major driving force in sustainable business operations, the business is dedicated to developing employees' knowledge and capabilities along with improving processes, working environments, safety, and the environment.



Human Resources Development

- Developed employees' capabilities and potential to match the business strategy that focuses on creating high value added products and services (HVA) along with promoting Open & Challenge work culture to meet the real needs of customers and all stakeholders.
- Prepared staff for domestic and overseas business expansion by developing tools and human resources management process to achieve Operational Excellence through recruitment endeavors, enhancing skills and work knowledge, inculcating business ethics, optimizing compensation and benefits, improving working environment, and fostering a good relationship between the company and employees.

Innovation Development

- Placed importance on developing innovative products and services, using advanced production technology and quality control. SCG Cement is the only cement manufacturer in Thailand to establish its own Research and Development Institute, allowing the business to develop products and services that meet the specific application needs of each customer group. In 2012, the business constantly developed a string of new products such as:
 - Portland Composite Cement, blended cement which is similar in properties to concrete made with Type 1 Portland cement and which reduces CO² emissions in the production process.
 - Cement for high compressive strength concrete and cement for general purpose concrete that render better quality and greater amounts of concrete.

- A special formula mortar for wall system that provides added strength and ease of use.
- High compressive strength concrete with flexural strength of 800 kg/cm² which is ideal for constructions requiring high strength such as high-rise buildings.
- Developed a team of specialists to provide consultancy on production process, quality control, cost reduction, and solutions to problems related to the application of products. Customers can directly contact SCG Cement's service center for help.

Sustainable Development in Business Operations

- Integrated sustainable development approach into business vision, strategy, policy, and operations. SCG Cement has joined the World Business Council for Sustainable Development-Cement Sustainability Initiative (WBCSD-CSII), a group of the world's leading cement manufacturers with the shared goal of applying sustainable development to their operations.
- Built trust and confidence of all stakeholders by creating value, responding to their needs, and promoting participatory involvement of employees through the One Cell One Project (OCOP) whereby staff from each production unit carry out dialogs with local communities and engage in a project that reflects the community needs.
- Cooperated with leading cement producers in the Thai Cement Manufacturers Association (TCMA) to launch the "Cement Partnership Initiative" aimed at creating an environmentally-friendly cement industry while taking care of the communities, and raising the quality of life in communities nearby cement plants.

	2012	2011	2010	2009	2008
Information from Statement of Financial Position					
Current assets	15,651	13,025	9,240	8,677	8,326
Assets ¹	43,512	35,845	24,796	22,991	22,654
Liabilities ¹	28,965	23,844	14,209	13,916	15,435
Shareholders' equity	14,547	12,001	10,587	9,075	7,219
Information from Income Statement					
Revenue from sales	41,340	34,171	30,719	26,873	23,351
Costs and expenses	38,811	32,478	28,519	25,135	22,739
Profit for the year without non-recurring items ²	2,949	1,476	1,816	1,538	754
Profit for the year ³	2,949	1,476	1,872	1,617	778
EBITDA ⁴	6,661	5,060	5,489	4,907	4,085

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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 2012, the building materials business saw a steady recovery following last year's devastating floods as a consequence of a rise in construction projects in the government and private sectors. Despite the concern over the global economic crisis and rising energy, raw material, and labor costs, the business continued to grow due to the demand growth in the domestic and ASEAN markets, expansion of export and production bases to the strategic ASEAN countries, investment in the production process to reduce impacts from the increasing costs, and continued development of high value added products and services.

Revenue from sales of SCG Building Materials amounted to 41,340 Million Baht, a rise of 21% from the previous year. EBITDA was 6,661 Million Baht, up 32% year-on-year, and profit for the year was 2,949 Million Baht, an increase of 100% from the previous year.

Organizational Development

Business Development

- Expanded production capacity of ceramic roof tiles at Saraburi facilities by 0.5 million square meters per year. The operation is expected to begin in the third quarter of 2013.

- Increased production capacity of concrete roof tiles at the second facilities in Lamphun by 2.5 million square meters per year. The operation is scheduled to begin in the second quarter of 2013.

- Constructed lightweight concrete plant in Indonesia with a capacity of 6 million square meters per year. Commercial production is expected in the first quarter of 2014.

- Expanded investment in the Philippines by increasing its shareholding in Mariwasa-Siam Ceramics, Inc., a major

ceramic tile producer, from 46% to 83%.

- Entered into an agreement to acquire Vietnam's largest ceramic tile manufacturer, which has a production capacity of 75 million square meters per year.

Human Resources Development

- Established the technical training center which has provided 20 training programs designed to develop knowledge and service skills to 1,805 employees of SCG Building Materials. The center also provided consultancy on life and work to 354 marketing, sales, and service staff to develop their attitudes and potential.

- Expanded the integrated learning system or "C-Building" under the franchise model to other companies in the business both domestic and overseas. In addition to creating innovators to consolidate the concept of innovation among employees, the business encouraged the former participants of "C-Building" to further their learning through Work-Based Learning (WBL) to promote a sustainable learning organization.

- Enhanced employees' knowledge and capabilities, developed experts as well as maintained and transferred knowledge in fiber cement technology, concrete technology, and coating technology.

- Improved organization structure, compensation, and benefits of employees at PT Keramika Indonesia Asosiasi Tbk in Indonesia in accordance with SCG's commitment to taking care of employees fairly. Added to this was strengthening relationship among employees to ensure maximum cooperation in working across culture.

Innovation Development

- Developed technologies to better meet consumers' needs in line with the business strategy that focuses on



Cherdsak Niyomsilpa

Director of Building Materials Business in Indonesia

"KIA HOME" is a showroom of PT Keramika Assosiasi Tbk, an associate of SCG Building Materials, which is Indonesia's leading ceramic tile manufacturer.



We have recently expanded our manufacturing base of ceramic tile, our area of expertise, to Indonesia. Placing human resources development in high priority, we promoted employee's health, happiness and safety, optimized their benefits, and embedded SCG Four Core Values. High value added products are developed with concern for environmental conservation as seen in energy-efficient production processes. Moreover, together with local business partners, we continuously improved distribution channel to better serve customers, increase our competitiveness and become ASEAN's leader in building materials.



driving high value added products and services. Examples are high resolution printing technology for imaging on ceramics and glass, technology for the production of ceramic tiles with patterns on both sides, lightweight wall panel system and counter interlocking system that offers speed of installation and cost savings on labor.

- Researched and developed production innovations such as wood substitutes to expand the product range, ceramic tile production process that uses less energy, use of alternative energy, and upgrading manufacturing machinery to reduce the use of labor and enhance production efficiency.
- Maintained leadership in design by preparing Living Design Trend which classifies consumers according to their lifestyles, enabling the business to offer designs and products that match the real needs of each type of consumer.
- Managed and added value to the business' intellectual properties to support sustainable business operations and the expansion strategy to ASEAN region.
- Developed knowledge management system and enhanced employees' capabilities in innovation and knowledge transfer to support the goal of becoming an innovation leader in ASEAN region.

Sustainable Development in Business Operations

- Developed innovative building materials for housing that add value for consumers and respond to consumers' demands in all dimensions such as SCG House Cooling Systems encompassing roof & ceiling system, siding system, and outer house system. The systems provide comfortable living, and are certified SCG eco value label.
- Researched and developed eco-friendly products

with focus on maximizing resource efficiency, starting from manufacturing process to transport, and product use such as COTTO ECO TOUCH and ECO ROCKRETE tile that are produced from more than 60% recycled materials; COTTO faucet, shower head, and sanitary ware that provide better water efficiency; SCG Cool Roof & Ceiling System, SCG Insulation, and SCG SmartWood that help reduce power consumption in the house; and SCG Excella Cerafino Solar Tile capable of generating solar electricity.

- Adjusted the production process of clay powder at Thai Ceramic Co.,Ltd. from wet milling to dry milling to reduce energy consumption in tile production process without compromising tile quality. This helps reduce energy consumption by 223,700 gigajoules per year.
- Recaptured kiln waste heat for reuse in the production process at Sosuco Ceramic Co.,Ltd., resulting in energy savings of 65,026 gigajoules per year.
- Improved the production processes of 75 projects operated by the companies under SCG Building Materials to save energy. This helps reduce combined energy consumption by 77,079 gigajoules per year.
- Enhanced workplace safety for employees and business partners by emphasizing preventive measures and risk control along with monitoring key activity indicators. Efforts include:
 - Improved machine in accordance with the fool proof machine concept to prevent possible work-related problems.
 - Defined, oversaw, and monitored to ensure compliance with workplace standards.
 - Created a safety culture to raise safety awareness and promote safe work behaviors.

	2012	2011	2010	2009	2008
Information from Statement of Financial Position					
Current assets	13,385	12,167	9,196	6,941	7,807
Assets ¹	26,463	16,234	12,177	10,110	10,903
Liabilities ¹	11,632	11,203	8,550	7,333	7,557
Shareholders' equity	14,831	5,031	3,627	2,777	3,346
Information from Income Statement					
Revenue from sales	126,690	111,920	96,898	86,641	102,672
Costs and expenses	125,873	110,885	95,942	85,821	101,582
Profit for the year without non-recurring items ²	1,035	1,075	1,061	1,077	1,211
Profit for the year ³	1,035	1,075	1,061	1,077	1,211
EBITDA ⁴	1,564	1,532	1,440	1,581	1,739

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Operating Results

In 2012, SCG Distribution regained momentum as a consequence of the recovery of the local construction sector following last year's severe floods whereby the government and private sectors invested continually in numerous projects. Likewise, demand for construction in ASEAN was also on the rise.

Revenue from sales of SCG Distribution amounted to 126,690 Million Baht, an increase of 13% year-on-year. EBITDA was 1,564 Million Baht, a rise of 2% from the previous year, and profit for the year was 1,035 Million Baht, a 4% decrease from last year.

Domestic Distribution Business: Revenue from sales rose by 14% from the year before as a result of growing demands for cement, ready-mixed concrete, and building materials due to a surge in construction projects especially the government flood prevention projects.

International Trading Business: Revenue from sales grew 9% from last year due to an increase in cement export to Myanmar.

Logistics Business: Revenue from sales increased 12% from the previous year because of growth of cement and coal markets and increasing number of non-SCG customers.

SCG Distribution expanded the provision of services to non-SCG customers from 28% in the previous year to 34% in 2012.

Organizational Development

Business Development

- Expanded to the retail business with the warehouse store format by acquiring a 31% stake in Siam Global House Public Company Limited to enhance the capabilities and

opportunities for future business expansion as well as increasing operating efficiency.

- Developed dealers continually by upgrading all HOME MART stores to have the same standard interior features, store management, and service format.

- Developed potential wholesale dealers by managing the supply chain and supporting promotional activities targeted at sub-dealers.

- Developed project dealers using project management system as one stop solution that provides real time services and enables SCG's customers to effectively manage product flow in each construction project.

- Opened a new branch of SCG Experience at Mega Bangna using advanced information technology to provide a new level of service to customers.

- Expanded distribution channels for building materials in ASEAN countries by increasing 7 SCG Authorized Dealers in Myanmar, Cambodia, and Laos to boost the business potential of SCG's distribution business in the ASEAN region.

- Streamlined logistics of PT Kokoh Inti Arebama Tbk (KOKOH) in Indonesia by implementing centralized fleet management which helps reduce operating costs and yet maintain good service efficiency.

- Developed land and ocean freight services with 1,020 trucks and more truck drivers being added to cope with the rising demands.

- Expanded logistics services to non-SCG customers which accounted for 15% of the total customers. They were in industries such as agriculture, automotive, food & beverage, and electrical appliances.



Pathama Sirikul

Indochina Regional Manager, SCG Trading Co., Ltd.

SCG operates international trading through its 35 overseas offices in 23 countries around the world.



SCG Trading consolidates its distribution network to cover the ASEAN region with focus on creating value for products and services to maximize customer satisfaction as well as developing employees, and increasing service efficiency to cater to business growth and prepare for the ASEAN Economic Community (AEC). With concern for social responsibility, the business also provides constant support to socially-beneficial activities in the areas of education and public welfare to contribute to a better life in the communities where we operate.



- Cooperated with a large Chinese sugar manufacturer to provide logistics services in response to the growing logistics needs in Greater Mekong Subregion (GMS).

Human Resources Development

- Developed human resources management of SCG Distribution in ASEAN countries through the application of best practices in Thailand to cater for business expansion in the region.

- Developed capabilities of high potential employees by developing individual development plan.

Innovations Development

- Increased high value added products and services to 27,000 Million Baht, a 13% rise from the previous year such as the Tra Chang steel bar, high quality screened coal, and professional wholesalers.

- Integrated advanced information technology to accommodate the services at SCG Experience at Mega Bangna such as applications for smart phones and tablets and online consultancy system.

- Developed Vendor Managed Inventory (VMI) which links information among the vendor, warehouse, and customer to increase inventory management efficiency.

Sustainable Development in Business Operations

- Established closed system coal stock pile at Wat Bandai Pier in Amphoe Nakhon Luang, Phra Nakhon Si Ayutthaya Province and Century Pier (Mahachai) in Amphoe Muang, Samut Sakhon Province to minimize environmental impact on the communities and the environment.

- Trained truck drivers of partners on skills and knowledge in truck driving especially safety awareness and sourced the certified truck drivers for a job with SCG Logistics' partners.

- Performed real-time monitoring of transportation via Safety Monitoring Center to control transportation safety.

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 compares the rules and practices of the world's leading companies and stock exchanges with those of SCG in order to find areas for improvement. To that effect, regulations prescribed by the Board of Directors and committees are periodically reviewed to ensure their conformance with laws, international best practices and the guidelines of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). 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 has 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 contents 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. In addition, the Company 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 monitors performance and gives advice on relevant issues. The Audit Office takes responsibility for maintaining communication channels to receive complaints and implementing the whistleblower policy.

The working team has continually monitored adherence to the SCG Code of Conduct, the sharing of knowledge about it, and its promotion to each employee at every level with a focus on raising awareness from the first day of employment onward. The Company has published a booklet on the Code of Conduct and distributed it to all new SCG employees. To ensure that employees understand it clearly, the Company conducts informational events to expound the Code of Conduct principles and practices. SCG also provides employees information and consultation via the "SCG Code of Conduct" website and its sections titled "SCG Code of Conduct Guidance System" and "Whistleblower Policy System."

To further promote understanding of the SCG Code of Conduct among employees and to maintain strong adherence to SCG's corporate governance standards, the management carried out additional activities in 2012. For example, SCG produced promotional materials and video clips that re-enact cases described in the Code of Conduct booklet to communicate the ideas as clearly, realistically and memorably as possible. The focus was on enabling employees to readily and knowledgeably practice these principles on the job and in daily life. To keep employees abreast of these new materials, the Company sent an e-newsletter to each employee's email address and posted the video clips on the internal website. Moreover, employees were encouraged to take part in submitting and answering questions, expressing satisfaction, or sharing ideas and experiences concerning the SCG Code of Conduct via the available communication channels.

In 2012, the Board of Directors resolved to approve the proposal of the Audit Committee as approved by the Governance and Nomination Committee to revise the Charter of the Audit Committee regarding its roles and responsibilities to include the review of the Company's internal process related to whistleblowing. Moreover, in addition to approval of the internal audit plan, the Board of Directors stipulated that a formal "Review of the Charter

of the Audit Committee” be considered every year in the same way as the review of the assessment of risk management, review of internal control system, and review of IT, all of which are already carried out on a regular basis.

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 2012, there were 23 complaints via the whistleblower system. The Audit Office concluded investigations most of all these complaints, three 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 toward 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, which together provide diverse and convenient access to information.

In 2012, the Governance and Nomination Committee prescribed that the SCG Principles of Corporate Governance be applied to establishing business strategies to prepare the Company for ASEAN’s economic growth accelerated by the coming implementation of the ASEAN Economic Community. Examples include the revision of SCG Corporate Governance principles to be in line with an official ASEAN CG Scorecard.

In 2012, SCG won several awards from Corporate Governance Asia and Alpha Southeast Asia, two leading Asian magazines, as follows:

- Two awards from Corporate Governance Asia magazine
 1. “The Best of Asia Recognition Award 2012,” along with 10 other Thai listed companies.
 2. “Asian Corporate Director Recognition Award” for Mr. Kan Trakulhoon, President & CEO of SCG, along with five other directors of Thai listed companies.
- Five awards from Alpha Southeast Asia magazine

1. “Most Organized Investor Relations” (Ranked 2nd)
2. “Strongest Adherence to Corporate Governance” (Ranked 2nd)
3. “Most Consistent Dividend Policy” (Ranked 3rd)
4. “Best Strategic Corporate Social Responsibility” (Ranked 2nd)
5. “Best CFO in Thailand” for Mr. Chaovalit Ekabut, vice president-finance and investment & CFO of SCG.

In addition, SCG won a rating of “Excellent” in the Thai Investors Association’s 2012 Annual General Meeting Checklist survey (AGM Checklist). The Thai Institute of Directors gave SCG an “Excellent CG Scoring” in the 2012 Corporate Governance Report on Thai Listed Companies. On top of this, the Company received a Stock Exchange of Thailand award in 2012 - the special “SET Award of Honor in Best Corporate Social Responsibility” for the fifth consecutive year.

Anti-corruption Efforts

SCG conducts business with adherence to ethics and responsibility for all concerned parties. The Company’s business ethics and code of conduct were compiled and published under the name SCG Code of Conduct in 1987 to provide practice guidelines in compliance with SCG’s business philosophy.

On countering corruption, the Company has signed a Declaration of Intent of the Thai Institute of Directors’ Private Sector Collective Action Coalition Against Corruption, whereby SCG’s president vowed to adhere to the Coalition’s aim to fight corruption in all forms. To that effect, the Company assessed risks associated with corruption and prepared itself for self-assessment on anti-corruption measures. In addition, SCG took many other efforts to prevent possible corruption and fraud as follows:

1. As part of the SCG Code of Conduct, the Company has guidelines on transactions with government, which stipulate that when dealing with public officials or agencies, all matters should be handled correctly and honestly. SCG’s guidelines forbid handling transactions in any way that would persuade a government official or agency to do something wrong or inappropriate. The guidelines mandate employees to bear in mind that laws, regulations, customs and traditions in each locality may involve different conditions, procedures or practices. Where there is a need to employ a foreign government officer as SCG’s consultant or employee, which requires compliance with the applicable law of the nation or locality, this should be carried out under transparent and appropriate conditions. Any violation or

breach of this Code of Conduct can result in disciplinary action in accordance with the Company's regulations or criminal charges if such misconduct is a criminal offense.

2. The Company has established notification channels for reporting any misconduct, fraudulent act or corruption and provides protection and remedies for any person who files a complaint or cooperates in the investigation of the charge ("The Whistleblower Policy").

Guidelines on SCG's Corporate Governance

1. 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 Stock Exchange of Thailand.

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 date of meeting and the related documents are submitted to shareholders more 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 2013. Shareholders were allowed to exercise this right three months in advance between September 1 – 30 November, 2012 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 2012, the SCG Annual General Meeting of Shareholders was held on March 30, 2012, 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 2011. The change was made

in 2011 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 corporate social responsibility initiatives in ASEAN region.

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 an 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 2012, the Board of Directors as suggested by the Governance and Nomination Committee proposed that the 2012 Annual General Meeting of Shareholders consider and approve the amendments to Clause 25 of the Company's Articles of Association to enable a proxy to vote on a resolution as authorized by a shareholder and Clause 30 to enable a shareholder to vote on an individual candidate. However, after the remarks and inquiries made by the shareholders to which the management replied, the Board of Directors deemed it appropriate to withdraw the matter from this Meeting without putting it to a vote as it was not an urgent matter and further consideration would be given to the matter in detail.

As a consequence, in 2012, the Governance and Nomination Committee reviewed the matter and proposed amendments to the two clauses of the Company's Article

of Association. The Board resolved to re-propose the agenda item to the 2013 Annual General Meeting of Shareholders in compliance with the criteria on good corporate governance of the Thai Institute of Directors (IOD) and its AGM Checklist.

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 40.

11. The agenda of the 2012 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.

2. 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 2012, SCG invited interested shareholders to participate in the Company's CSR activities. The efforts not only opened up opportunities for shareholders to take part in activities beneficial to society and the environment but also fostered sound relationships with shareholders of the Company. In this regard, SCG provided equal rights for both major and minor shareholders. Six such activities were held during the year as follows:

1. Visit to SCG Pavilion at the BOI Fair 2011 held by Thailand's Board of Investment, January 5-20, 2012
2. Constructing Check Dams at Khao Khow with SCG in Saraburi Province, February 16-17, 2012
3. Conserving Mae Ramphung Beach with SCG in Rayong Province, February 28 and March 13, 2012
4. SCG Join Hands to Plant Trees for the Community in Kanchanaburi Province, August 7, 2012
5. Visit to Magnificent Temples of Rattanakosin Program at Wat Bowonniwet Vihara and Wat Debsirindrawas, September 11-12, 2012
6. Visit to the Laem Phak Bia Royal Project to observe treatments of waste water and solid waste and to Home Solution Center, November 16, 2012

The activities held by SCG throughout the year were well received by shareholders. SCG plans to organize activities for shareholders constantly to establish sustainable 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 employees dealing with internal information, 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 the shareholding of a director or top executive 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.

3. 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 the 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

Policy,” and the “SCG Code of Conduct,” and guarantees that those rights are protected and treated equally. 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 for 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 for 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 encompass 12 groups of stakeholders as follows:

1) **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.

2) **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 both in Thailand and abroad, and to cope with the volatile economic situation. Furthermore, we focused on promoting employees’ health and safety, excellent working conditions, and competitive remuneration.

3) **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.

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

5) **Business Partners:** SCG has a policy of taking good care of its business partners regarding the environment, work safety and remuneration. Further, the Company is resolved to develop the capabilities and knowledge of business partners both at work and beyond to enable them to work more efficiently.

6) **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.

7) **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.

8) **Community:** SCG conducts business with fairness to all related parties and with concern for social responsibility. In addition, the Company is open to comments and suggestions from every part of 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 it operates, both in Thailand and in other ASEAN countries. SCG organizes various activities for the benefit of society, especially projects to develop the potential of young people

in different fields, namely, science, technology, sports, and the arts. In addition, the Group provides emergency relief at times of disaster.

9) **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.

10) **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.

11) **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.

12) **Civil Society Sector, Academia, Opinion Leader:** SCG carries out business with concern for social responsibility and all stakeholders. The Company is committed to disclosure of information, transparency, and verification as well as to welcoming comments and suggestions from all involved parties to find an approach to collaboration to ensure that sustainable business operations take place alongside social and community development.

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.

For the 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 the plants, help develop and improve production processes, and lead the Group 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 SCG’s 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 2012, 61 products were certified for the SCG eco value label. Revenue from sales of SCG eco value products currently account for 14% of total revenue from sales. By 2015, the number is expected to increase to one-third of total revenue from sales.

SCG has set its sights on achieving “zero waste to landfill”. The efforts include reducing waste at its source and selecting raw materials that produce the least waste. At the same time, waste will be sorted or recycled for reuse as alternative fuels or materials for cement production. 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.

SCG’s improvement of its corporate headquarters enabled the Company to meet the platinum level of the Leadership in Energy and Environmental Design for Existing Building: Operations & Maintenance (LEED EB: OM) from the U.S. Green Building Council (USGBC) in 2012. The Company is the first in ASEAN to have attained such certification, which is a world-recognized certificate. The building improvement project was aimed at improving the quality of life for employees and reducing the environmental impacts of the buildings.

In addition, SCG, in cooperation with other businesses in the Map Ta Phut Industrial Estate, established the “Community Partnership Initiative.” Besides, the Company joined forces with cement manufacturers in Saraburi Province to set up the “Cement Partnership Initiative” and reached a mutual agreement on the development of a prototype factory having higher environmental standards than the legal requirements. The initiative is aimed at collaborating with the community in solving the problem together while taking care of the community, and supporting the development of the quality of life earnestly and sincerely to enable the industry and the community to coexist symbiotically and sustainably. Later in 2012, the Cement Partnership Initiative extended its efforts to Khao Wong and Phu Krang Districts in Saraburi Province, establishing the “Cement Partnership Initiative: Friend Helps Friend” with the cooperation of SCG Cement, Asia Cement, and Thai

Cement Manufacturers Association. The objectives are to transfer knowledge and best practices, share experience in the environmentally-friendly production processes, and continue with beneficial projects such as the “Green Truck & Safe Truck” project, which provides training on safe driving both in theory and practice; a tree-planting project in honor of His Majesty the King to increase green areas in Saraburi Province; and an “Environmental Conservation Youth Camp” designed to raise environmental awareness among young people in the communities surrounding the plants.

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 2012, SCG, together with communities and networks, have built more than 50,000 check dams to celebrate 100 years of SCG business sustainability. 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 the annual Sustainability Report, which has been published each year since 2001, at www.scg.co.th.

SCG policies and practices toward stakeholders are detailed on www.scg.co.th.

Moreover, SCG provides opportunities for all stakeholders to make comments and suggestions to SCG Investor Relation via email at invest@scg.co.th. The suggestions will be compiled, reviewed, and reported to SCG management and the Board of Directors, respectively.

In 2012, SCG prepared a draft Business Partner Code of Conduct to promote the concept of conducting business with ethics and responsibility among business partners, encouraging them to be good corporate citizens with commitment to good corporate governance. SCG is now in the process of reviewing the initiative and defining an appropriate and efficient approach toward disseminating before introducing it to business partners for use as a guideline in business operations.

4. Disclosure and Transparency

SCG recognizes the importance of information disclosure because it greatly affects decision-making by investors and stakeholders. It is necessary, therefore, to define and administer measures concerning the disclosure of information, both financial and non-financial. Information disclosed via the SET Community Portal (of the Stock

Exchange of Thailand) 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 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.
 - Allow any director retiring on rotation and being re-elected to not report his/her own interests again should there be no change in the information.
 - Require a director or executive to submit the Report on Interests 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 the 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 to ensure that shareholders, investors, the press, and related parties are kept informed of information accurately, extensively, and transparently. For example, in 2012, the Company disclosed its investment projects in the building materials business in Indonesia whereby SCG acquired a 100% stake in Boral Indonesia as well as increased its stake in the ceramic tile business of Mariwasa in the Philippines. Likewise, the Company announced other investment projects including SCG Paper's investment project in high value added products by establishing a joint venture company Siam Nippon Industrial Paper Co.,Ltd. as well as cement investment projects in Indonesia and Cambodia.

Moreover, in 2012, 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 2012, 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 to clarify, communicate, and create accurate understanding based on SCG's business approach and general information.

- Analyst conferences held on a quarterly basis.
- A total of 14 overseas roadshows.
- Various company visits as well as direct replies to inquiries from investors via telephone and email on a regular basis.

5. The Board of Directors: Its Responsibilities

The Structure of the Board of Directors

5.1 Composition of the Board of Directors

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

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
Director, President & CEO

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.

11 non-executive directors

1 executive director, who is the company's president & CEO

The six independent directors are ACM Kamthon Sindhvananda, Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Mr. Tarrin Nimmanahaeminda, and Mr. Pramon Suthiwong. Further, SCG's qualifications of 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 require that an independent director:

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

2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than two years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.

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

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

The term "business relationship" in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

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

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

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

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

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

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

12. Shall be able to prevent conflicts of interest.

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

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

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.

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 for 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. Recognizing 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.

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.

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 2012, 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.

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 of

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

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

In 2012, SCG's top executives comprised ten 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, Vice President - SCG Building Materials and Vice President - Operations, SCG Chemicals. The ten 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.

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.

Rules and Procedures for the Election of Directors

1. Prior to the Annual General Meeting of Shareholders, the Governance and Nomination Committee proposes to the Board the names of persons to replace directors who are retired by rotation. The nominees will then be listed for consideration for election during the Meeting. All shareholders have an equal right to propose other candidates. Authority to select directors rests with 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 2012 Annual General Meeting of the Shareholders, the four board members who were due to retire by rotation were 1) Mr. Sanoh Unakul, 2) Mr. Panas Simasathien, 3) Mr. Arsa Sarasin, and 4) Mr. Chumpol NaLamlieng. 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 the members having special interests, considered a total of six nominees, nominated by each director. Four of them were retiring directors according to the Agenda, and two were newly qualified nominees. The Committee then nominated four qualified nominees, namely, 1) Mr. Sanoh Unakul, 2) Mr. Panas Simasathien, 3) Mr. Arsa Sarasin, and 4) Mr. Chumpol NaLamlieng, all of whom were elected by majority vote as per the resolution passed in the Annual General Meeting of Shareholders held on March 30, 2012.

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.

5.2 The Sub-committees

The Board has further established the Audit Committee, Governance and Nomination Committee, Remuneration Committee, and CSR Committee for Sustainable Development to be responsible for their specific areas and report directly to the Board for its consideration or reference. 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 2012, the same performance evaluation forms of the Board of Directors, the Committees, and the Chairman as in 2011 were used with a slight modification to the performance evaluation forms of the Board and Committees to facilitate their appraisal.

1) The Audit Committee

The Audit Committee comprises four independent directors, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance. Mr. Tarrin Nimmanahaeminda, 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 Audit Committee of the Company comprises the following four members:

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

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, establish preventive measures and check the Company's whistleblowing process.

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

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

2) The Governance and Nomination Committee

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

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

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| 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 on progress and performance results to the Board of Directors after every meeting of the 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 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.

Nomination and Succession Plan for Top Executive Positions at SCG

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

3) The Remuneration Committee

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 Remuneration Committee of the Company comprises the following three members:

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| 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 the hiring of consulting firms to advise on project implementation.
3. Assess the performance of the President & CEO on an annual basis in order to determine his/her remuneration before proposing the Board of Directors for approval.
4. Assess the performance of each top executive on an annual basis, based on the recommendation of the President & CEO, in order to determine his/her remuneration before proposing this to the Board of Directors for approval.
5. Consider the annual budget for the salary increase, changes of wage and compensation, and bonus of top executives before proposing to the Board of Directors.
6. Review, study, and track regularly the changes and trends in remuneration for the Board of Directors and 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 on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee.
9. Assess the performance of the Remuneration Committee and report the assessment results to the Board of Directors for acknowledgement.
10. Review and recommend for the Board of Directors' approval if there may be any alteration to the Charter of the Remuneration Committee in keeping it applicable and up-to-date.
11. Perform other duties as assigned by the Board of Directors.

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

4) The CSR Committee for Sustainable Development

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

5.3 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 2012, the assessment result of the Board as a whole was 94% and the result of self-assessment was 91%.

Development of Directors and Top Executives

The Governance and Nomination Committee deemed it appropriate to arrange activities to enhance knowledge beneficial to the performance of duties and responsibilities of the Company's directors as in 2011 when a dialog was held, allowing for an exchange of opinions between the directors and officers of the SEC and SET. This activity in 2011 deemed very useful by the directors. Foreseeing that it was necessary to equip the directors with knowledge about risk management, the Governance and Nomination Committee suggested that the management organize a dialog between the Company's Board of Directors, top executives, and Dr. Bandit Nijathaworn, President & CEO of the Thai Institute of Director (IOD) on July 23, 2012 on "Corporate Governance and Risk Management" with a focus on the following issues:

- Macroeconomic factors affecting risk management of companies with investments in ASEAN
- Role and responsibilities of the Board of Directors in overseeing overall risk management and corporate strategies
- Risk prevention measures to support good corporate governance

In addition, the directors also attended national events designed to promote good corporate governance and allow for the exchange of opinions with regionally-renowned experts such as the National Director Conference 2012 organized by the IOD. Moreover, during the Board of Directors' meetings, the Audit Committee reported on any cases of corruption or accounting cover-ups at SCG subsidiaries, both domestic and foreign, to keep the directors and top executives informed of the cases to prevent such fraud from happening again to the Company and its associates.

SCG prepared a handbook for directors, which includes the summary of laws, rules and regulations related to the directors as well as practices to keep directors informed of roles, duties, principles and practices for a director. The handbook is distributed to all directors for use as reference regarding basic information. In addition, directors are also kept abreast of laws related to or promoting good corporate governance such as anti-corruption legislation. In 2012, the Company distributed a handbook for independent directors published by the Stock Exchange of Thailand to every Board member with a concise summary for the Governance and Nomination Committee during the Board of Directors' meeting. However, the Board recommended producing a document or publication to enhance the directors' knowledge and understanding about the applicable laws and regulations. The Governance and

Nomination Committee deemed it appropriate for the management to compile rules, requirements, and information useful for the directors' performance of duties into a publication with an executive summary for easy understanding and reference. Therefore, in 2012 the Company revised its handbook for directors in both wording and presentation of information, making it more concise and easier to understand as well as modifying and adding rules in accordance with the currently prescribed regulations.

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 directors handbook, the handbook for directors of listed companies, and summary of operating results, for use as quick reference.

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

Moreover, SCG encourages all members of the Board and the top executives to attend various seminars and courses beneficial to their responsibilities, allowing them to constantly meet and exchange opinions with directors and top executives of different organizations. Some of these courses are organized by the SCG Human Capital Institute, and some by governmental agencies or independent organizations, such as the Thai Institute of Directors Association. The SEC requires directors of all listed companies to complete at least one of the following training courses: 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.

5.4 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.

Director Remuneration

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

The Apportionment of Board Remuneration and Bonuses Monthly Remuneration

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

Director Bonuses

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

Remuneration for the 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 2012

(January 1, 2012 - December 31, 2012)

Directors	Remuneration (Baht)				Directors' Bonus paid in 2012* (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	-	-	-	6,840,000	9,432,000
2. ACM Kamthon Sindhvananda ²	1,728,000	450,000	-	-	4,560,000	6,738,000
3. Mr. Snoh Unakul ⁵	1,728,000	-	200,000	-	4,560,000	6,488,000
4. Mr. Sumet Tantivejkul ³	1,728,000	-	300,000	-	4,560,000	6,588,000
5. Mr. Pricha Attavipach	1,728,000	300,000	-	-	4,560,000	6,588,000
6. Mr. Panas Simasathien	1,728,000	-	150,000	-	4,560,000	6,438,000
7. Mr. Yos Euarchukiati	1,728,000	-	-	250,000	4,560,000	6,538,000
8. Mr. Arsa Sarasin	1,728,000	-	200,000	-	4,560,000	6,488,000
9. Mr. Chumpol NaLamlieng ⁴	1,728,000	-	-	375,000	4,560,000	6,663,000
10. Mr. Tarrin Nimmanahaeminda	1,728,000	300,000	200,000	-	4,560,000	6,788,000
11. Mr. Pramon Sutivong	1,728,000	300,000	-	250,000	4,560,000	6,838,000
12. Mr. Kan Trakulhoon	1,728,000	-	-	-	4,560,000	6,288,000
Total	21,600,000	1,350,000	1,050,000	875,000	57,000,000	81,875,000

Notes:

1. Chairman of the Board of Directors
2. Chairman of the Audit Committee
3. Chairman of the Governance and Nomination Committee
4. Chairman of the Remuneration Committee
5. Chairman of the CSR Committee for Sustainable Development

* The directors' bonus paid in 2012 consisted of the bonus payment based on the final dividend of the year 2011 paid to shareholders on April 26, 2012 and the interim dividend of the year 2012 paid on August 23, 2012 as represented in the item of "Administrative expenses" on the consolidated statements of income, page 102.

- The CSR Committee for Sustainable Development : no remuneration determined.

5.5 Internal Control and Audit System

1. Internal Control

SCG attaches enormous significance to internal control by stipulating that the Audit Committee is accountable for the review of internal control systems to ensure they are sufficient and appropriate for the Company's business operations. To that effect, the Company uses internal control systems that have been upgraded to comply with the COSO-ERM Framework, the internationally accepted standards on enterprise risk management (ERM) developed by the Committee of Sponsoring Organization of the Treadway Commission (COSO), as a management tool to consolidate the risk management process and internal control efforts. This corresponds to SCG's business operations and the eight components of its enterprise risk management – internal environment, objective setting, risk

factor identification, risk assessment, risk response control activities, information and communications and monitoring. Moreover, the Company has implemented control self assessment (CSA), allowing employees to use CSA as a management tool in their work. SCG has developed this tool into an "e-CSA," which enables the persons in charge to fully monitor and follow up work under their responsibility, and to promptly solve any problems that might arise.

In 2012, SCG built upon these approaches by developing a "Business Self Audit" concept that assigns the staff within a business unit to monitor the evaluation of risks and control self assessment throughout the entire business process or "value chain." The value chain is the sequence of primary and support activities that SCG performs to turn inputs into value added outputs for its customers. Auditing with a focus on the value chain helps SCG comprehensively

identify risks, controls and warning signs and develop reports that accurately monitor the entire business process starting from procurement of raw materials until delivery of finished products to customers.

SCG also streamlined various work systems to ensure the efficiency and effectiveness of the control system and to promote sustainable development. The main efforts included:

1.1 Raising employees' awareness about defining preventive measures

Realizing the importance of defining preventive measures whose success depends upon human resources and the internal control system, SCG promotes understanding about good corporate governance and instills ethical values into employees at all levels, starting from the first day of employment. Beyond the Company's orientation program for new hires, all employees undergo continual training and workshops on corporate governance and the Company's Code of Conduct. Throughout this process of education and training, members of the Board of Directors and the Management act as role models. SCG also develops fraud prevention manuals and guidelines for all business functions to promote employees' understanding and awareness of high standards of ethics in performing their duties. To allow employees to report non-compliance with rules, regulations and laws or fraudulent acts through the whistleblower system where there is sufficient evidence of a fraudulent act, the Company appoints an investigation committee in order to ensure fairness to all concerned parties. Each instance of fraud is documented for use in defining preventive measures and coaching as a case study. In 2012, SCG set forth clearer advisory guidelines for determining the penalties and disciplinary actions for any act that violates the lawful duty of an employee or any fraudulent act committed against the Company, to ensure equity and consistency in the imposition of discipline for employees at all levels.

1.2 Developing control self assessment (CSA) systems

SCG has implemented control self assessment (CSA) systems in the operations of various functions. The Company has consistently

succeeded in ensuring that the CSA encompasses the key performance indicators (KPI) as well as the key internal controls of each business unit and corresponds to the changing economic situation. In 2012, to further develop the CSA systems, the Company organized a workshop attended by managing directors and employees at the levels of manager and supervisor. Paying close attention to the corporate value chain, the participants collaborated in assessing risks, internal controls, and key risk indicators/warning signals to gain deeper insights into them. The workshop results were used to prepare the Business Self Audit Guidelines for use by the Self Audit Team in carrying out the control self assessment within each business unit, with continuous monitoring according to the readiness of each company.

1.3 Developing continuous monitoring and continuous auditing systems for the business units

An efficient internal control system requires proactive preventive practices. With that in mind, the Company has developed continuous monitoring and continuous auditing systems for use as mechanisms to analyze and report potential fraud risks to the persons in charge, allowing problems to be tracked or promptly fixed.

2. Internal Audit

The Audit Committee supervises the Internal Audit Office to ensure that it works with independence, integrity and proper ethics under the Internal 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 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 ever-changing business environment. This enables employees at all levels to perform their duties efficiently and effectively. In 2012, these efforts included:

2.1 Enhancing audits to create high value services

The Internal Audit Office is committed to enhancing audits to create high value services in a sustainable and continuous manner. The Office provides assurance service and consulting service independently and fairly to add value and enhance SCG's operating

performance. The high value services are as follows:

2.1.1 Implemented integrated audit by setting up a team dedicated to auditing special projects with high risks. The team, comprising IT auditors and functional auditors, worked collaboratively to assess risks and make suggestions on consolidating the work process, using IT to enhance audit efficiency and monitor any irregularities in the process of work.

2.1.2 Performed proactive preventive audit by using shortcomings identified from operations to develop an appropriate system and to provide lessons learned for other functions, companies or business units. In 2012, the Internal Audit Office prepared guidelines for managers to use in any processes for which they are responsible that involve the top three high-risk operations: organization of promotional activities, reimbursement, and procurement. In addition, the Office reported the results of a computer audit identifying weak spots in the system and/or the system control and security. The Office made suggestions on how to ensure efficient IT management.

2.1.3 Focused on providing consultancy to each company. To do so, the Internal Audit Office provided information and suggestions on correct 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 to be improved. After the consultation, the Office followed up on these recommendations, in order to prevent mistakes from recurring.

2.2 Enhancing audits to achieve Internal Audit Global Excellence

In line with SCG's goal to improve its internal audit to achieve Internal Audit Global Excellence by 2014, the Company began execution of an upgrade plan in 2009. In 2012, the three main enhancement efforts included:

2.2.1 Studying international internal control and auditing standards and practices encompassing business unit and

information system auditing. Examples include the international standards for the professional practice of internal auditing of IIA, ISACA standards and COSO-ERM. The objectives were to identify performance gaps and potential improvements and apply the audit practices appropriate for SCG and in accordance with the international standards/practices.

2.2.2 Streamlining the risk-based audit planning model to support integration between business unit audit and IT audit.

2.2.3 Assessing readiness for quality assurance review (QAR) and created an internal assessment plan by the Internal Audit Office itself.

2.3 Developing auditors' competencies

To enhance internal auditors' competency and to ensure that the Company's process-flow auditing can handle risk assessment as well as proactive preventive audit and on-site audit effectively as SCG adds new subsidiaries both in Thailand and overseas, the Internal Audit Office focused on providing constant training and equipping internal auditors with new professional skills and business knowledge. In addition, the Office encouraged internal auditors to attain major international audit certifications. These systematic knowledge management efforts were concentrated in four areas:

2.3.1 Internal audit global knowledge

- Kept track of best practices in good governance, risk management and internal control among leading audit firms both in Thailand and abroad and applied appropriate practices in line with the nature of SCG's business.
- Encouraged the internal auditors to develop and undergo training continuously both in Thailand and overseas so they are equipped with knowledge, competence and expertise in internal auditing as well as other skills needed by SCG.
- Stimulated and supported the internal auditors to develop their skills so as to become qualified as certified internal auditors or to attain other related professional certifications.

2.3.2 Business knowledge

- Enhanced the internal auditors' business acumen by inviting experts in each business unit to give presentations sharing their knowledge about business and major changes in business, thereby empowering the internal auditors to better assess risks and to provide practical consultancy.
- Set up a policy to recruit the internal auditors by transferring employees with knowledge and expertise in operations from other departments and sending them out to learn more about other parts of the company.
- Organized activities to share interesting issues or material findings in audit work on a regular basis.

2.3.3 IT knowledge

- Adopted IT knowledge in audit work throughout the process and defined red-flag warnings to alert auditors to material risks to business operations.
- Supported auditors' capacity development, enabling them to possess audit knowledge, skills and competency of international standards as well as to provide advice on IT management at an international standard.

2.3.4 Participation in 2012 Asian Confederation of Institutes of Internal Auditors Conference - ACIIA Bangkok 2012.

SCG auditors joined a conference in Bangkok that provided opportunities to gain fresh knowledge in internal control, risk management and internal audit as well as to exchange views and develop relationships with internal auditors from many other Asian countries.

risks that are more complicated and more difficult to estimate than previously. As SCG continues to expand investments, both in Thailand and abroad, the Company faces a greater challenge in needing to evaluate impacts and likelihood more cautiously, more frequently and more complicatedly. Given such conditions, SCG has established the risk management unit reporting directly to Vice President-Finance and Investment & CFO in 2012 to better review policies, processes and data storage management of SCG, its subsidiaries and business units in Thailand and abroad to ensure that they can handle risks and fast-changing business environments efficiently. The SCG Risk Management Structure is illustrated in the Company's Sustainability Report 2012.

Board of Directors

The Board of Directors lays out risk management policies and oversees risk management process and practice of both domestic and overseas units. The Audit Committee evaluates the risk management to ensure that it is efficient, effective and compliant with the set guidelines.

CSR Committee for Sustainable Development

The CSR Committee for Sustainable Development oversees risk management for SCG's corporate social responsibility efforts by:

1. Laying out policies and guidelines for organizing CSR activities for sustainable development.
2. Proposing annual budgets for operating CSR projects for sustainable development.
3. Monitoring the performance and reporting to the Board of Directors.

The Management

SCG's management is in charge of the risk management process, which starts with identifying business objectives and evaluating risks for the medium-term and annual plans of SCG and each business unit. The process also involves laying out strategies, monitoring and managing risks to an acceptable level. The management is also responsible for disseminating policies and providing guidelines for analyzing and setting strategies to the Business Unit Management Committee and other relevant functions. More importantly, the management's role is to integrate risk management processes into business operations to empower SCG to meet the challenge of risks promptly and appropriately at both strategic and operational levels and in line with SCG's diverse range of businesses. SCG's risk management processes are structured as follows:

5.6 Risk Management

Risk management is a key process that facilitates SCG's attainment of its corporate objectives and goals while adding value to the corporation and thereby benefiting shareholders, stakeholders and SCG's sustainable growth.

SCG Risk Management Structure and Responsibilities

SCG continuously improves its risk management structure and capabilities in response to fast-emerging

1. Risk Management at the Corporate Level

The risk management at the corporate level consists of top executives from every business unit who collectively set directions, policies, goals and strategies for managing risks that may affect SCG's domestic and overseas business operations materially and extensively. To serve these objectives, SCG has established various committees and working groups, each assigned to take charge of specific areas to ensure autonomous management and close monitoring of risk situations. Some of the theme-specific committees are:

- 1.1 The SCG Risk Management Team monitors risks and potential impacts on the overall operation, lays out policies and strategies, and monitors results and performance of risk management.
- 1.2 The SCG Sustainable Development Committee defines policies and guidelines for sustainable development in the areas of safety, occupational health, environment, community and social responsibility on par with international standards while setting an example at the national level. The Committee also monitors various indicators and reports to the SCG management and the Board of Directors.
- 1.3 The SCG Crisis Management Committee consists of the SCG management members who are assigned the duty to lay out policies and strategies and make decisions on how to handle crises that affect, legally and otherwise, business operations and corporate image. The Committee also cooperates with external parties to support handling of such crises and updates information on these situations to the Board of Directors.
- 1.4 The SCG Financial Committee manages financial risks in the following ways:
 - Defining structures and types of long-term and short-term loans and interest rates.
 - Laying out policies and guidelines for managing financial risks and foreign exchange rate risks in relation to investment transactions, loans, deposits and international trading.
 - Setting up policies and overseeing financial derivative management and cash management.
 - Reporting to the SCG management and the Board of Directors.
- 1.5 The Commodity Hedging Price Risk Management Committee proposes policies, guidelines and strategies for managing risks from higher or volatile prices of major raw materials and fuels used in manufacturing processes to the SCG management and the Board of Directors to manage costs and enhance competitiveness in the global market.
- 1.6 The Business Continuity Management and IT Strategy Unit is in charge of managing business disruption risks by:
 - Laying out policies and guidelines for managing business continuity
 - Laying out measures to prevent business-disruption risks caused by natural disasters or unforeseen incidents, and defining approaches for mitigating impacts of such risks.
 - Laying out policies and guidelines for IT risk management, such as policy regarding employee access to social media in order to prevent information leaks.
 - Laying out measures to prevent risks from any business disruption that might result from such factors such as IT system failure, and defining disaster recovery plans for IT systems, data and IT infrastructure.

2. Risk Management at the Business Unit Level

SCG consists of business units in a diverse range of industries with different characteristics and working environments. Thus, to ensure that risk management of each business unit is efficient and can cope with its own specific risks in a timely and proper manner, SCG has established business unit risk management teams. Each of these teams comprises executive officers of each company within each business unit. They are responsible for assessing risks, setting up risk management strategies, monitoring and controlling results of risk management, identifying risk owners and reporting to SCG management. The strategic planning office of each business unit acts as the unit "data and information center" and coordinates with other committees and working groups at corporate level or across business units.

The SCG Risk Management Process Business Risk Management

SCG Risk Management Process has been designed to help the Company adjust to fast-changing business

environments in a timely manner, take prompt action on issues before situations get worse, and exploit risks. The process can be divided into two parts as follows:

1. Risk Management Process at Corporate Level

The risk management process at corporate level considers risks with material and widespread impacts on businesses. The process involves key actions such as:

- 1.1. Establishing working groups/committees to take charge of specific issues. Their role is to define directions, policies, goals and strategies for managing risks that may cause material and extensive impacts on SCG business operations.
- 1.2. Performing scenario and sensitivity analyses to assess risks and severity of impacts and to develop response measures in case of global economic crises that could affect SCG business goals, both in Thailand and other countries where SCG invests. For example, the possibility of European Union collapse, political tensions in the Middle East, marine territory conflicts between China and Japan, and China's economic policymaking.
- 1.3. Managing core business portfolios appropriately to diversify risks and reduce volatility of financial returns. For this purpose, various tools are deployed such as the Boston Consulting Group Matrix, or BCG Matrix, to assess competitiveness and market attractiveness. For instance, after the Asian financial crisis that began in 1997, SCG underwent a major business restructuring, shifting its focus to core businesses in which SCG has core competencies or expertises and ceasing operation of some non-core businesses. The measure aimed to increase flexibility and management efficiency in line with competitive business environments. Thus emerged the SCG's five core business units as they stand today.

In managing its business portfolios during the next five years (2013-2017), SCG will focus investment on the cement business, building materials business and distribution business, all of which are expected to benefit from growth of the construction sector throughout ASEAN.

2. Specific Risks of Each Business Unit

By taking into account environmental risks, process risks and information for decision-making risks, the SCG Risk Management Process can address and manage major business risks efficiently. The process involves the following actions:

- 2.1. The business unit strategic planning offices set up directions and goals of business operations in line with SCG's vision and policies.
- 2.2. The business unit risk management teams evaluate and identify important risks that could obstruct the operations toward its goals.
- 2.3. Analyzing risks and developing a risk analysis document (RAD) to outline definitions, indicators and basis for assessing important risks and establish a common language.
- 2.4. Assessing likelihood, impacts and manageability in accordance with the set basis, using the business unit database, statistical analysis, scenario analysis and benchmarking.
- 2.5. Assessing levels of importance via a "risk map" and risk management status via a "control map".
- 2.6. Laying out strategies or measures for managing risks to an acceptable level.
- 2.7. Monitoring implementation and results of risk strategies or measures.
- 2.8. Improving risk management capabilities and tools on a continuing basis.

The SCG Risk Management Process described above is part of the SCG Risk Management Manual, which provides guidelines and promotes mutual understanding among all concerned parties.

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

SCG business operations are exposed to three major types of risks as follows:

1. Economic risks: These include global economic volatility, fluctuation of fuel and raw material prices, fluctuation of foreign exchange rates, competition and integration of ASEAN Economic Community (AEC), foreign investment projects, financing investment, and supply chain risk.
2. Social risks: These include reputation risk, changing consumer behavior, occupational health and safety, human resources management and competency development in support of future growth.

3. Environmental risks: These include industrial waste, greenhouse gas, water resource management, biodiversity, climate change, and environmental impacts from office building.

Details of such key risks and management strategies are as follows:

1. Economic Risks

1.1. Risks arising from global crises or major incidents in countries where SCG invests (cross-border risks)

SCG monitored global crises regularly to analyze and assess risks that could affect business operations. This included assessment of country risks by considering socio-economic factors, legal and tax systems, infrastructure availability, political issues and international conflicts. Scenario planning and sensitivity analysis were part of the process to analyze and assess impacts from the said potential incidents, and to subsequently lay out appropriate measures for managing risks, taking into account a cost-benefit analysis. The assessment results were also useful in the analysis, consideration and management of new investment projects.

1.2 Fluctuation of fuel and major raw material prices

1.2.1 Coal is a primary fuel for production of cement and paper. In 2012, coal prices declined continually. The average Newcastle coal price was 97 USD, dropping approximately 25 USD per ton, or a 20% decline from the previous year. The price drop was due to increasing coal supplies in major export countries such as Australia and Indonesia and surplus supply from domestic use in the US. In addition, international demand shrank in parallel to economic slowdowns in China and around the world. However, in the longer term, coal prices are likely to rise because of surplus reduction and higher demand in response to China's economic stimulus and recovery of the global economy. Consequently, higher costs can be expected in production of cement and paper.

Given such conditions, SCG has taken several response measures. For example,

increasing the use of alternative fuels, exploring new sources of energy, entering into long-term purchase contracts, hedging prices to mitigate price-fluctuation risk, purchasing at spot price when coal prices decline significantly, and investing in efficient energy generation and consumption projects such as the waste heat power generator (WHG) project which reuses waste heat from cement production.

1.2.2 Price fluctuation of raw materials and products in the global market

The average Naphtha and HDPE plastic resin prices were 943 USD and 1,379 USD per ton, close to the 2011 average. Meanwhile, the average price of PP plastic resin was 1,445 USD per ton, dropping by 141 USD per ton from 2011 due to high volatility in the world economy, especially in Europe and the US. This resulted in a smaller margin between the prices of products and raw materials.

SCG managed costs of raw materials by hedging purchase prices of Naphtha at an acceptable level, controlling purchase volume in appropriate response to market conditions and product purchase orders. On the sales side, SCG maintained profit margins between raw material prices and sales prices by accelerating forward selling, pushing sales in foreign markets that offered better yields, conducting research and development of high value added products and services on a continuing basis based on customer wants, and maintaining market share in countries having strategic customers.

1.2.3 Waste paper is a major raw material in

the production process of SCG Paper. In 2012, the average waste paper price decreased from 260 USD to 220 USD per ton compared with the previous year. The economic downturns in Europe and the USA forced the industrial sector in China to reduce production capacities. As a result, the global demand for waste paper declined. Within Thailand, the selling prices of kraft paper remained relatively

stable or rose occasionally thanks to economic recovery after the nationwide floods of 2011. SCG Paper managed, monitored and made profits from the margins between waste paper costs and selling prices of kraft paper. SCG Paper continued, however, to monitor and assess impacts because both the volume and the prices of waste paper are likely to increase thanks to growing positive trends in the global economy.

SCG Paper manages risks by monitoring economic trends, the volume and prices of raw materials, and keeping a close watch on the purchasing behavior of major manufacturers in the global market to seek opportunities to purchase waste paper at spot prices and maintain warehouse stock at an appropriate level. The company also considered selling trends before making decisions to increase or reduce raw material purchasing volumes or storage levels. Additional sources were sought by purchasing waste paper directly from users and increasing points of purchase and bailing plants, both locally and internationally. These efforts ran concurrently with SCG's improvement of its manufacturing process efficiency to reduce costs and increase local waste paper use, which in turn helped to reduce dependency on imports and impacts from the fluctuation of prices and demand in the world market.

1.3 Fluctuation of foreign exchange rates

Fluctuation of foreign exchange rates poses a major risk to SCG's business operations, including investment in businesses overseas. SCG has appointed the SCG Financial Committee to lay out financial policies for SCG companies and ensure that their separate financial managements proceed in the same direction. Such policies include elimination of foreign exchange risks. The SCG Financial Committee holds monthly meetings to monitor economic and financial situations, to assess risks and impacts of foreign exchange rates, and to design response measures in a timely and proper manner.

1.4 Competition and integration of ASEAN Economic Community (AEC)

The launch of the ASEAN Economic Community in 2015 – an alliance comprising 10 countries, namely, Myanmar, Laos, Vietnam, Malaysia, Singapore, Indonesia, the Philippines, Cambodia, Brunei and Thailand – will bring about both risks and opportunities for business undertakings. SCG has therefore prepared response measures to prevent damage and at the same time take advantage of mutual manufacturing bases, the expanding regional market and Thailand's strategic location in the middle of ASEAN.

In 2012, Thailand's ceramic tiles market was affected by cheaper imports. The free trade that will begin upon the launch of the AEC will generate tougher competition in terms of price and quality. To cope with this risk, SCG expedited development of product designs and functions to differentiate its position and add value to products. It also focused on building the SCG brand as the regional leader in building-materials innovation through various trade shows in Thailand and abroad. In addition, SCG is proceeding so as to benefit from the free investment zone and mutual production base once the AEC takes off in 2015. SCG Cement and SCG Building Materials continued to expand investments in foreign markets throughout 2012, opening more manufacturing plants in Indonesia and Vietnam to take advantage of cheaper labor and close proximity to natural resources. Meanwhile, SCG Distribution developed more distribution channels overseas in the form of SCG Authorized Dealers and sales offices, as well as through mergers and acquisitions.

In addition, the linkage of transport routes and the development of large-scale seaports in the region will transform Thailand into the regional transport hub thanks to its strategic location, as the central point between Vietnam, Cambodia and Myanmar. This means convenient sea transport through both the Indian Ocean and the Pacific Ocean. To capitalize on this positive development, SCG Distribution developed various land and sea transport models and entered into joint ventures with

strategic partners to develop transport management technology and provide transport services in foreign markets.

1.5 Foreign investment – specific risks in the countries where SCG invests

SCG continues to expand its investment in foreign markets, especially key ASEAN countries such as Indonesia, Vietnam, Myanmar, Cambodia and the Philippines. In parallel to such investment, SCG assesses and monitors country-specific risks, ranging from economic, social and political issues to international conflicts. Major issues in 2012 were the economic slowdown in Vietnam, and a decrease in purchasing power in the Philippines. There were also major mutual risks among ASEAN members such as the complexities of public-sector systems, legal and tax systems, corruption, infrastructure insufficiencies and shortages of skilled labor. Despite such challenges, SCG can still manage risks to an acceptable level by implementing several measures. For example, direct investment in infrastructure for its needs, fostering alliances with community leaders, offering aid incentives to employees, and establishing a Country Business Support Office in each country where SCG invests and Overseas Business Support Office to assist business operations in foreign markets.

1.6 Financing investment

SCG's increase in investments abroad, especially in the ASEAN market, requires a large amount of capital. SCG considered, in addition to operating cash flow, other sources of funding such as Baht and foreign currency-denominated debentures and loans from local and overseas banks. In any case, SCG managed to maintain appropriate financial ratios in its capital structure.

1.7 Supply chain risk

The supply chain is an essential process in business operations and can become a key success factor if managed well. SCG thus gave priority to assessment of supply chain risks and presented the results in the Company's Sustainability Report 2012.

2. Social risks

2.1 Reputation risk

Reputation and corporate image are critical risk factors because they have potential to cause rapid and severe impacts, on both a short- and long-term basis, with damaging effects that might surpass what could be measured in financial terms. For 100 years, social responsibility has been an important part of SCG's mission, as seen in the Company's various support projects for social causes throughout Thailand and in the countries where SCG invests. For example, the SCG Conserving Water for Tomorrow project, which SCG collaborated with communities to construct check dams to alleviate water shortage problems during dry season and flooding during rainy season. Other major social projects include: the Thailand Rescue Robot Championship, which Thai youth has won in world championship for six consecutive years; the Thailand Robot@Home Championship, smart serviced robot; the SCG Badminton Academy to promote and improve skills of Thai badminton players to be on a par with international standards, and also organize badminton tournaments in the youth, national and international categories; the SCG Sharing the Dream Scholarships for students in Thailand, Indonesia, Vietnam, the Philippines, Myanmar and Laos; and the Sharing Opportunities, Drawing the Future project to promote team efforts of SCG employees in designing and running social benefit programs. Such firm and continued dedication to social responsibility has strengthened the good reputation and image of SCG. The Company's social responsibility efforts have generated strong public trust and mitigated the impacts of crises. SCG has also established issue-specific measures for managing social risks. Below are some of the key factors in reputation risk and how SCG approaches them:

2.1.1 Handling complaints and community relationships

SCG realizes that if society weakens or communities falter, so will businesses. Social responsibility activities have therefore become an important part of

SCG's eco-friendly policies. For example, the Company has emphasized green manufacturing processes and practices as well as pollution emission control within legal limits or higher than required standards. However, complaints and community relationships remain major risk factors. SCG has therefore laid out policies and guidelines for organizing social activities that every SCG company located in Thailand and abroad must follow. The Company has initiated several measures and activities to promote mutual understanding and enhance good relationships with the communities around SCG plants in Thailand and overseas. Some examples are:

- Developing communication channels and methods to ensure accurate and prompt communication with the communities involved.
- Cooperating with peer operators to develop clean industries, improving the quality-of-life of residents in the provinces where SCG plants are located, and fostering community-bonding activities such as the Cement Partnership Initiative and the Community Partnership Association.
- Initiating the check dam project in watershed forests to build strong and sustainable communities, starting in Thailand's northern provinces e.g. Lampang and Chiang Mai, and the nation's eastern province e.g. Rayong. This project stimulates community awareness of sustainable environmental preservation and provides the participating communities with self-reliant management skills. Together, SCG and the participating communities have already built more than 50,000 check dams.
- In the Philippines, cooperating with the Gawad Kalinga charitable organization to build shelters for the underprivileged, organizing volunteer programs for the same purpose, and also building check dams there since 2007.

- Granting more than 5,000 scholarships annually under the SCG Sharing the Dream program to ASEAN students in Thailand, Indonesia, Vietnam, the Philippines, Myanmar and Laos. The recipients must have not only good academic records but also high moral standards, especially gratitude toward their parents.

2.1.2 Stakeholder engagement

For 100 years, building and maintaining good relationships with stakeholders has been a key success factor for SCG. In other words, stakeholders, either within the Company and outside it, can either impose risks or support the value-adding and sustainable growth of SCG by rendering support and cooperation. Their misunderstanding of company objectives and operational practice could tarnish SCG's reputation or even lead to opposition and public protest. Such issues could slow down operations and inflate costs. In times of crisis, good stakeholder relationships help to maintain public trust and mitigate impacts on the Company. SCG has laid out guidelines for managing stakeholder-relation risks as follows:

- Identifying stakeholders - accurately and clearly identifying persons or groups of persons who could be affected by company operations and who could influence company operations
- Categorizing internal and external stakeholders into 12 groups: (1) shareholders, (2) employees, (3) customers, (4) suppliers, (5) business partners, (6) joint venture partners, (7) creditors, (8) community, (9) governmental agencies, (10) media, (11) competitors, and (12) civil society sector, academia and opinion leaders.
- Establishing policies in writing and reviewing SCG's official guidelines for management and employees to follow in communicating with each stakeholder group.

- Conducting a reputation and image survey annually.
- Assessing and reviewing expectations, risk attitudes, behaviors and contributions of stakeholders periodically through such channels as opinion panels to ensure prompt responsiveness to stakeholders' wants.
- Communicating and promoting mutual understanding with every stakeholder group on a continuing basis.

2.1.3 Communications

Communication is another risk factor that has potential to affect corporate reputation. To prevent dissemination of misleading and inaccurate information, especially in any times of crisis, and to ensure that the Company's official communications establish a proper and prompt response to any situation of concern, SCG has established a formal communication flow procedure that identifies procedure and steps for distributing news releases, key persons to be informed immediately and spokespersons and key communicators for different target groups. The procedure also clarifies the scope of information to be disseminated.

2.2 Changing consumer behavior – the “go green” behavior

Consumers today show an increasing preference for eco-friendly products. In response, SCG has stepped up its efforts on research and development of environmentally friendly products and services, covering the whole product cycle, from procuring environmentally materials (green-labelled materials) to implementing green processes and manufacturing green products. In 2012, SCG's revenue from sales of high value added products and services accounted for 34 percent of total sales, and SCG eco value products generated 14 of total revenue from sales.

2.3 Occupational health and safety

Believing that “human resources are a key business driver and most valuable factor,” SCG places a high priority on the health and safety of its employees and business partners,

implementing several proactive and preventive measures against potential harm that might be caused by machinery, factories, work stations or working procedures, such as:

- Designating safety performance as a key performance indicator to be monitored and reported to the Business Unit Management Committee and the SCG Management Committee on a monthly basis;
- Instructing all units to establish safety plans and review them regularly in response to their working environments;
- Analyzing unsafe working behaviors, surveying safety risk points and danger zones, inspecting working conditions and how light, noise and dust could affect employees' health to design preventive or solution measures;
- Developing work safety manuals;
- Promoting safety knowledge and understanding among employees, business partners and third parties.

2.4 Human resource management and competency development in support of future growth

SCG considers risks related to human resource management and development of personnel capabilities to support future growth and in anticipation of free labor markets that will begin upon the launch of the AEC. Under this change, skilled Thai workers may be attracted to other ASEAN markets or workers from elsewhere in ASEAN may come to Thailand. This could affect SCG's efforts to attract and retain talented and competent employees at SCG. SCG has published details of the Company's human resource risk management in the SCG Sustainability Report 2012.

3. **Environmental Risks**

Increasingly, environmental problems are causing more severe and widespread impacts. As a good corporate citizen, SCG places a high priority on environmental management in the following key areas:

- #### 3.1 Industrial waste management: SCG has put in place policies for managing waste from production processes which include controlling emissions of chemical waste, dust, odors and noise at above standards stipulated in laws or

regulations, and developing industrial waste management processes. For example, recycling materials from various industries such as gasoline, solvents, rubber, and plastic scraps as fuel for high-temperature cement furnaces. This not only generates heat for the cement production process but also provides alternative raw materials and fuels for cement production without causing environmental problems or affecting cement quality. In 2012, SCI Eco Services Co., Ltd. received ISO 14001:2004 Environmental Management Certification for generating alternative fuels from waste chemicals and used materials. Besides, SCG reduced the use of landfill to eliminate waste from production processes, as part of the Company's continuing effort toward its goal of zero waste for landfill.

- 3.2 Greenhouse gas reduction: Greenhouse gases have significant impacts on climate change and contribute to global warming. SCG targets a 10 percent reduction of greenhouse gases emission by the year 2020 from the base year 2007. The long-term measures begin with a systematic inventory of greenhouse gases to be used as fundamental data for practical reduction and study, and developing alternative fuel technology and energy-efficient machinery.

SCG Cement contributed to the reduction of greenhouse gases caused by electricity consumption by using waste heat from the cement production process to generate power with its waste heat power generator. The Company also reduced greenhouse gases by replacing coal with biomass in the production process. As a result, SCG Cement earned 30 Million Baht from carbon credit sales in 2012, which contributed to lower production costs.

In addition to greenhouse gases reduction, SCG managed risks related to water resources, biodiversity and climate change as described in the SCG Sustainability Report 2012.

- 3.3 Energy saving and green building renovation
As Thailand's leader in the building materials business, SCG is committed to developing eco-friendly products. In 2012, SCG became ASEAN's first organization to meet the top level of the Leadership in Energy and Environmental Design for Existing Building: Operations &

Maintenance (LEED EB: OM platinum level) from the U.S. Green Building Council (USGBC). The criteria for LEED consideration include the use of building materials that reduce, or do not cause, negative impacts on humans and the environment; efficient use of natural resources, both energy and water; waste reduction management; and design innovation.

The LEED certification demonstrates SCG's dedication to environmental protection. Consumers, consequently, have more confidence in SCG eco-friendly products. To build on this achievement, SCG could expand its business line to include construction consulting services, specializing in energy-saving and green buildings. This also enhances SCG image as the leader in eco-friendly products and services.

The Structure of Top Executives

5.7 Top Executives (As at January 1, 2013)

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. Tanawong Areeratchakul
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. Pichit Maipoom
President, SCG Cement
8. Mr. Aree Chavalitcheewingul
President, SCG Building Materials
9. Mr. Kajohndet Sangsuban
President, SCG Distribution

5.8 Policy on Top Executives Holding Directorship in Organizations Outside SCG

The Board of Directors has set a policy that allows top 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]

5.9 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.

5.10 Top Executive Remuneration

The total remuneration for ten executives in the form of salaries, bonuses, variable pay and others amounted to 181,850,100 Baht. For 2012, the Company made contributions of 11,319,300 Baht to the provident fund for the executives, because they are employees of the Company.

1. The remuneration for the directors and top executives of subsidiaries, which are SCG's core businesses (As at the year ended December 31, 2012)

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, 2012 in each business are listed here:

SCG Chemicals Co., Ltd.

Mr. Kan Trakulhoon*
 Mr. Chaovalit Ekabut
 Mr. Aree Chavalitcheewingul
 Mr. Somchai Wangwattanapanich
 Mr. Roongrote Rangsiyopash
 Mr. Cholanat Yanaranop**

SCG Paper Public Company Limited

Mr. Kan Trakulhoon*
 Mr. Kajohndet Sangsuban
 Mr. Somchai Wangwattanapanich
 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. Aree Chavalitcheewingul
 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 top executives of subsidiaries that are core businesses of SCG

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

Details of compensation are as follows:

Subsidiaries that are core businesses	Number of top executives	Total remuneration in the form of money (Baht)	Other compensation (Baht)
1. SCG Chemicals Co., Ltd.	7	29,950,900	2,002,000
2. SCG Paper Public Company Limited	7	30,753,500	2,137,600
3. SCG Cement Co., Ltd.	7	44,138,600	2,945,600
4. SCG Building Materials Co., Ltd.	7	31,011,900	2,124,700
5. SCG Distribution Co., Ltd.	6	21,099,400	1,488,300

Note: The number of top executives, and the remuneration for the above-mentioned top 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 52 of the 2012 Annual Report.

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 Texlore 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 PT TPC Indo Plastic & Chemicals	PVC	Indonesia
16 Rayong Pipeline Co., Ltd.	Rights of way, and use	Rayong
17 Thai Plastic and Chemicals Public Company Limited	PVC	Bangkok
18 TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok
19 The Nawaplastic Industries (Saraburi) Co., Ltd.	PVC pipe and fittings	Bangkok
20 Nawa Plastic Industries Co., Ltd.	PVC pipe and PVC products	Bangkok
21 Nawa Intertech Co., Ltd.	Molding products	Rayong
22 Chemtech Co., Ltd.	Plastic compound	Vietnam
23 Total Plant Service Co., Ltd.	Holding company	Rayong
24 Map Ta Phut Tank Terminal Co., Ltd.	Warehouse and transportation service	Rayong
25 Minh Thai House Component Co., Ltd.	PVC doors and windows	Vietnam
26 Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
27 Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
28 Rayong Olefins (Singapore) Pte. Ltd.	Raw materials procurement	Singapore
29 Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
30 Alliance Petrochemical Investment (Singapore) Pte. Ltd.	Holding company	Singapore

* Directly and indirectly holding through the Company, subsidiaries, associates, jointly-controlled entity and other companies.

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

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

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-4762	66-2586-5561	Ordinary shares	344	32,277	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
(6231) 3952-9458	(6231) 395-2944	Ordinary shares	0.03	1,020	96	96
66-3893-7065	66-3803-5381	Ordinary shares	4	200	92	92
66-2676-6000	66-2676-6077	Ordinary shares	875	875	91	91
66-2676-6200	66-2676-6206	Ordinary shares	2	333	91	91
66-2586-3930-5	66-2586-4305	Ordinary shares	4	400	91	91
66-2586-3930-5	66-2586-2444	Ordinary shares	4	426	91	91
66-3889-2190	66-3889-2244	Ordinary shares	0.4	40	91	91
(84650) 3784-992	(84650) 3784-993	**	-	103	91	91
66-3868-7320-3	66-3892-5299	Ordinary shares	12	1,180	91	91
66-3868-9471-2	66-3891-1955	Ordinary shares	7	700	82	82
(848) 3754-2989	(848) 3844-6073	**	-	36	73	73
66-3893-7000	66-3891-5310	Ordinary shares	297	29,700	55	67
66-3868-5040-8	66-3868-5036	Ordinary shares	122	12,200	50	67
(65) 6297-9661	-	Ordinary shares	0.02	0.5	67	67
(84650) 3710-993	(84650) 3740-065	**	-	75	66	66
(65) 6221-5318	-	Ordinary shares	46	1,881	65	65

31	Name	Principal Business / Products	Location (Head Office / Factory)
	TPC Vina Plastic and Chemicals Corporation Ltd.	PVC	Vietnam
	32 Siam Stabilizers and Chemicals Co., Ltd.	Stabizer	Rayong
	33 Flowlab & Service Co., Ltd.	Calibration service	Rayong
Associates, Jointly-controlled entity and Other Companies			
	34 SCG Plastics (China) Co., Limited	Trading	Hong Kong
	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 Thai MMA Co., Ltd.	Raw materials for acrylic	Rayong
	44 Grand Siam Composites Co., Ltd.	Polypropylene compound	Rayong
	45 Thai MFC Co., Ltd.	Melamine compound	Rayong
	46 Siam Tohcello Co., Ltd.	Raw materials for packaging film	Rayong
	47 Long Son Petrochemicals Co., Ltd.	Raw materials for plastic resins Polyethylene and polypropylene	Vietnam
	48 Mehr Petrochemical Company (P.J.S.C.)	Polyethylene (HDPE)	Iran
	49 PT Trans-Pacific Polyethylene Indonesia	Polyethylene (LDPE)	Indonesia
	50 PT Trans-Pacific Polyethylindo	Polyethylene (HDPE)	Indonesia
	51 Nawacam Co., Ltd.	PVC pipe and fittings	Cambodia
	52 Riken (Thailand) Co., Ltd.	PVC compound	Bangkok
	53 PT Chandra Asri Petrochemical Tbk	Raw materials for plastic resins Polyethylene and polypropylene	Indonesia
	54 Bangkok Synthetics Co., Ltd.	Raw materials for synthetic rubber	Bangkok
	55 GTC Technology US, LLC	Chemical technology licensing	USA
	56 GTC Technology International, LP	Chemical technology licensing	USA
	57 Tien Phong Plastics Joint Stock Company	PVC pipe	Vietnam
	58 PT Trans-Pacific Petrochemical Indotama	Raw materials for aromatics	Indonesia
	59 Thai PET Resin Co., Ltd.	PET resins	Rayong
	60 Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound	China
	61 Binh Minh Plastics Joint Stock Company	PVC pipe	Vietnam
	62 PT Srithai Maspion Indonesia	Melamine compound	Indonesia

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(848) 3823-4730	(848) 3823-4725	**	-	1,013	63	63
66-3868-3451-3	66-3868-3449	Ordinary shares	190	190	54	54
66-3891-1321-2	66-3891-1381	Ordinary shares	0.02	4	51	51
(852) 2544-9991	(852) 2544-9992	Ordinary shares	0.1	4	58	58
66-3868-5100	66-2586-5285	Ordinary shares	48	4,800	49	50
66-3868-3215-6	66-3868-3991	Ordinary shares	48	4,755	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	59	5,789	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	45	4,455	49	50
66-3868-3215-6	66-3868-3991	Ordinary shares	10	995	50	50
66-3868-9471-2	66-2586-6220	Ordinary shares	14	1,325	-	50
(6231) 395-2945-8	-	Ordinary shares	0.01	327	50	50
66-2365-7000	66-3868-3991	Ordinary shares	0.8	78	50	50
66-3868-5040-8	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
66-2586-1293	66-2586-2086	Ordinary shares	0.6	444	45	45
(848) 3825-7226	(848) 3825-7268	**	-	1,646	44	44
(9821) 8850-0641	(9821) 8805-0642	Ordinary shares	0.03	1,335	39	39
(6221) 574-5880	-	Ordinary shares	0.2	472	39	39
(6221) 574-5880	-	Ordinary shares	0.07	337	39	39
(85523) 882-072	(85523) 885-172	Ordinary shares	0.02	7	36	36
66-2501-1054	66-2501-1198	Ordinary shares	1	120	32	32
(6221) 530-7950	(6221) 530-8930	Ordinary shares	3,066	10,629	30	30
66-2679-5120	66-2679-5119	Ordinary shares	12	1,173	26	26
66-2586-4444	-	Ordinary shares	0.2	102	25	25
66-2586-4444	-	Ordinary shares	13	191	25	25
(843) 1385-2073	(843) 1364-0133	Ordinary shares	43	650	21	21
(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	15	596	20	20
(848) 3969-0973	(848) 3960-6814	Ordinary shares	35	525	19	19
(6231) 891-3630	-	Ordinary shares	0.01	118	10	10

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

* Directly and indirectly holding through the Company, subsidiaries, associates, jointly-controlled entity 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)
(6221) 574-5880	-	Ordinary shares	0.07	220	10	10
(6221) 574-5880	-	Ordinary shares	0.1	314	10	10
66-2586-3333	66-2586-2164	Ordinary shares	156	1,563	98	98
66-2586-3333	66-2586-2164	Ordinary shares	17	1,430	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			
(632) 870-0100	(632) 870-0409	Ordinary shares	0.1	1	98	98
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	0.03	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	14	1,384	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

Name	Principal Business / Products	Location (Head Office / Factory)
94 Vina Kraft Paper Co., Ltd.	Kraft paper	Vietnam
95 TCG Rengo Subang (M) Sdn. Bhd.	Corrugated boxes	Malaysia
96 TCG Rengo (S) Limited	Corrugated boxes	Singapore
97 New Asia Industries Co., Ltd.	Corrugated boxes	Vietnam
98 Alcamax Packaging (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
99 AP Packaging (Hanoi) Co., Ltd.	Corrugated boxes	Vietnam
100 Packamex (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
101 Tawana Container Co., Ltd.	Corrugated boxes	Samut Prakarn
102 Thai British Security Printing Public Company Limited	Securities document	Samut Prakarn
103 Thai British DPost Co., Ltd.	Digital printing	Samut Prakarn
Associates and Other Companies		
104 Siam Toppan Packaging Co., Ltd.	Offset-printed cartons	Samut Prakarn
105 Siam Nippon Industry Paper Co., Ltd.	Specialty paper	Bangkok
106 P&S Holdings Corporation	Holding company	Philippines
SCG Cement Subsidiaries		
107 SCG Cement Co., Ltd.	Holding company	Bangkok
108 The Concrete Products and Aggregate Co., Ltd.	Holding company and ready-mixed concrete	Bangkok
109 The Siam Cement (Kaeng Khoi) Co., Ltd.	Cement	Saraburi
110 The Siam Cement (Ta Luang) Co., Ltd.	Cement	Saraburi
111 The Siam Cement (Thung Song) Co., Ltd.	Cement	Nakorn Sri Thamaraj
112 The Siam Cement (Lampang) Co., Ltd.	Cement	Lampang
113 Siam Mortar Co., Ltd.	Dry mortar	Saraburi
114 The Siam White Cement Co., Ltd.	White cement	Saraburi
115 The Siam Refractory Industry Co., Ltd.	Refractory	Bangkok
116 Cementhai Energy Conservation Co., Ltd.	Energy service	Bangkok
117 Eco Plant Services Co., Ltd.	Technical services and plant installation	Saraburi
118 Siam Research and Innovation Co., Ltd.	Research and development	Saraburi
119 SCI Eco Services Co., Ltd.	Industrial waste disposal	Nonthaburi
120 PT Pion Quarry Nusantara	Quarry	Indonesia
121 PT SCG Pipe and Precast Indonesia	Concrete products	Indonesia
122 PT Semen Lebak	Cement	Indonesia
123 PT SCG Readymix Indonesia	Ready-mixed concrete	Indonesia

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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) 268-0240-2	(848) 268-0239	**	-	6,069	69	69
(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	**	-	316	69	69
(84) 320-3753862	(84) 320-752868	**	-	85	69	69
(84) 8-7291030	(84) 8-7291031	**	-	8	69	69
66-2324-0781	66-2324-0079	Ordinary shares	3	300	50	50
66-2754-2650-8	66-2384-0917	Ordinary shares	11	110	49	49
66-2661-5215	66-2661-9580	Ordinary shares	3	34	25	25
66-2709-3110-7	66-2324-0336	Ordinary shares	5	500	48	48
66-2586-3333	66-2586-2164	Ordinary shares	11	495	44	44
(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
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.001	16	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.3	287	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.03	1,012	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.002	4	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
124 PT CPAC Surabaya	Ready-mixed concrete	Indonesia
125 Q Mix Supply Co., Ltd.	Ready-mixed concrete	Bangkok
126 CPAC Lao Co., Ltd.	Ready-mixed concrete	Laos
127 CPAC Concrete Products (Cambodia) Co., Ltd.	Precasted slab	Cambodia
128 Cementhai Building Materials (Singapore) Pte. Ltd.	Holding company	Singapore
129 Buu Long Industry & Investment Joint Stock Company	White cement	Vietnam
130 Kampot Cement Co., Ltd.	Cement	Cambodia
131 PT Semen Jawa	Cement	Indonesia
132 The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready-mixed concrete	Vietnam
133 Myanmar CPAC Service Co., Ltd.	Ready-mixed concrete	Myanmar
134 CPAC Cambodia Co., Ltd.	Ready-mixed concrete	Cambodia
135 Kampot Land Co., Ltd.	Land investment	Cambodia
Associates and Other Companies		
136 Anhui Conch-SCG Refractory Co., Ltd.	Refractory	China
137 Asia Cement Public Company Limited	Cement	Bangkok
138 Holcim Cement (Bangladesh) Limited	Cement	Bangladesh
SCG Building Materials Subsidiaries		
139 SCG Building Materials Co., Ltd.	Holding company	Bangkok
140 The Siam Fibre-Cement Co., Ltd.	Fiber cement roof	Saraburi
141 The Fibre-Cement Products (Lampang) Co., Ltd.	Fiber cement roof	Lampang
142 Tip Fibre-Cement Co., Ltd.	Fiber cement roof	Bangkok
143 SCG Landscape Co., Ltd.	Concrete blocks for floor wall and fence	Saraburi
144 Siam Fiberglass Co., Ltd.	Insulation and glass wools	Saraburi
145 Cementhai Gypsum Co., Ltd.	Holding company	Bangkok
146 Cementhai Ceramics Co., Ltd.	Holding company	Bangkok
147 Thai Ceramic Co., Ltd.	Floor and wall ceramic tiles	Bangkok
148 The Siam Ceramic Group Industries Co., Ltd.	Floor and wall ceramic tiles	Saraburi
149 Cementhai Home Services Co., Ltd.	Home related services	Bangkok
150 Gemago Co., Ltd.	Electricity plant	Bangkok
151 Cementhai Gypsum (Singapore) Pte. Ltd.	Holding company	Singapore
152 Cementhai Roof Holdings Philippines, Inc.	Holding company	Philippines
153 Cementhai Ceramic (Singapore) Pte. Ltd.	Holding company	Singapore
154 Cementhai Ceramics Philippines Holdings, Inc.	Holding company	Philippines

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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)
(6231) 732-1512	(6231) 732-1512	Ordinary shares	1	43	100	100
66-2728-8800	66-2728-8801	Ordinary shares	0.01	0.3	100	100
(85621) 720-385	(85621) 720-224	Ordinary shares	0.05	17	100	100
(88523) 990-406	-	Ordinary shares	0.001	17	100	100
(65) 6534-9661	(65) 6534-9662	Ordinary shares	0.6	14	100	100
(846) 1396-5476	-	Ordinary shares	4	56	99	99
(85523) 996-839	(85523) 996-849	Ordinary shares	4	1,551	97	97
(6221) 350-9491	(6221) 350-9704	Ordinary shares	0.1	301	95	95
(849) 3880-0549	(849) 3880-0549	**	-	98	75	75
(951) 681-351	(951) 681-351	Ordinary shares	0.0004	10	70	70
(85523) 990-406	-	Ordinary shares	0.2	5	69	69
(85523) 996-839	(85523) 996-849	Ordinary shares	0.001	0.2	48	48
(86) 553-839-9888	(86) 553-839-9877	**	-	497	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	17	1,237	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	174	192	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
155 PT SCG Lightweight Concrete Indonesia	Light-weight concrete	Indonesia
156 PT KIA Serpih Mas	Floor and wall ceramic tiles	Indonesia
157 PT KIA Keramik Mas	Ceramic roof tiles	Indonesia
158 PT Keramik Indonesia Assosiasi, Tbk.	Floor and wall ceramic tiles	Indonesia
159 Sosuco and Group (2008) Co., Ltd.	Marketing and sales of floor and wall ceramic tiles	Bangkok
160 Saraburirat Co., Ltd.	Concrete floor and wall tiles	Saraburi
161 Mariwasa-Siam Ceramics, Inc.	Floor and wall ceramic tiles	Philippines
162 PT Surya Siam Keramik	Ceramic floor tiles	Indonesia
163 The CPAC Roof Tile Co., Ltd.	Concrete roof tiles	Saraburi Lamphun Nakorn Sri Thamaraj
164 Thai Ceramic Roof Tile Co., Ltd.	Ceramic roof tiles	Saraburi
165 Thai Ceramic Holding Co., Ltd.	Holding company	Bangkok
166 CPAC Monier (Cambodia) Co., Ltd.	Concrete roof tiles	Cambodia
167 CPAC Monier Vietnam Co., Ltd.	Concrete roof tiles	Vietnam
168 Quality Construction Products Public Company Limited	Light-weight concrete	Phra Nakhon Si Ayutthaya
169 Q-Con Eastern Co., Ltd.	Light-weight concrete	Rayong
170 Thai-German Ceramic Industry Public Company Limited	Floor and wall ceramic tiles	Saraburi
171 Sosuco Ceramic Co., Ltd.	Floor and wall ceramic tiles	Saraburi
172 SCG-Sekisui Sales Co., Ltd.	Marketing and sales of modular houses manufactured	Bangkok
173 CPAC Monier Philippines, Inc.	Concrete roof tiles	Philippines
174 PT Siam-Indo Gypsum Industry	Gypsum boards	Indonesia
175 PT Siam-Indo Concrete Products	Natural-fibre roofing sheets	Indonesia

Associates and Other Companies

176 Sekisui-SCG Industry Co., Ltd.	Manufacturing for modular houses	Bangkok
177 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings	Bangkok
178 TOTO Manufacturing (Thailand) Co., Ltd.	Sanitary ware	Saraburi
179 Noritake SCG Plaster Co., Ltd. (Formerly: The Siam Moulding Plaster Co., Ltd.)	Moulding plaster	Saraburi
180 Mariwasa Holdings, Inc.	Holding company	Philippines
181 CPAC Monier (Laos) Co., Ltd.	Concrete roof tiles	Laos
182 Siam Sanitary Ware Co., Ltd.	Sanitary ware	Bangkok
183 Siam Sanitary Ware Industry Co., Ltd.	Sanitary ware	Saraburi
184 Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Sanitary ware	Saraburi

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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)
(6226) 7861-0360	(6226) 7861-0361	Ordinary shares	4	1,253	100	100
(6221) 386-2322	(6221) 386-2253	Ordinary shares	3,143	1,528	97	97
(6221) 386-2322	(6221) 386-2253	Ordinary shares	2,926	2,162	96	96
(6221) 386-2322	(6221) 386-2253	Ordinary shares	14,929	5,592	96	96
66-2938-9833	66-2938-9839	Ordinary shares	1	50	90	90
66-2586-6822	66-2586-6800	Ordinary shares	1	96	83	83
(632) 628-3871-80	(632) 628-1983-5	Ordinary shares	600	430	80	83
(6221) 5696-2458	(6221) 5696-1635	Ordinary shares	0.01	87	80	80
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	1,001	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	2,325	49	49
66-2973-5101-7	66-2973-5108-9	Ordinary shares	2	200	33	45
66-3637-3647-66	66-3637-3664	Ordinary shares	9	920	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

Name	Principal Business / Products	Location (Head Office / Factory)
185 The Siam Gypsum Industry Co., Ltd.	Gypsum boards	Bangkok
186 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum boards	Saraburi
187 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum boards	Songkhla
188 PT M Class Industry	Clay roof tiles	Indonesia
189 Monier Roofing Co., Ltd.	Clay roof tiles	Rayong
190 CMPI Holding, Inc.	Holding company	Philippines
SCG Distribution Subsidiaries		
191 SCG Distribution Co., Ltd.	Holding company	Bangkok
192 SCG Trading Co.,Ltd.	International trading	Bangkok
193 SCG Network Management Co., Ltd.	Domestic distribution	Bangkok
194 SCG Logistics Management Co., Ltd.	Logistics service	Bangkok
195 SCG Trading Services Co., Ltd.	Business services	Bangkok
196 SCG Sourcing Co., Ltd.	Retail	Bangkok
197 SCG Experience Co., Ltd.	Exhibition center services and consultation	Bangkok
198 SCG Skills Development Co., Ltd.	Logistics skills development school for SCG business partners	Saraburi
199 SCG Trading Australia Pty. Ltd.	International trading	Australia
200 SCG Trading Guangzhou Co., Ltd.	International trading	China
201 SCG Trading Hong Kong Limited	International trading	Hong Kong
202 SCG Trading Philippines Inc.	International trading	Philippines
203 SCG Singapore Trading Pte. Ltd.	International trading	Singapore
204 SCG Trading USA Inc.	International trading	USA
205 PT SCG Trading Indonesia	International trading	Indonesia
206 SCG Trading Vietnam Co., Ltd.	Logistics service, international trading and local distribution	Vietnam
207 SCG Trading Lao Co., Ltd.	International trading	Laos
208 SCG Marketing Philippines Inc.	International trading	Philippines
209 PT Kokoh Inti Arebama Tbk	Building materials distribution	Indonesia
210 SCG Trading (Cambodia) Co., Ltd.	International trading	Cambodia
211 SCGT Malaysia Sdn. Bhd.	International trading	Malaysia
212 Siam Cement Myanmar Trading Ltd.	International trading	Myanmar
213 SCG Trading Emirates L.L.C.	International trading	United Arab Emirates

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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	55	20	20
66-2586-3333	66-2586-5454	Ordinary shares	220	12,150	100	100
66-2586-3333	66-2586-2251	Ordinary shares	4	400	100	100
66-2586-3333	66-2586-2961	Ordinary shares	21	524	100	100
66-2586-3333	66-2586-2158	Ordinary shares	3	300	100	100
66-2586-3333	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	66-2101-9920	Ordinary shares	5	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
(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						
(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	7	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
(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

Name	Principal Business / Products	Location (Head Office / Factory)
Associates and Other Companies		
214 Thai Prosperity Terminal Co., Ltd.	Shipping port	Samut Prakarn
215 Survey Marine Services Co., Ltd.	Land rental	Bangkok
216 Green Siam Resources Corporation	Bailng business	Philippines
217 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
218 Siam Global House Public Company Limited	Building materials and home improvement products distribution	Roi Et
SCG Investment and Others Subsidiaries		
219 Cementhai Holding Co., Ltd.	Holding company	Bangkok
220 Cementhai Property (2001) Public Company Limited	Holding company	Bangkok
221 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
222 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
223 SCG Legal Counsel Limited	Legal consultant	Bangkok
224 CTO Management Co., Ltd. (Formerly: Bangsue Management Co., Ltd.)	Maketable securities investment	Bangkok
225 Cementhai Captive Insurance Pte. Ltd.	Insurance	Singapore
Associates and Other Companies		
226 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathumthani
227 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
228 Siam Kubota Leasing Co., Ltd.	Leasing	Pathumthani
229 Siam Lemmerz Co., Ltd.	Aluminium alloy wheels	Saraburi
230 Siam AT Industry Co., Ltd.	Automotive parts	Chonburi
231 Thai Engineering Products Co., Ltd.	Automotive parts	Pathumthani
232 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
233 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chonburi
234 Muang Thong United Co., Ltd.	Football team	Bangkok
235 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
236 Musashi Auto Parts Co., Ltd.	Motorcycle transmission parts	Pathumthani
237 IT One Co., Ltd.	Technical services	Bangkok
238 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakarn
239 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
240 Michelin Siam Group Co., Ltd.	Holding company in tyre business	Bangkok
241 Michelin Siam Co., Ltd.	Holding company in tyre business	Bangkok
242 Siam Toyota Manufacturing Co., Ltd.	Automotive engines and automotive parts	Chonburi

* Directly and indirectly holding through the Company, subsidiaries, associates, jointly-controlled entity and other companies.

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)
66-2754-4501-9	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
66-2872-3014-5	66-2872-3016	Ordinary shares	4	399	32	32
66-4351-9597	66-4351-1492	Ordinary shares	2,152	2,152	31	31
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	380	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
66-2909-0300	66-2909-1697	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
66-2508-8100	66-2508-3369	Ordinary shares	1	120	30	30
66-3628-8300	66-3628-8309	Ordinary shares	3	308	20	25
66-2529-1753-6	66-2529-4554	Ordinary shares	0.2	200	21	21
66-2271-5111	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	1,850	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, reflecting the trough in chemicals margins.

In 2012, SCG's revenue from sales increased 11% from the previous year to 407,601 Million Baht primarily from higher product prices and volume growth in all businesses. EBITDA was relatively flat at 45,716 Million Baht while profit for the year decreased 14% to 23,580 Million Baht, reflecting the trough in chemicals margins and plant shut-down of Bangkok Synthetics Co., Ltd. (BST).

Share of profit of associates for 2012 amounted to 1,561 Million Baht, a decrease of 5,213 Million Baht with details as follows:

- SCG Chemicals associates: Share of loss amounted to 606 Million Baht, a drop of 6,091 Million Baht from the previous year, due to the trough in chemicals margins which have adversely affected SCG Chemicals' associated companies, in addition to the plant shut-down of BST.

- Other associates: Share of profit amounted to 2,167 Million Baht, increased 878 Million Baht from the previous year, mainly from the associated companies in SCG Investment.

1.2 Operating Results of Strategic Business Units

SCG Chemicals

In 2012, revenue from sales increased 5% from the previous year to 203,539 Million Baht on higher sales volume as the second complex ramped up capacity. However, EBITDA decreased 40% from the previous year to 8,628 Million Baht as a result of the chemicals trough, likewise for profit for the year which decreased 76% from the previous year to 2,690 Million Baht.

SCG Paper

In 2012, revenue from sales increased 5% from the previous year to 57,430 Million Baht, mainly from higher sales volume in packaging paper business. EBITDA was relatively flat at 8,844 Million Baht. Likewise, profit for the year also rose 7% from the previous year to 3,560 Million Baht.

SCG Cement

In 2012, revenue from sales increased 25% from the

previous year to 67,558 Million Baht on increased domestic sales volume in addition to the acquisition and consolidation of SCG Concrete Indonesia group, a ready-mixed concrete business in Indonesia. EBITDA increased 16% from the previous year to 14,824 Million Baht. Similarly, profit for the year increased 26% to 9,163 Million Baht.

SCG Building Materials

In 2012, revenue from sales increased 21% from the previous year to 41,340 Million Baht mainly from the growth of residential sector and the consolidation of Mariwasa-Siam Ceramics, Inc., a manufacturer and distributor of ceramic tiles in the Philippines. EBITDA gained 32% from the previous year to 6,661 Million Baht and profit for the year increased 100% from the previous year to 2,949 Million Baht.

SCG Distribution

In 2012 revenue from sales increased 13% from the previous year to 126,690 Million Baht due to an increase of demand in domestic construction related products. EBITDA increased 2% from the previous year to 1,564 Million Baht but profit for the year decreased 4% from the previous year to 1,035 Million Baht.

1.3 Financial Status

Assets

Continued solid financials with cash and cash under management of 38,533 Million Baht.

Total assets of SCG as at December 31, 2012 was 395,573 Million Baht with an increase of 6% from the previous year. Key components of total assets were property, plant and equipment at 42%, current assets at 33% and investments at 20%. Ranking of asset values by business units are SCG Chemicals, SCG Cement and SCG Paper, respectively.

Current assets: amounted to 129,266 Million Baht as at December 31, 2012, an increase 11% from the previous year, comprising largely of inventories, trade and other receivables and cash and cash equivalents. At December 31, 2012, SCG's working capital was 50,394 Million Baht with working capital days at 45 days.

Cash and cash under management: amounted to 38,533 Million Baht as at December 31, 2012, a drop of 11,755 Million Baht from the previous year due to the CAPEX and Investment.

Investments in associates and jointly-controlled entities: amounted to 65,575 Million Baht as at December 31, 2012, an increase of 9,828 Million Baht or 18% from the previous year, with reasons as follows:

- Increase in investments amounted to 12,432 Million Baht, mainly from SCG Distribution's acquisition of Siam Global House Public Company Limited, a building material and home improvement product distribution company.

- Increase from share of profit using equity method amounted to 1,561 Million Baht.

- Decrease from dividend received amounted to 3,545 Million Baht.

Property, plant and equipment: amounted to 165,292 Million Baht as at December 31, 2012, an increase of 8,609 Million Baht or 5% from the previous year due to the CAPEX and business acquisition during the year.

Liabilities

Net debt increased 24,929 Million Baht from the previous year mainly from CAPEX and Investment.

Total liabilities as at December 31, 2012 amounted to 234,450 Million Baht, an increase of 11% from the previous year. During the year, SCG issued new debentures which amounted to 56,500 Million Baht to replace the matured debentures of 40,000 Million Baht and to support future investments. Finance costs were 6,321 Million Baht, an increase of 273 Million Baht from last year.

Net debt (interest-bearing debt less cash and cash under management) of SCG as at December 31, 2012 increased 24,929 Million Baht from the previous year to 137,043 Million Baht from investing in CAPEX and Investment of 47,476 Million Baht, mainly from investing in Thai Plastic and Chemicals Public Company Limited, the acquisition of Siam Global House Public Company Limited and ready-mixed concrete business in Indonesia.

1.4 Financial ratios

SCG's financial ratios remain solid

In 2012, current ratio registered 1.3 times and net debt to EBITDA ratio increased to 3.0 times, compared to 2.4 times in last year as a result of increasing in net debt from CAPEX and Investment. At the end of 2012, debt to equity ratio was at 1.5 times compared to 1.3 times in last year.

From the financial position and performance of 2012, the Board of Directors considered proposing the Annual General Meeting of Shareholders for approval of 2012 dividend payment of 11.0 Baht per share, representing a dividend payout ratio of 56% of consolidated profit for the year. SCG has already paid an interim dividend of 4.5 Baht per share on August 23, 2012. The final dividend will be paid at the amount of 6.5 Baht per share on April 25, 2013.

2. Shareholders Structure

(1) First 10 major shareholders as at December 28, 2012

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	362,000,000	30.167
2. THAI NVDR CO., LTD.	159,742,090	13.312
3. CHASE NOMINEES LIMITED 42	47,192,632	3.933
4. STATE STREET BANK AND TRUST COMPANY	35,357,577	2.946
5. BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	30,915,736	2.576
6. STATE STREET BANK EUROPE LIMITED	22,426,223	1.869
7. CPB EQUITY CO., LTD.	21,220,000	1.768
8. SOCIAL SECURITY OFFICE	19,627,600	1.636
9. NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND	18,690,700	1.558
10. BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	17,073,200	1.423

CPB Equity Co., Ltd. is the company wholly-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 August 9, 2012, the first 5 major NVDR holders were as follows:

NVDR holders	No. of ordinary shares	Percent of total shares
1. HSBC (SINGAPORE) NOMINEES PTE LTD	15,628,551	1.30
2. STATE STREET BANK AND TRUST COMPANY	9,326,894	0.78
3. CHASE C.S. CENTRAL NOMINEES LIMITED 35	8,717,400	0.73
4. BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	7,906,300	0.66
5. THE BANK OF NEW YORK (NOMINEES) LIMITED	6,349,639	0.53

(2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at December 28, 2012)

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	362,000,000	30.167
2. CPB EQUITY CO., LTD.	21,220,000	1.768

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 December 28, 2012, the company declared that 25% of fully paid-up capital shares are held by the foreigners.

3. 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
Independent Director
12. Mr. Kan Trakulhoon
Director, President & CEO

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

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

Mr. Chirayu Isarangkun Na Ayuthaya

Age 70

Position 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 Kamthorn Sindhvananda

Age 86

Director qualified as an Independent Director

Position 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		1973-1974	Deputy Permanent Secretary, Ministry of Commerce
Age 81			
Position in SCC	Director	1974-1975	Secretary-General, The National Economic and Social Development Board
	Member of the Governance and Nomination Committee	1975-1979	Governor of Bank of Thailand
	Chairman of CSR Committee for Sustainable Development	1976-1980	Chairman, National Institute of Development Administration
Education			
1951	Certificate in Accountancy, Thammasat University	1980-1989	Secretary-General, The National Economic and Social Development Board
1954	B.Commerce, University of Melbourne, Australia	1981-1991	Senator
1957	M.A.(Econ), Columbia University, U.S.A.	1991-1992	Deputy Prime Minister
1961	Ph.D.(Econ), Columbia University, U.S.A.	1991-1992	Chairman, Council of Burapha University
1981	The National Defence Course, National Defence College (Class 24)	1992-1995	Chairman, Board of Directors and Chairman of the Executive Committee, The Bank of Asia Public Company Limited
1984	Honorary Degree, Doctor of Economics, Chulalongkorn University	2010	Chairman, The First Governor of the Bank of Thailand Selection Committee
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, 1977-1979	Member, National Legislative Assembly		
			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 73			
Director qualified as an Independent Director			
Position in SCC	Director		
	Chairman, The Governance and Nomination Committee		
	Member 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	Mr. Pricha Attavipach Age 74
1982	Diploma, The Economic Development Institute of the World Bank (EDI), Washington D.C., U.S.A.	Director qualified as an Independent Director
Seminar		Position in SCC Director Member of the Audit Committee
2001	Bankruptcy and Rehabilitation Process: What Directors and Executive should Know ? Thai Institute of Directors Association	Education 1960 B.Sc. (Industrial Engineering), Chulalongkorn University 1964 M.S. (Industrial Engineering & Management), Oklahoma State University, U.S.A.
2001	The Audit Committee... The Expectation Increase and The Responsibility Expansion, The Stock Exchange of Thailand	Seminar 2004 Directors Certification Program (DCP) 39/2004, Thai Institute of Directors Association
2003	Directors Certification Program (DCP) 30/2003, Thai Institute of Directors Association	2004 Finance for Non-Finance Directors, 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
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 1997-1999 Chairman, Petroleum Authority of Thailand 1999-2000 Chairman, National Petrochemical Public Company Limited
Previous Experience		Other Current Positions
1994-1996	Secretary-General, Office of The National Economic and Social Development Board	Since 1933 Director, H.C. Starck Co., Ltd. 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)
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	
2001-2012	Director, Council of Burapha University	
2005-2010	President of the University Council, Thammasat University	
Other Current Positions		
Since 1988	Member and Secretary-General, The Chaipattana Foundation	
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	

Since 2004	Independent Director and Chairman of the Audit Committee, Thai Rung Union Car Public Company Limited	2002	Strengthening Corporate Governance Practices in Thailand, Thai Institute of Directors Association
Since 2007	President of the University Council, Chaopraya University	2004	Effective AGMs for Better Communication with Your Shareholders, Thai Institute of Directors Association
Since 2008	Chairman and Independent Director, Thai Sugar Terminal Public Company Limited	2004	Developing CG Policy Statement, Thai Institute of Directors Association
Since 2008	Chairman, TS Oil Industry Company Limited	2004	Director Independence and Handling of Conflict of Interests, Thai Institute of Directors Association
Since 2008	Chairman, TSG Asset Company Limited	2005	DCP Refresher Course 1/2005, Thai Institute of Directors Association
Since 2008	Chairman, Kaset Thai Industry Sugar Public Company Limited		
Since 2008	Chairman, TS Flour Mills Public Company Limited		
Since 2009	Chairman, Foundation for Industrial Development		
Since 2010	Chairman, SI Property Company Limited		
Since 2011	Chairman, Kaset Thai Bio Power Company Limited		

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
2011-2012	Chairman, Saha Union Public Company Limited

Mr. Panas Simasathien

Age 80

Position 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

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

Mr. Yos Euarchukiati

Age 70

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

Education

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

2000	Chairman 2000 Program 1/2000, Thai Institute of Directors Association
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2001	The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association	Previous Experience	
Previous Experience		1977-1980	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of Belgium & Chief of Mission to the European Community
1968-1974	Managing Director, Thai Plastic and Chemicals Company Limited	1980-1982	Director-General, Department of Political Affairs, Ministry of Foreign Affairs
1974-1981	Senior Executive Vice President, Bank of Asia for Industrial and Commercial	1982-1986	Permanent Secretary, Ministry of Foreign Affairs
1981-1992	President and Director, The Bank of Asia Company Limited	1986-1988	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of United States of America
1992-1997	Vice Chairman, The Bank of Asia Public Company Limited	1991-1992	Minister of Foreign Affairs
1994-1997	Advisor, The Crown Property Bureau	1994-2004	Co-Chairman of the Thai-Laos Association
2000-2002	Chairman, Thai Industrial Gases Public Company Limited	1995-1999	Vice Chairman of the Board of Directors, Bangkok Bank Public Company Limited
2000-2005	Director, National Petrochemical Public Company Limited	1997	Chairman, The Second Asia-Europe Business Forum (AEBF)
2006-2009	Director, Minor International Public Company Limited	1998-2000	Chairman of The Foundation for International Human Resources Development
1990-2012	Chairman, Thai Plastic and Chemicals Public Company Limited	2000-2008	Advisor to the Board of Directors, Bangkok Bank Public Company Limited
Other Current Positions		2000-2012	His Majesty's Principal Private Secretary
Since 1997	Advisor - Financial and Investment, The Crown Property Bureau	Other Current Positions	
Since 2001	Chairman of the Executive Board of Director, CPB Equity Company Limited	Since 1993	Chairman, Thai Asia Pacific Brewery Company Limited
Since 2001	Chairman, CPB Property Company Limited	Since 1996	Chairman, Amata City Company Limited
Since 2001	Director, Siam Piwat Company Limited	Since 1998	Chairman, Padaeng Industry Public Company Limited
Mr. Arsa Sarasin		Since 1998	Deputy Chairman, Thai Tapioca Development Institute
Age 76		Since 1999	Independent Director and Member of the Audit Committee, Charoen Pokphand Foods Public Company Limited
Director qualified as an Independent Director		Since 1999	Chairman, Siam Makro Public Company Limited
Position in SCC	Director	Since 2003	Director, Thai Pure Drinks Company Limited
	Member of the Governance and Nomination Committee	Since 2004	Chairman of the Board of Governors for Amata Spring Country Club
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	
2004	Finance for Non-Finance Directors, Thai Institute of Directors Association	Since 2003	
2007	Audit Committee Program (ACP), Thai Institute of Directors Association	Since 2004	

Mr. Chumpol NaLamlieng

Age 65

Position in SCC Director
Chairman,
The Remuneration Committee

Education

1964 B.S. Mechanical Engineering,
University of Washington, U.S.A.

1967 MBA, Harvard Business School,
U.S.A.

Seminar

2001 Chairman 2000 Program 2/2001,
Thai Institute of Directors Association

Previous Experience

1993-2005 President,
The Siam Cement Public
Company Limited

2005-2009 Director,
British Airways Public
Company Limited

2004-2011 Chairman,
Singapore Telecommunication
Company Limited

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

Since 2012 Director,
Kempin Siam Company Limited

Since 2012 Director,
Kempinski International SA

Mr. Tarrin Nimmanahaeminda

Age 67

Director qualified as an Independent Director

Position 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. Pramom Sutivong

Age 73

Director qualified as an Independent Director

Position 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,

2009 Thai Institute of Directors Association
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	Senior Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
Since 2009	Honorary Director of the University Council, University of the Thai Chamber of Commerce

Mr. Kan Trakulhoon

Age 57

Position in SCC	Director President & CEO Member of CSR Committee for Sustainable Development
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Education

1977	B.E. (Electrical), First Class Honours, Chulalongkorn University
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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 (DCP) 29/2003, Thai Institute of Directors Association

Previous Experience

1999-2002	President, Cementthai 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

Since 2004	Being chairman and director of non-listed companies under SCG totaling 7 companies
Since 2006	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
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Ms. Pornpen Namwong

Position in SCC	Corporate Secretary
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Shareholdings of Directors as at December 31, 2012

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 Kamthon Sindhvananda	28,000	-	-	63,000	1,000	-	-
3. Mr. Snoh Unakul	30,000	120,000	-	-	-	-	-
4. Mr. Sumet Tantivejkul	-	-	-	12,000	-	-	-
5. Mr. Pricha Attavipach	4,100	30,000	(10,000) decrease spouse	-	-	-	-
6. Mr. Panas Simasathien	100,000	-	-	27,000	-	-	-
7. Mr. Yos Euarchukiati	1,670,000	-	1,020,000 Increase personally	-	-	-	(45,767,780)*
8. Mr. Arsa Sarasin	13,000	-	-	-	-	-	(40,000)*
9. Mr. Chumpol NaLamlieng	1,001,000	-	-	90,000	50,000	-	-
10. Mr. Tarrin Nimmanahaeminda	-	20,000	(9,000) decrease spouse	-	-	-	-
11. Mr. Pramon Sutivong	-	45,000	-	10,000	3,000	-	-
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 of 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 Thai Plastic and Chemicals Public Company Limited as at January 11, 2013.
- **Debentures of The Siam Cement Public Company Limited as at December 18, 2012.

The attendance of the directors in 2012 (January 1, 2012 - December 31, 2012)

	Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	The CSR Committee for Sustainable Development	The 2012 Meeting of Shareholders
	(Total 12 directors) Total 11 times / year	(Total 4 members) Total 6 times / year	(Total 5 members) Total 4 times / year	(Total 3 members) Total 6 times / year	(Total 5 members) Total 4 times / year	(Total 12 directors) Total 2 times / year
Directors						
1. Mr. Chirayu Isarangkun Na Ayuthaya	11/11				3/4	2/2
2. ACM Kamthon Sindhvananda	10/11	6/6				2/2
3. Mr. Snoh Unakul	11/11		4/4		3/4	2/2
4. Mr. Sumet Tantivejkul	11/11		4/4		3/4	2/2
5. Mr. Pricha Attavipach	11/11	6/6				2/2
6. Mr. Panas Simasathien	11/11		2/4			2/2
7. Mr. Yos Euarchukiati	11/11			6/6	3/4	2/2
8. Mr. Arsa Sarasin	10/11		4/4			2/2
9. Mr. Chumpol NaLamlieng	11/11			6/6		2/2
10. Mr. Tarrin Nimmanahaeminda	11/11	6/6	4/4			2/2
11. Mr. Pramon Sutivong	11/11	6/6		6/6		2/2
12. Mr. Kan Trakulhoon	11/11				4/4	2/2

Notes:

- The six independent directors are number 2, 4, 5, 8, 10 and 11.
- The four Audit Committee members are number 2, 5, 10 and 11.
- 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.
- The Extraordinary General Meeting of Shareholders held on January 25, 2012 and The 2012 Annual General Meeting of Shareholders held on March 30, 2012.

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	-

4. Top Executives

(As at January 1, 2013)

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. Tanawong Areeratchakul
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. Pichit Maipoom
President, SCG Cement
8. Mr. Aree Chavalitcheewingul
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 57

Position in SCG Director
President & CEO
Member 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
(DCP) 29/2003,
Thai Institute of Directors Association

Previous Experience

1999-2002 President, Cementhai Ceramics
Company Limited

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

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

2009-2011 Outside Director,
Kubota Corporation (Japan)

Other Current Positions

Being chairman and director of
non-listed companies under SCG
totaling 7 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 54

Position 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
 SCG's subsidiaries, associates and
 other companies which are non-listed
 as assigned by the company
 Since 2011 Commissioner, PT Chandra Asri
 Petrochemical Tbk, Indonesia

Mr. Tanawong Areeratchakul

Age 49

Position in SCG Vice President -
 Corporate Administration, SCG
 Member of CSR Committee for
 Sustainable Development

Education

1986 B.E. (Electrical),
 King Mongkut's University of
 Technology Thonburi
 2008 Advanced Management Program
 (AMP), Harvard University, U.S.A.

Previous Experience

2007-2008 Managing Director,
 Rayong Olefins Co., Ltd.
 2008-2010 General Director,
 Long Son Petrochemicals Co., Ltd.

Other Current Positions

Being chairman and director of
 SCG's subsidiaries, associates and
 other companies which are non-listed
 as assigned by the company

Mr. Cholanat Yanaranop

Age 53

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, Cement Thai 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 SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Since 2006	Director, Petroleum Institute of Thailand
Since 2008	Advisor, The Thai Institute of Chemical Engineering and Applied Chemistry
Since 2011	Commissioner, PT Chandra Asri Petrochemical Tbk, Indonesia
Since 2012	Chairman, Thai Plastic and Chemicals Public Company Limited

Mr. Somchai Wangwattanapanich

Age 54

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

1980	Bachelor of Engineering, Mechanical Engineering Chulalongkorn University
2006	MBA, Chulalongkorn University
2011	Advanced Management Program (AMP), Harvard University, U.S.A.

Previous Experience

2002-2004	Managing Director, Rayong Engineering & Plant Service Co., Ltd.
2004-2007	Managing Director, Rayong Olefins Co., Ltd.
2010-2012	Director and Member of Executive Committee, The Institute of Industrial and Water Resource and Supplies

Other Current Positions

	Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
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	Director, The Industrial Environment Institute
Since 2011	Chairman, Climate Change working group under The Joint Standing Committee on Commerce, Industry and Banking
Since 2011	Vice Chairman of Executive Committee, The Industrial Environment Institute
Since 2012	Vice Chairman of Executive Committee, The Institute of Industrial Energy
Since 2012	Vice Chairman, The Federation of Thai Industries

Mr. Roongrote Rangsiyopash

Age 49

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
SCG's subsidiaries, associates and
other companies which are non-listed
as assigned by the company

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

Since 2012 Director,
Thai Plastic and Chemicals
Public Company Limited

Mr. Pichit Maipoom

Age 56

Position in SCG President, SCG Cement**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
Advanced Management Program
(AMP), Harvard University, U.S.A.

2005

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,
Cemthai Building Products
Company Limited

2005-2012 President,
SCG Building Materials
Company Limited

2008-2012 Honorable Chairman,
Ceramic Industry Club of Thailand,
The Federation of Thailand Industries

2012 Executive Vice President,
SCG Cement Company Limited

Other Current Positions

Being chairman and director of
SCG's subsidiaries, associates and
other companies which are non-listed
as assigned by the company

Since 2008 Director and Member of
Executive Committee,
Thai-German Ceramic Industry
Public Company Limited

Since 2010 Director and Member of
Executive Committee,
Quality Construction Products
Public Company Limited

Since 2011 President Commissioner,
PT Kokoh Inti Arebama Tbk, Indonesia

Since 2011 Vice President Commissioner,
PT Keramika Indonesia Assosiasi Tbk,
Indonesia

Mr. Aree Chavalitcheewingul

Age 49

Position in SCG President, SCG Building Materials**Education**

1985 Bachelor of Engineering (Electrical), Honours, 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

2011-2012 Director, Thai Plastic and Chemicals Public Company Limited

2011-2012 Vice President - Corporate Administration, The Siam Cement Public Company Limited

2012 Executive Vice President, SCG Building Materials Company Limited

Other Current Positions

Since 2008 Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
Director and Member of Executive Committee, Thai-German Ceramic Industry Public Company Limited

Since 2011 Director and Member of Executive Committee, Quality Construction Products Public Company Limited

Since 2011 Commissioner, PT Kokoh Inti Arebama Tbk, Indonesia

Since 2011 Commissioner, PT Keramika Indonesia Assosiasi Tbk, Indonesia

Since 2012 Director, Siam Global House Public Company Limited

Mr. Kajohndet Sangsuban

Age 59

Position in SCG President, SCG Distribution
Member of CSR Committee for Sustainable Development**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, Cementhai Gypsum Company Limited

2001-2005 President, Cementhai Building Products Company Limited

2003-2006 Director, Millennium Steel Public Company Limited

Other Current Positions

Since 2008 Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company
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

Since 2011 President Commissioner, PT Kokoh Inti Arebama Tbk, Indonesia

Since 2011 Vice President Commissioner, PT. Keramika Indonesia Assosiasi Tbk, Indonesia

Since 2012 Director, Siam Global House Public Company Limited

Corporate officers in Accounting and Finance

Mr. Pichit Leelaphantmetha

Age 48

Position in SCG Corporate Accounting Director
Managing Director,
SCG Accounting Services Co., Ltd.

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
SCG's subsidiaries, associates and
other companies which are non-listed
as assigned by the company
Since 2012 The Committee of
Management Accounting,
Federation of Accounting Professions
(FAP) under The Royal Patronage of
His Majesty the King

Mrs. Chantanida Sarigaphuti

Age 43

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 and executive of
SCG's subsidiaries, associates and
other companies which are non-listed
as assigned by the company

5. 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.

6. Connected Transactions

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

Connected Transactions between the Company and Its Subsidiaries

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

Transactions with Outside Entities

In undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the terms and conditions as agreed upon honestly. The Company shall also avoid making transactions that may cause trouble or damage to outside parties. The Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure the Company's best interests and in accordance with rules and regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any stakes involving

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

Future Connected Transactions

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

Connected Transactions in 2012

In 2012, the Company proposed that the 2012 Extraordinary General Meeting of Shareholders No. 1/2555 held on Wednesday January 25, 2012 approve SCG Chemicals Co.,Ltd as a holding company of SCG's chemical business unit to acquire shares of Thai Plastic and Chemicals Public Company Limited from the connected persons, namely, CPB Equity Company Limited, Mr. Yos Euarchukiati and other connected persons. The Meeting, with over three-fourths of the votes by the attending and eligible voting shareholders, approved such connected transaction.

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

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)							Pricing policy
			SCC	SCG 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	Siam Mitsui PTA Co., Ltd.	50	-	1,360	-	103	-	10	41	Market price applied with third party transactions
	Siam Polyethylene Co., Ltd.	50								
	Rayong Terminal Co., Ltd.	50								
	Siam Synthetic Latex Co., Ltd.	50								
	MTP HPPPO Manufacturing Co., Ltd.	50								
	Thai MMA Co., Ltd.	47								
	Grand Siam Composites Co., Ltd.	46								
	Thai MFC Co., Ltd.	45								
	Siam Tohcello Co., Ltd.	45								
	Long Son Petrochemicals Co., Ltd.	44								
	Mehr Petrochemical Company (P.J.S.C.)	39								
	Bangkok Synthetics Co., Ltd.	26								
	Thai PET Resin Co., Ltd.	20								
Sales			-	15,974	-	-	-	18	-	Market price applied with third party transactions
	Siam Polyethylene Co., Ltd.	50								
	Siam Synthetic Latex 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			-	56,853	9	1	-	33	-	Market price applied with third party transactions
	SCG Plastics (China) Co., Limited	58								
	SCG Plastics (Shanghai) Co., Ltd.	58								
	Siam Polyethylene Co., Ltd.	50								
	Siam Styrene Monomer Co., Ltd.	50								
	Siam Synthetic Latex Co., Ltd.	50								
	Thai MMA Co., Ltd.	47								
	Grand Siam Composites Co., Ltd.	46								
	Nawacam Co., Ltd.	36								
	Riken (Thailand) Co., Ltd.	32								
	PT Styrimdo Mono Indonesia	30								
	PT Chandra Asri Petrochemical Tbk	30								
	Bangkok Synthetics Co., Ltd.	26								
	Inter Plastic Co., Ltd.	23								
	Tien Phong Plastics Joint Stock Company	21								
	Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20								

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	
Loans from	Binh Minh Plastics Joint Stock Company	18	-	43	-	-	-	-	-	Agreed interest rate
	GTC Technology International, LP	25	-	-	-	-	-	-	-	
Guarantees	Siam Tohcello Co., Ltd.	45	1,310	219	-	-	-	-	-	Contract rate
	Mehr Petrochemical Company (P.J.S.C.)	39	-	-	-	-	-	-	-	

1.2 SCG Paper

Purchases	Siam Toppan Packaging Co., Ltd.	48	-	-	309	-	-	-	-	Market price applied with third party transactions
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1.3 SCG Building Materials

Service expenses and others	The Siam Sanitary Fittings Co., Ltd.	45	-	-	-	13	125	169	19	Market price applied with third party transactions
	Siam Sanitary Ware Industry Co., Ltd.	36	-	-	-	-	-	-	-	
Sales	Sekisui-SCG Industry Co., Ltd.	49	-	-	-	-	228	2,791	-	Market price applied with third party transactions
	The Siam Sanitary Fittings Co., Ltd.	45	-	-	-	-	-	-	-	
	Noritake SCG Plaster Co., Ltd.	40	-	-	-	-	-	-	-	
	Siam Sanitary Ware Industry Co., Ltd.	36	-	-	-	-	-	-	-	
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29	-	-	-	-	-	-	-	
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29	-	-	-	-	-	-	-	
	The Siam Gypsum Industry Co., Ltd.	29	-	-	-	-	-	-	-	
Purchases	Monier Roofing Co., Ltd.	25	-	76	506	7	12	16	-	Market price applied with third party transactions
	Siam Sanitary Ware Industry Co., Ltd.	36	-	-	-	-	-	-	-	
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29	-	-	-	-	-	-	-	
Loans from	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29	-	-	-	-	-	-	-	Market price applied with third party transactions
	Mariwasa Holdings, Inc.	40	137	-	-	-	94	-	-	
	PT M Class Industry	28	-	-	-	-	-	-	-	Agreed interest rate

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	
1.4 SCG Distribution										
Service income	Jumbo Barges and Tugs Co., Ltd.	32	-	-	-	-	-	835	-	Market price applied with third party transactions
Service expenses and others	Thai Prosperity Terminal Co., Ltd.	50	-	-	-	-	-	52	-	Market price applied with third party transactions
Purchases	Siam Global House Public Company Limited	31	-	-	-	1	26	-	-	Market price applied with third party transactions
1.5 SCG Investment and Others										
Service income	IT One Co., Ltd.	20	60	112	106	106	81	178	54	Market price applied with third party transactions
Service expenses and others	Siam Kubota Corporation Co., Ltd.	40	476	-	-	4	-	30	454	Market price applied with third party transactions
Sales	Siam Kubota Corporation Co., Ltd.	40	-	-	-	-	-	678	-	Market price applied with third party transactions
Purchases	Siam Kubota Corporation Co., Ltd.	40	-	1	21	25	-	114	-	Market price applied with third party transactions
	Aisin Takaoka Foundry Bangkok Co., Ltd.	30								
	The Nawaloha Industry Co., Ltd.	30								
	The Siam Nawaloha Foundry Co., Ltd.	25								
Guarantees	Siam Kubota Metal Technology Co., Ltd.	40	760	-	-	-	-	-	-	Contract rate

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	

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 Mr. Aree Chavalitcheewingul / Director	10	-	8	-	41	-	51	355	Market price applied with third party transactions
Sales	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Aree Chavalitcheewingul / Director	10	-	-	-	-	-	2,980	-	Market price applied with third party transactions
Purchases	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Aree Chavalitcheewingul / Director	10	-	-	1	152	-	857	-	Market price applied with third party transactions
	Asia Cement Public Company Limited Mr.Pichit Maipoom / Director	10								

7. 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, photo captions, news stories, advertisements, and social media.
- 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 media.
- Website: www.scg.co.th

8. Audit fee

For the fiscal year 2012, the Siam Cement Public Company Limited and its subsidiaries paid an audit fee of 27.10 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 2012

1. Annual audit fee for SCC's financial statements.	250,000 Baht
2. Quarterly review fee and annual audit fee of 114 subsidiaries and consolidated financial statements.	26.85 Million Baht
Total audit fees of The Siam Cement Public Company Limited and its subsidiaries	27.10 Million Baht

Non-audit fee

For this fiscal year, the subsidiaries paid a non-audit fee of 1,840,000 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

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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 Isarangun 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 Audit Committee Charter. These duties included reviewing the financial statements and good corporate governance practices; assessment of risk management, internal control, and internal audit systems and fraud investigations as well as proposing the appointment of external auditors for the year 2013. In 2012, the Committee held six meetings and attendance by its members was 100%. The Committee performed its duties as follows:

1. Review of financial reporting system The Audit Committee reviewed significant information in the Company's quarterly and annual financial statements for the year 2012 as well as consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries, which were prepared according to the Thai Financial Reporting Standards (TFRS) in conformance with the International Financial Reporting Standards (IFRS). The Committee reviewed material items and special items and obtained clarifications and confirmation that the financial statements' information was compliant with laws and financial reporting standards and that there was sufficient disclosure in the notes to financial statements from the external auditors, the management, and the director of the Audit Office, all to the Committee's full satisfaction. The Audit Committee thereby approved the financial statements, which the external auditors reviewed and audited without reservation.

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 in accordance with the financial reporting standards and beneficial to users of these financial statements as well as to hear whether there was any suspicious information which indicated potential fraud following Section 89/25 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551. In 2012, the external auditor did not discover any material misstatements or indications of suspicious incidents. Moreover, to confirm that no such incidents were found, the Audit Committee resolved that the president report the results received from all business units to the Audit Committee. In the year 2012, the president confirmed that no indications of suspicious incidents were found. Thus, the preparation of the financial statements and consolidated financial statements was conducted with reliability and transparency. The external auditors performed their duties with independence and verifiability.

2. Review of corporate governance The Audit Committee reviewed compliance with the SCG Code of Conduct and SCG Corporate Governance and found that the directors and employees 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 elsewhere in this Annual Report. Moreover, SCG strictly complied 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 which might result in conflict of interest as well as the information regarding related directors. In this regard, SCG conducted proper reviews and disclosed the information to the Stock Exchange of Thailand in a timely manner.

The Audit Committee also conducted an assessment on the performance of its collective membership (as a whole) as well as that of each individual member (self assessment), with a highly satisfactory result similar to that of last year. Matters assessed included the Committee's preparedness, financial reports, meetings with external auditors, review of connected transactions, disclosure of information in other reports, risk management and internal controls, the Internal Audit Office, 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; risks arising from major changes in circumstances of the world and regional economies; as well as risks arising from overseas investment and potential business disruptions. The Committee conducted this review on a quarterly basis according to the principles outlined in SCG's risk management manual. The Committee took into consideration internal and external risk factors, likelihood levels, impacts, and manageability levels, in order to ensure that significant risks were managed to acceptable levels. Moreover, the Committee reviewed risk warning signals in compliance with the established criteria. This year saw economic crises and volatile situations in many countries across the world, resulting in lower-than-planned sales and operating profits, both of which declined from the previous year. However, thanks to the assessment of foreseeable risks, the Company's management established various measures and strategies to respond proactively to the potential impacts. The Company focused on creating high value added products, driving new product research and

development, reducing production process and reviewing the value chain. The efforts culminated in the establishment of the Risk Management Unit, which reports directly to Vice President - Finance and Investment & CFO to coordinate the overall risk management of SCG and its business units, ensuring that it can cope with risks and manage strategies efficiently.

4. Review of internal control system and internal audit system The Audit Committee reviewed the results of the internal control system assessment that the Internal 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 business operations. This corresponds to the external auditor's opinion that according to the reviews, no material deficiencies impacting the Company's financial statements were found. To enhance the efficiency of the internal control systems, the Company has developed proactive preventive systems, control self assessment for information technology, a continuous monitoring and continuous auditing system and fraud prevention guidelines for each business system.

As for the internal audit function, the Audit Committee reviewed the operations of the Audit Office according to the medium-term plan and the annual plan, which have already been approved. This review showed that the established targets and key performance indicators were achieved. On an annual basis, the Committee has reviewed the appropriateness of such key matters as the organization chart, the audit process, internal controls, manpower, and capital expenditure and administrative expense budgets. In addition, the Committee oversaw the continuous implementation of a sustainable value added audit with the focus on proactive preventive audit. Building upon the control self assessment that has been further consolidated to enable the business units themselves to monitor and follow up work within each business unit, SCG further developed its business self audit to increase audit frequency and enable the business units to assess foreseeable risks and set forth guidelines to mitigate impacts across the Company's entire value chain. The Audit Office also organized workshops for business units, using significant audit findings as case studies to allow the persons in charge at all levels to gain a better understanding about the risks, impacts, and important internal controls involved in each step of operations. Beyond this, the Office prepared three guidelines on the control of operations to include critical issues resulting from the audit results of the previous year. The guidelines focus on practices in key control points,

making them easy to understand and practical. As for audit development, SCG's Audit Office placed a strong emphasis on leveraging the competency of auditors as well as developing audit tools in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, and world-class internal audit practices.

5. Review of fraud investigations The Audit Committee reviewed the results of fraud investigations on a monthly and quarterly basis. The Committee also reviewed the preventive measures and fraud prevention guidelines for each work process, a fraud audit based on risk assessment and investigation protocols to ensure that they are up-to-date and appropriate for business operations. In total, 23 whistleblower cases were reported in 2012, and the Investigation Working Group examined most of them. Three cases were treated as fraud cases, but the amount of financial loss was insignificant. SCG used the instances of fraud together with past examples in its continuing efforts to define effective preventive guidelines and improve them.

6. Appointment of the external auditor and review of the audit fee for 2013 KPMG Phoomchai Audit Ltd. has been appointed as the external auditor of SCG for the three-year period from 2012 through 2014. Based on the satisfactory results of performance appraisal and the review of the auditor's qualifications, the Audit Committee recommended it 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 2013, approval of the Company's audit fee for the fiscal year 2013 amounting to 0.25 Million Baht and acknowledgement of annual and quarterly audit fee for subsidiaries and consolidated financial statements amounting to 27.47 Million Baht.

On behalf of the Audit Committee
Air Chief Marshal

K. Sindhvananda
Kamthorn Sindhvananda
Chairman of the Audit Committee

Consolidated Financial Statements

The Siam Cement Public Company Limited and its Subsidiaries

Independent Auditor's Report

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of The Siam Cement Public Company Limited and its subsidiaries in accordance with Thai Financial Reporting Standards.

D. Singhanant.

Supot Singhasaneh
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2013

Consolidated statements of financial position

As at 31 December 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries


in thousand Baht

Assets	Note	2012	2011
Current assets			
Cash and cash equivalents	8	25,063,843	22,679,806
Short-term investments	8	7,676,825	7,205,001
Trade and other receivables	5, 6	43,181,028	40,656,938
Short-term loans to related parties	5	136,649	154,138
Inventories	7	48,890,393	41,838,304
Other current assets		4,317,757	4,229,630
Total current assets		129,266,495	116,763,817
Non-current assets			
Available-for-sale investments	8	12,047,665	25,637,774
Investments in associates	9	64,963,620	54,773,433
Investments in jointly-controlled entities	9	611,342	973,628
Other long-term investments	10	3,286,204	3,229,205
Long-term loans to related parties	5	137,330	401,273
Investment properties	11	1,474,316	1,594,667
Property, plant and equipment	12	165,291,891	156,683,108
Goodwill	13	3,801,073	2,510,925
Intangible assets	13	4,869,762	4,011,039
Deferred tax assets	14	4,301,372	2,903,429
Other non-current assets	15	5,522,066	4,307,034
Total non-current assets		266,306,641	257,025,515
Total assets		395,573,136	373,789,332

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 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

Liabilities and shareholders' equity	Note	2012	2011
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	16	13,771,241	20,057,954
Trade and other payables	5	45,471,243	36,272,870
Current portion of long-term debts	17	5,218,306	4,304,707
Current portion of debentures	18	29,910,500	39,910,384
Short-term loans from related parties	5	105,408	93,407
Income tax payable		2,304,102	4,177,102
Other current liabilities		1,949,803	1,635,419
Total current liabilities		98,730,603	106,451,843
Non-current liabilities			
Long-term debts	17	30,297,537	28,156,126
Debentures	18	96,272,906	69,838,851
Deferred tax liabilities	14	2,472,467	1,562,460
Employee benefit liabilities	19	5,565,786	3,898,763
Other non-current liabilities	20	1,111,178	912,724
Total non-current liabilities		135,719,874	104,368,924
Total liabilities		234,450,477	210,820,767
Shareholders' equity			
Share capital			
Authorised share capital	21	1,600,000	1,600,000
Issued and paid-up share capital	21	1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	22	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		137,500,107	128,738,156
Other components of equity		(6,190,001)	(415,219)
Total equity attributable to owners of the parent		143,186,106	140,198,937
Non-controlling interests		17,936,553	22,769,628
Total shareholders' equity		161,122,659	162,968,565
Total liabilities and shareholders' equity		395,573,136	373,789,332

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

Consolidated income statements

For the years ended 31 December 2012 and 2011


The Siam Cement Public Company Limited and its Subsidiaries

		in thousand Baht	
	Note	2012	2011
Revenue from sales	5	407,600,540	368,578,679
Cost of sales	5	(353,695,396)	(315,810,547)
Gross profit		53,905,144	52,768,132
Other income	5, 25	10,736,706	10,894,137
Profit before expenses		64,641,850	63,662,269
Selling expenses	26	(15,844,930)	(14,377,975)
Administrative expenses	27	(20,672,705)	(18,760,383)
Total expenses		(36,517,635)	(33,138,358)
Profit from operations		28,124,215	30,523,911
Share of profit of associates and jointly-controlled entities		1,560,598	6,773,943
Profit before finance costs and income tax expense		29,684,813	37,297,854
Finance costs	29	(6,320,793)	(6,048,104)
Profit before income tax expense		23,364,020	31,249,750
Income tax expense	30	(4,741,912)	(7,504,081)
Profit for the year		18,622,108	23,745,669
Profit (loss) attributable to			
Owners of the parent		23,579,991	27,280,656
Non-controlling interests		(4,957,883)	(3,534,987)
		18,622,108	23,745,669
Basic earnings per share (in Baht)			
Attributable to owners of the parent	31	19.65	22.73

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 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries

		in thousand Baht	
	Note	2012	2011
Profit for the year		18,622,108	23,745,669
Other comprehensive income			
Foreign currency translation differences		(751,452)	192,362
Net change in fair value of available-for-sale investments	8	820,605	(3,041,405)
Defined benefit plan actuarial gains (losses)	19	(1,286,774)	39,069
Share of other comprehensive income of associates and jointly-controlled entities		(107,603)	(122,498)
Income tax on other comprehensive income	30	242,647	1,223,396
Other comprehensive income for the year, net of income tax		(1,082,577)	(1,709,076)
Total comprehensive income for the year		17,539,531	22,036,593
Total comprehensive income (loss) attributable to			
Owners of the parent		22,634,528	25,677,723
Non-controlling interests		(5,094,997)	(3,641,130)
		<u>17,539,531</u>	<u>22,036,593</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 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Retained earnings		Unappropriated
			Appropriated		
			Legal reserve	General reserve	
Balance at 1 January 2011		1,200,000	160,000	10,516,000	117,619,153
Transactions with owners, recorded directly in shareholders' equity					
Contributions by and distributions to owners of the parent					
Dividends	33	-	-	-	(16,187,819)
Total contributions by and distributions to owners of the parent		-	-	-	(16,187,819)
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		-	-	-	(16,187,819)
Comprehensive income for the year					
Profit or loss		-	-	-	27,280,656
Other comprehensive income		-	-	-	26,166
Total comprehensive income for the year		-	-	-	27,306,822
Balance at 31 December 2011		1,200,000	160,000	10,516,000	128,738,156

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

in thousand Baht

Other components of equity				Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Other comprehensive income			Changes in ownership interests in subsidiaries that do not result in a loss of control			
Currency translation differences	Available-for-sale investments	Share of other comprehensive income (loss) of associates				
(2,064,016)	3,243,556	34,340	-	130,709,033	26,109,589	156,818,622
-	-	-	-	(16,187,819)	(1,879,772)	(18,067,591)
-	-	-	-	(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)	301,169	(15,886,650)
-	-	-	-	27,280,656	(3,534,987)	23,745,669
241,052	(1,747,653)	(122,498)	-	(1,602,933)	(106,143)	(1,709,076)
241,052	(1,747,653)	(122,498)	-	25,677,723	(3,641,130)	22,036,593
(1,822,964)	1,495,903	(88,158)	-	140,198,937	22,769,628	162,968,565

Consolidated statements of changes in shareholders' equity

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Retained earnings		Unappropriated
			Appropriated		
			Legal reserve	General reserve	
Balance at 1 January 2012		1,200,000	160,000	10,516,000	128,738,156
Transactions with owners, recorded directly in shareholders' equity					
Contributions by and distributions to owners of the parent					
Dividends	33	-	-	-	(13,774,363)
Total contributions by and distributions to owners of the parent		-	-	-	(13,774,363)
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		-	-	-	(13,774,363)
Comprehensive income for the year					
Profit or loss		-	-	-	23,579,991
Other comprehensive income		-	-	-	(1,043,677)
Total comprehensive income for the year		-	-	-	22,536,314
Balance at 31 December 2012		1,200,000	160,000	10,516,000	137,500,107

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

in thousand Baht

Other components of equity				Changes in ownership interests in subsidiaries that do not result in a loss of control	Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Other comprehensive income							
Currency translation differences	Available-for-sale investments	Share of other comprehensive income (loss) of associates					
(1,822,964)	1,495,903	(88,158)	-		140,198,937	22,769,628	162,968,565
-	-	-	-		(13,774,363)	(719,142)	(14,493,505)
-	-	-	-		(13,774,363)	(719,142)	(14,493,505)
-	-	-	(5,872,996)		(5,872,996)	528,849	(5,344,147)
-	-	-	-		-	452,215	452,215
-	-	-	(5,872,996)		(5,872,996)	981,064	(4,891,932)
-	-	-	(5,872,996)		(19,647,359)	261,922	(19,385,437)
-	-	-	-		23,579,991	(4,957,883)	18,622,108
(631,568)	816,393	(86,611)	-		(945,463)	(137,114)	(1,082,577)
(631,568)	816,393	(86,611)	-		22,634,528	(5,094,997)	17,539,531
(2,454,532)	2,312,296	(174,769)	(5,872,996)		143,186,106	17,936,553	161,122,659

Consolidated statements of cash flows

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries

	in thousand Baht	
	2012	2011
Cash flows from operating activities		
Profit for the year	18,622,108	23,745,669
Adjustments for		
Depreciation and amortisation	14,046,560	13,207,834
Interest income	(1,327,944)	(1,894,165)
Interest expense	7,408,826	7,000,910
Unrealised gain on foreign currency exchange	(195,492)	(843,234)
Allowance for decline in value of inventories (reversal)	14,485	(243,856)
Dividend income	(4,414,227)	(2,668,231)
Employee benefit expense	742,944	523,179
Share of profit of associates and jointly-controlled entities	(1,560,598)	(6,773,943)
Income tax expense	4,741,912	7,504,081
Gain on sales of assets, allowance for doubtful accounts and other	(674,209)	(2,980,677)
Profit provided by operating activities before changes in operating assets and liabilities	37,404,365	36,577,567
Decrease (increase) in operating assets		
Trade and other receivables	(3,798,064)	(6,960,460)
Inventories	(6,436,544)	(4,216,354)
Other current assets	(371,546)	231,338
Other non-current assets	357,451	230,701
Net increase in operating assets	(10,248,703)	(10,714,775)

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

Consolidated statements of cash flows

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries

		in thousand Baht	
	Note	2012	2011
Increase (decrease) in operating liabilities			
Trade and other payables		7,605,363	3,504,792
Other current liabilities		329,027	237,203
Employee benefit liabilities		(416,368)	(532,162)
Other non-current liabilities		193,151	31,684
Net increase in operating liabilities		7,711,173	3,241,517
Cash generated from the operations			
Income tax paid		(6,685,751)	(6,151,590)
Net cash provided by operating activities		28,181,084	22,952,719
Cash flows from investing activities			
Interest received		1,432,389	1,764,461
Dividends received		9,002,191	7,058,450
Short-term investments		(413,612)	(997,776)
Available-for-sale investments		(14,026,993)	(44,321,482)
Investments in associates, jointly-controlled entities and other companies		(12,472,418)	(14,002,571)
Net cash outflow on acquisition of subsidiaries and net assets	4	(4,427,948)	(4,216,831)
Proceeds from sales and return of investments		29,235,890	29,810,996
Income tax paid from sales of investments		(816,413)	(7,214,813)
Purchases of property, plant and equipment		(17,937,839)	(13,409,341)
Proceeds from sales of property, plant and equipment		242,142	182,319
Purchases of intangible assets		(453,078)	(761,396)
Payments received on loans to related parties		188,940	7,821
Currency translation differences		(305,346)	7,393
Net cash used in investing activities		(10,752,095)	(46,092,770)

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

Consolidated statements of cash flows

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries

	in thousand Baht	
	2012	2011
Cash flows from financing activities		
Borrowings		
Interest paid	(7,326,710)	(6,976,126)
Increase (decrease) in bank overdrafts and short-term loans		
from financial institutions	(6,290,930)	11,061,574
Proceeds from (payments of) short-term loans from related parties	12,001	(64,318)
Proceeds from long-term debts	7,865,725	5,001,877
Payments of long-term debts	(5,406,228)	(11,308,996)
Proceeds from (payments of) finance lease	(529,025)	360,689
Proceeds from issuance of debentures	56,409,849	24,920,934
Redemption of debentures	(39,977,162)	(24,904,867)
Net increase (decrease) in borrowings	4,757,520	(1,909,233)
Dividends paid		
Dividends paid to owners of the parent	(13,774,363)	(16,187,819)
Dividends paid to non-controlling interests	(688,117)	(1,879,772)
Total dividends paid	(14,462,480)	(18,067,591)
Acquisition of non-controlling interests	(5,339,992)	1,969,610
Net cash used in financing activities	(15,044,952)	(18,007,214)
Net increase (decrease) in cash and cash equivalents	2,384,037	(41,147,265)
Cash and cash equivalents at beginning of the year	22,679,806	63,827,071
Cash and cash equivalents at end of the year	25,063,843	22,679,806

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

Notes to the financial statements

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited and its Subsidiaries

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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 21 February 2013.

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	TPC Paste Resin Co., Ltd.	91
Thai Polyethylene Co., Ltd.	100	The Nawaplastic Industries (Saraburi) Co., Ltd.	91
Thai Polypropylene Co., Ltd.	100	Nawa Plastic Industries Co., Ltd.	91
SCG Plastics Co., Ltd.	100	Nawa Intertech Co., Ltd.	91
SCG Performance Chemicals Co., Ltd.	100	Chemtech Co., Ltd.	
SCG Polyolefins Co., Ltd.	100	(Incorporated in Vietnam)	91
Rayong Engineering and Plant Service Co., Ltd.	100	Total Plant Service Co., Ltd.	91
Protech Outsourcing Co., Ltd.	100	Map Ta Phut Tank Terminal Co., Ltd.	82
RIL 1996 Co., Ltd.	100	Minh Thai House Component Co., Ltd.	
Texplore Co., Ltd.	100	(Incorporated in Vietnam)	73
Vina SCG Chemicals Co., Ltd.	100	Map Ta Phut Olefins Co., Ltd.	67
SCG Chemicals (Singapore) Pte. Ltd.		Rayong Olefins Co., Ltd.	67
(Incorporated in Singapore)	100	Rayong Olefins (Singapore) Pte. Ltd.	
Tuban Petrochemicals Pte. Ltd.		(Incorporated in Singapore)	67
(Incorporated in Singapore)	100	Viet-Thai Plastchem Co., Ltd.	
Hexagon International, Inc.		(Incorporated in Vietnam)	66
(Incorporated in USA)	100	Alliance Petrochemical Investment (Singapore)	
PT TPC Indo Plastic & Chemicals		Pte.Ltd. (Incorporated in Singapore)	65
(Incorporated in Indonesia)	96	TPC Vina Plastic and Chemicals Corporation Ltd.	
Rayong Pipeline Co., Ltd.	92	(Incorporated in Vietnam)	63
Thai Plastic and Chemicals Public		Siam Stabilizers and Chemicals Co., Ltd.	54
Company Limited	91	Flowlab & Service Co., Ltd.	51

	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 the Philippines)	98	Vina Kraft Paper Co., Ltd. (Incorporated in Vietnam)	69
Paperlink Inter-Trade Corporation (Incorporated in the Philippines)	98	TCG Rengo Subang (M) Sdn. Bhd. (Incorporated in Malaysia)	69
Siam Cellulose Co., Ltd.	98	TCG Rengo (S) Limited (Incorporated in Singapore)	69
InfoZafe Co., Ltd.	98	New Asia Industries Co., Ltd. (Incorporated in Vietnam)	69
The Siam Pulp and Paper Holding Co., Ltd.	98	Alcamax Packaging (Vietnam) Co., Ltd. (Incorporated in Vietnam)	69
The Siam Forestry Co., Ltd.	98	AP Packaging (Hanoi) Co., Ltd. (Incorporated in Vietnam)	69
Panas Nimit Co., Ltd.	98	Packamex (Vietnam) Co., Ltd. (Incorporated in Vietnam)	69
Thai Panason Co., Ltd.	98	Tawana Container Co., Ltd.	50
Thai Panadorn Co., Ltd.	98	Thai British Security Printing Public Company Limited	49
Thai Panaram Co., Ltd.	98	Thai British DPost 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	PT Pion Quarry Nusantara (Incorporated in Indonesia)	100
The Concrete Products and Aggregate Co., Ltd.	100	PT SCG Pipe and Precast Indonesia (Incorporated in Indonesia)	100
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	PT Semen Lebak (Incorporated in Indonesia)	100
The Siam Cement (Ta Luang) Co., Ltd.	100	PT SCG Readymix Indonesia (Incorporated in Indonesia)	100
The Siam Cement (Thung Song) Co., Ltd.	100	PT CPAC Surabaya (Incorporated in Indonesia)	100
The Siam Cement (Lampang) Co., Ltd.	100	Q Mix Supply Co., Ltd.	100
Siam Mortar Co., Ltd.	100	CPAC Lao Co., Ltd. (Incorporated in Laos)	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.	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 Concrete Products (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	The Concrete Products and Aggregate (Vietnam) Co., Ltd. (Incorporated in Vietnam)	75
Cement Thai Building Materials (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	Myanmar CPAC Service Co., Ltd. (Incorporated in Myanmar)	70
Buu Long Industry & Investment Joint Stock Company (Incorporated in Vietnam)	99	CPAC Cambodia Co., Ltd. (Incorporated in Cambodia)	69
Kampot Cement Co., Ltd. (Incorporated in Cambodia)	97	Kampot Land Co., Ltd. (Incorporated in Cambodia)	48
PT Semen Jawa (Incorporated in Indonesia)	95		
SCG Building Materials		SCG Building Materials	
SCG Building Materials Co., Ltd.	100	Sosuco and Group (2008) Co., Ltd.	90
The Siam Fibre-Cement Co., Ltd.	100	Saraburirat Co., Ltd.	83
The Fibre-Cement Products (Lampang) Co., Ltd.	100	Mariwasa-Siam Ceramics, Inc. (Incorporated in the Philippines)	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.	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 the Philippines)	100	SCG-Sekisui Sales Co., Ltd.	51
Cement Thai Ceramic (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	CPAC Monier Philippines, Inc. (Incorporated in the Philippines)	50
Cement Thai Ceramics Philippines Holdings, Inc. (Incorporated in the Philippines)	100	PT Siam-Indo Gypsum Industry (Incorporated in Indonesia)	50
PT SCG Lightweight Concrete Indonesia (Incorporated in Indonesia)	100	PT Siam-Indo Concrete Products (Incorporated in Indonesia)	50
PT KIA Serpik Mas (Incorporated in Indonesia)	97		
PT KIA Keramik Mas (Incorporated in Indonesia)	96		
PT Keramika Indonesia Assosiasi, Tbk (Incorporated in Indonesia)	96		

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

Details of the Company's subsidiaries with insignificant operations or in the process of liquidation that 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	SCG Trading (Jordan) L.L.C. (Incorporated in Jordan)	100
The Nawaloha Foundry Bangpakong Co., Ltd.	100	Siam TPC Co., Ltd.	96
Bangsue Industry Co., Ltd.	100	Siam TPC (Singapore) Pte. Ltd. (Incorporated in Singapore)	96
The Siam Iron and Steel Co., Ltd.	100	Myanmar CPAC Trading Co., Ltd.	70
Dhara Pipe Co., Ltd.	100	(Incorporated in Myanmar)	69
Cementhai Management Services Co., Ltd.	100	Thai Containers Trading Co., Ltd.	
Siam Nawaphan Co., Ltd.	100		
Siam Paraffins Co., Ltd.	100		

Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2011 except for acquisition of additional interests in Thai Plastic and Chemicals Public Company Limited as discussed in note 4.

During 2012, the Group acquired the ordinary shares of SCG Concrete Indonesia group of companies which are incorporated in Indonesia, Tawana Container Co., Ltd. which is incorporated in Thailand and additionally acquired the ordinary shares of Mariwasa-Siam Ceramics, Inc. which is incorporated in the Philippines and included these companies in the Group's consolidated financial statements in 2012 as discussed in note 4.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

During 2010 and 2012, the FAP has issued a number of new and revised Thai Financial Reporting Standards (TFRSs) 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 TFRSs are disclosed in note 40.

(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 TFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 4	Acquisition of business
Note 6, 7, 8, 9, 10, 11, 12 and 13	Measurement of the recoverable amounts of each asset and cash-generating units containing goodwill
Note 14, 30	Utilisation of tax losses, current and deferred tax
Note 19	Discount rate, salary increase rate, employee turnover rate and mortality rate
Note 35	Provisions and contingent liabilities

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Group and the Group's interests in associates and jointly-controlled entities.

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates and jointly-controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 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 equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has 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 Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net 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.

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 receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

The Group values its inventories at cost and net 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 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 end of the reporting period.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is 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 - 20 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 or, if lower, the present value of the minimum lease payments. 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 consumption patterns or useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or other expenses in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is 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	4 - 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 has been computed by the following methods over the periods as follows:

Phoenix Pulp & Paper Public Company Limited

		Depreciation method
Land improvements	5 - 30 years	Straight-line
Buildings and structures		
- Acquired prior to 1 January 2002	30 years	Sinking Fund
- Acquired from 1 January 2002	20, 25, 30 years	Straight-line
Machinery and equipment	15 years	Sinking Fund
Certain machinery and equipment	5 - 25 years	Straight-line
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 years	Straight-line

The effect of using the above different depreciation methods on the consolidated financial statements is insignificant.

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

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

(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 3 (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 based on 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
Other	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 period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is 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 or 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 are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or accumulated amortisation, if no impairment loss had been recognised.

(k) Trade and other payables

Trade and other payables 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 (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 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 and fair value of plan assets are deducted. The discount rate is the yield at the end of the reporting period on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is 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 end of the reporting period on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are 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 costs.

(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 in proportion to the stage of completion of the transaction.

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 income

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

(o) Expenses

Operating leases

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, and dividends on preference shares classified as liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are 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 for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate 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 end of the reporting period, 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 jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

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 the end of each reporting period 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 to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to 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 end of the reporting period.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates.

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 receivables and payables, long-term receivables, loans, investments, borrowings and debentures.

The Group operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognised in profit or loss in the same period as the exchange differences on the items covered by the hedge.

4 Acquisitions of business, change of status to subsidiary and acquisition of non-controlling interests without a change in control

Year 2012

Acquisitions

In the first quarter of 2012, the Group acquired 100% of the ordinary shares of three companies in the SCG Concrete Indonesia (Formerly: Boral Indonesia) (construction materials business in Indonesia). In the third quarter of 2012, the Group also acquired 100% of the ordinary shares of another company in Boral Indonesia group of companies. Total investment in entire entities of SCG Concrete Indonesia amounted to Baht 4,284 million.

In the second quarter of 2012, the Group acquired 72% of the ordinary shares of Tawana Container Co., Ltd. (Tawana) (a producer and distributor of corrugated containers in Thailand) for a cash consideration of Baht 410 million.

The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2009) Business Combinations, which requires that the assets acquired, liabilities and contingent liabilities assumed be recorded at their fair values on acquisition date, together with goodwill, if any. The determination of the fair values of SCG Concrete Indonesia and Tawana has been completed, and the carrying amount of the assets acquired and liabilities assumed were adjusted accordingly. The acquisition of the ordinary shares of Tawana from former shareholder created benefit from synergies to the Seller as well as to the Group, both market-wise and operation-wise. The Group recorded a gain on bargain purchase of business acquisition amounting to Baht 151 million, which is presented under the caption of "Other income" in the consolidated income statement for the year ended 31 December 2012.

The determination of the fair values of Buu Long Industry & Investment Joint Stock Company (Buu Long), which was acquired by the Group in the fourth quarter of 2011, has been completed. The carrying amount of the assets acquired and liabilities assumed were adjusted accordingly.

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

	in million Baht			
	SCG			
	Concrete			
	Tawana	Indonesia	Buu Long	Total
Cash and cash equivalents	149	907	34	1,090
Trade receivables	331	670	-	1,001
Inventories	87	186	5	278
Other current assets	5	137	1	143
Property, plant and equipment	222	1,104	8	1,334
Other non-current assets	19	334	8	361
Interest-bearing loans and borrowings	-	(670)	-	(670)
Trade payables	(318)	(435)	-	(753)
Other current liabilities	(16)	(482)	(1)	(499)
Other non-current liabilities	(5)	(127)	-	(132)
Carrying amounts of net identifiable assets and liabilities	474	1,624	55	2,153
Add fair value adjustments	307	1,220	126	1,653
Less non-controlling interests	(220)	-	(2)	(222)
Recognised value of net assets acquisition	561	2,844	179	3,584
Goodwill	-	1,440	-	1,440
Gain on a bargain purchase	(151)	-	(9)	(160)
Total consideration transferred	410	4,284	170	4,864
Cash acquired	(149)	(907)	(34)	(1,090)
Net cash outflow	261	3,377	136	3,774
Less cash payment in 2011				(136)
Less accrued investment				(315)
Net cash outflow in 2012				3,323

In the fourth quarter of 2012, the Group acquired the net assets of a Ready-mixed concrete business in Thailand for a cash consideration of Baht 880 million.

Net assets at the acquisition date comprised the following:

	in million Baht
Inventories	36
Property, plant and equipment	688
Other non-current assets	6
Carrying amounts of net identifiable assets	730
Add fair value adjustments	22
Recognised value of net assets acquisition	752
Goodwill	128
Total consideration transferred	880
Less accrued investment	(50)
Net cash outflow	830

The assets, liabilities and operating results since acquisition date of SCG Concrete Indonesia, Tawana and Ready-mixed concrete business have been included in the Group's consolidated financial statements for the year ended 31 December 2012. From the acquisition date, SCG Concrete Indonesia, Tawana and Ready-mixed concrete business contributed revenue from sales to the Group's operating results of Baht 4,093 million, Baht 685 million and Baht 204 million, respectively. If the acquisition had occurred on 1 January 2012, management estimates that the Group's consolidated revenue from sales would have been Baht 411,942 million for the year ended 31 December 2012.

The Group has continuously determined its review of fair values of the business acquired within one year from the acquisition date, taking into accounts additional information, facts as well as circumstances that existed at the acquisition date. Consequently the Group will adjust the provisional fair values or recognise any additional assets or liabilities that existed at the acquisition date, and the adjustments on accounting transactions of such acquisition will be made.

In the first quarter of 2012, the Group adjusted goodwill of PT Keramika Indonesia Assosiasi,Tbk (KIA) amounting to Baht 278 million to reflect new information on the assets and liabilities acquired that affected the assets and liabilities recognition at the acquisition date.

Movements during the year ended 31 December on goodwill were as follows:

	in million Baht	
	2012	2011
Cost		
At 1 January	2,511	1,170
Increase through business combination	1,568	1,341
Adjustment	(278)	-
At 31 December	3,801	2,511

Change of status to subsidiary

In the first quarter of 2012, the financial statements of Mariwasa-Siam Ceramics, Inc. (MSC), a private company incorporated in the Philippines, (the principal activities of which are the manufacture and distribution of ceramic tiles) have been included in the Group's consolidated financial statements as a result of shareholders' restructuring and significant management control over its financial and operating policies that the Group has established since 31 March 2012. The transaction value is Baht 467 million, resulting in the Group's ownerships (direct and indirect) increasing from 46% to 83%. The Group determined the fair value of the previously held equity interest in MSC prior to change of status to subsidiary.

	in million Baht
Fair value of previously held equity interest	264
Less carrying amount of investment at equity method	(238)
Gain on revaluation of investment	26

The subsidiary's net assets and liabilities at the acquisition date comprised the following:

	in million Baht
Cash and cash equivalents	192
Trade receivables	164
Inventories	357
Other current assets	76
Property, plant and equipment	1,139
Other non-current assets	126
Interest-bearing loans and borrowings	(740)
Trade payables	(291)
Other current liabilities	(144)
Carrying amounts of net identifiable assets and liabilities	879
Add fair value adjustments	292
Less non-controlling interests	(233)
Less fair value of previously held equity interest	(264)
Recognised value of net assets acquisition	674
Gain on a bargain purchase	(207)
Total consideration transferred	467
Cash acquired	(192)
Net cash outflow	275

Acquisition of non-controlling interests without a change in control

In the first quarter of 2012, the Group acquired additional interest in subsidiary by purchase of the ordinary shares of Thai Plastic and Chemicals Public Company Limited (TPC) from connected persons totalling shares 263.5 million or equivalent to 30.12% for a total consideration of Baht 7,906 million and also submitted the Statement of Intention for Tender Offer to the Securities and Exchange Commission. As at 31 December 2012, the Group held 90.67% interest in TPC, with total investment during 2012 amounted to Baht 11,798 million, increased 45.02%.

Summary of the effect of changes in ownership interest in subsidiary that do not result in a loss of control is as follows.

	in million Baht
Fair value of the consideration transferred	11,798
Less non-controlling interests acquired	(6,016)
Decrease in equity attributable to owners of the parent from additional investment in subsidiary	5,782

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
Carrying amounts of net 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 carrying amount	-	-	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

5 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		
	2012	2011	Pricing policies
<i>Associates</i>			
Purchases	19,689	15,216	Market price
Service fee	1,532	1,568	Market price
Revenue from sales	58,010	55,668	Market price
Service income and others	1,317	841	Market price
Management fee and others	1,539	1,517	Mainly based on percentage of revenue from sales
Dividend income	3,545	5,415	Upon declaration

	in million Baht		
	2012	2011	
<i>Other</i>			
Purchases	2,980	2,159	Market price
Revenue from sales	1,010	1,258	Market price
Service income and others	98	116	Market price
Management fee and others	357	361	Mainly based on percentage of revenue from sales
Dividend income	4,210	2,400	Upon declaration

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

Trade receivables

	in million Baht	
	2012	2011
<i>Associates</i>		
Siam Polyethylene Co., Ltd.	1,600	1,315
PT Chandra Asri Petrochemical Tbk	668	66
Siam Styrene Monomer Co., Ltd.	614	626
Bangkok Synthetics Co., Ltd.	594	686
Siam Synthetic Latex Co., Ltd.	482	143
Thai MMA Co., Ltd.	432	497
Grand Siam Composites Co., Ltd.	270	173
PT Styrimo Mono Indonesia	135	-
Siam Tohcello Co., Ltd.	73	-
Siam Toppan Packaging Co., Ltd.	46	30
The Siam Gypsum Industry (Saraburi) Co., Ltd.	32	50
Siam Global House Public Company Limited	32	-
Siam Mitsui PTA Co., Ltd.	30	22
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	30	-
Riken (Thailand) Co., Ltd.	23	-
SCG Plastics (Shanghai) Co., Ltd.	21	57
SCG Plastics (China) Co., Limited	16	31
Siam Sanitary Ware Industry Co., Ltd.	13	19
Sekisui-SCG Industry Co., Ltd.	12	32
Other companies	117	109
	5,240	3,856
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	84	238
Other companies	9	77
	93	315
Total	5,333	4,171

Other receivables

	in million Baht	
	2012	2011
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	291	235
Siam Mitsui PTA Co., Ltd.	45	47
IT One Co., Ltd.	31	28
Grand Siam Composites Co., Ltd.	29	42
Thai MMA Co., Ltd.	25	64
Thai PET Resin Co., Ltd.	18	17
Siam Sanitary Ware Industry Co., Ltd.	18	17
Other companies	98	166
	<u>555</u>	<u>616</u>
<i>Other</i>		
Michelin Siam Group Co., Ltd.	205	205
Toyota Motor Thailand Co., Ltd.	-	1,023
Other companies	28	34
	<u>233</u>	<u>1,262</u>
Total	<u>788</u>	<u>1,878</u>

Short-term loans to related parties

	in million Baht	
	2012	2011
<i>Associates</i>		
PT M Class Industry	94	97
GTC Technology International, LP	38	40
Other companies	5	17
Total	<u>137</u>	<u>154</u>

Long-term loans to related parties

	in million Baht	
	2012	2011
<i>Associates</i>		
Mariwasa Holdings, Inc.	137	-
Mariwasa-Siam Ceramics, Inc.	-	401
Total	<u>137</u>	<u>401</u>

Movements during the years on loans to related parties were as follows:

	in million Baht	
	2012	2011
Short-term		
At 1 January	154	158
Increase	6	19
Decrease	(10)	(23)
Change of status to subsidiary	(13)	-
At 31 December	<u>137</u>	<u>154</u>

	in million Baht	
	2012	2011
Long-term		
At 1 January	401	393
Increase	37	20
Decrease	(294)	(12)
Increase through business combination	102	-
Change of status to subsidiary	(109)	-
At 31 December	137	401

Trade payables

	in million Baht	
	2012	2011
<i>Associates</i>		
Mehr Petrochemical Company (P.J.S.C.)	579	570
PT Chandra Asri Petrochemical Tbk	515	74
Siam Polyethylene Co., Ltd.	371	417
Siam Kubota Corporation Co., Ltd.	260	49
Bangkok Synthetics Co., Ltd.	257	270
Thai MMA Co., Ltd.	164	219
Thai PET Resin Co., Ltd.	111	73
The Siam Gypsum Industry (Saraburi) Co., Ltd.	79	48
Jumbo Barges and Tugs Co., Ltd.	73	100
Sekisui-SCG Industry Co., Ltd.	55	4
IT One Co., Ltd.	44	40
Siam Styrene Monomer Co., Ltd.	29	24
Siam Sanitary Ware Industry Co., Ltd.	25	26
Other companies	57	59
	<u>2,619</u>	<u>1,973</u>
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	221	130
Other companies	1	-
	<u>222</u>	<u>130</u>
Total	<u>2,841</u>	<u>2,103</u>

Other Payables

	in million Baht	
	2012	2011
<i>Associates</i>		
IT One Co., Ltd.	48	26
Other companies	12	14
Total	<u>60</u>	<u>40</u>

Short-term loans from related parties

	in million Baht	
	2012	2011
<i>Other</i>		
PT Trans-Pacific Polyethylene Indonesia	72	74
Other companies	33	19
Total	105	93

Movements during the years on short-term loans from related parties were as follows:

	in million Baht	
	2012	2011
At 1 January	93	158
Increase	882	862
Decrease	(870)	(927)
At 31 December	105	93

Key management compensation

	in million Baht	
	2012	2011
Short-term employee benefits	264	264
Post-employment benefits	15	13
Total	279	277

Management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

6 Trade and other receivables

		in million Baht	
	Note	2012	2011
Trade receivables			
Related parties	5	5,333	4,171
Other companies		32,264	30,269
Less allowance for doubtful accounts		821	815
Net		31,443	29,454
		36,776	33,625
Other receivables			
Related parties	5	788	1,878
Other companies		5,617	5,154
		6,405	7,032
Total		43,181	40,657
Doubtful debts expenses (bad debts recovery) for the year		(7)	13

	in million Baht	
	2012	2011
Trade receivables		
Related parties		
Within credit terms	5,280	4,102
Overdue:		
Less than 3 months	49	50
3 - 6 months	3	9
Over 6 - 12 months	1	10
Total	5,333	4,171
Other companies		
Within credit terms	28,316	26,668
Overdue:		
Less than 3 months	2,806	2,550
3 - 6 months	308	226
Over 6 - 12 months	81	40
Over 12 months	753	785
	32,264	30,269
Less allowance for doubtful accounts	821	815
Net	31,443	29,454
Total	36,776	33,625

The normal credit term granted by the Group is 30 - 90 days.

As at 31 December 2012, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 795 million (2011: Baht 641 million).

7 Inventories

	in million Baht	
	2012	2011
Finished goods	19,841	17,115
Goods in process	2,492	2,539
Raw materials	10,109	10,702
Spare parts	5,865	5,385
Stores, supplies and others	4,979	3,634
Raw materials in transit	6,051	2,891
Total	49,337	42,266
Less allowance for decline in value	447	428
Net	48,890	41,838
Changes in inventories of finished goods and goods in process	(2,679)	(2,290)
Raw materials used	194,564	177,021

The cost of inventories which was recognised as an expense and included in "cost of sales" for the year ended 31 December 2012 amounted to Baht 339,803 million (2011: Baht 302,424 million).

8 Cash and cash equivalents and other investments

	in million Baht	
	2012	2011
Cash and cash equivalents		
Cash on hand and at banks	11,204	5,163
Highly liquid short-term investments	13,793	17,277
Cash (Private funds)	67	240
Total	25,064	22,680
Short-term investments		
Fixed deposits with financial institutions	1,690	2,000
Available-for-sale debt securities (Private funds)	5,987	5,205
Total	7,677	7,205
Available-for-sale investments		
Available-for-sale debt securities (Private funds)	5,696	20,103
Marketable equity securities	6,352	5,535
Total	12,048	25,638

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 2012, the Company remains engaged totalling 3 local independent assets management companies, the private funds had invested in debt securities totalling Baht 11,750 million which have high liquidity and rating as investment grade with return rates from 2.72% to 4.31% per annum.

The quoted market prices of available-for-sale investments on the Stock Exchange as at 31 December 2012 are as follows:

	in million Baht		
	Cost	Quoted market price (latest bid price)	Net changes in fair value of available-for-sale securities
Marketable securities	14,871	18,035	3,164

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

	in million Baht	
	2012	2011
Net change in fair value	921	(1,053)
Transfer of gain on net change in fair value to profit or loss	(100)	(1,988)
Net	821	(3,041)

During 2011, the Group sold the available-for-sale investments and recorded a gain before tax which was 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.

9 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:

	in million Baht	
	2012	2011
At 1 January	55,747	40,508
Share of net profit of investments - equity method	1,561	6,774
Increase in investments	12,432	14,003
Dividend income	(3,545)	(5,415)
Disposals	(342)	-
Change of the status to subsidiary	(149)	-
Other	(129)	(123)
At 31 December	65,575	55,747

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		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Associates										
SCG Chemicals										
PT Chandra Asri Petrochemical Tbk	30	30	10,629	10,629	12,894	12,879	12,037	12,755	-	43
Bangkok Synthetics Co., Ltd.	26	26	1,173	1,173	2,036	2,036	6,703	6,562	458	915
Siam Mitsui PTA Co., Ltd.	50	50	4,800	4,800	2,372	2,372	4,093	5,356	1,044	1,102
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,632	4,057	1,265	1,229
Siam Styrene Monomer Co., Ltd.	50	50	4,755	4,755	2,375	2,375	3,508	2,767	-	-
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	2,892	4,688	14	806
Siam Synthetic Latex Co., Ltd.	50	50	5,789	4,976	2,788	2,381	1,541	2,060	-	-
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	989	770	191	416
Tien Phong Plastics										
Joint Stock Company	23	-	650	-	702	-	751	-	29	-
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	734	643	25	175
Binh Minh Plastics										
Joint Stock Company	20	-	525	-	642	-	686	-	32	-
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	527	473	-	63
Mehr Petrochemical Company (P.J.S.C.)	39	39	1,335	1,203	801	722	433	540	-	-
Mitsui Advanced Composites										
(Zhongshan) Co., Ltd.	20	20	596	596	119	119	276	266	55	65
Siam Tohcello Co., Ltd.	45	-	444	-	200	-	203	-	-	-
GTC Technology International, LP	25	25	191	191	107	107	186	138	-	-
Thai PET Resin Co., Ltd.	20	20	900	900	180	180	183	220	16	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	183	160	3	5
PT Siam Maspion Terminal	50	50	327	327	163	163	161	129	-	22
GTC Technology US, LLC	25	25	102	102	160	160	139	166	1	-
SD Group Service Co., Ltd.	50	50	78	78	38	38	109	103	-	15
Other companies			80	80	47	47	125	109	18	10
			43,798	41,234	31,167	29,122	40,091	41,962	3,151	4,866

	Ownership interest (%)		in million Baht							
			Paid-up capital		Cost method		Equity method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
SCG Paper										
Siam Toppan Packaging Co., Ltd.	48	48	500	500	245	245	364	361	1	8
Siam Nippon Industry Paper Co., Ltd.	44	-	495	-	223	-	219	-	-	-
Saha Green Forest Co., Ltd.	25	25	190	138	48	34	44	32	-	-
Other companies			263	263	105	105	-	-	-	-
			1,448	901	621	384	627	393	1	8
SCG Cement										
Anhui Conch-SCG Refractory Co., Ltd.	30	30	497	497	148	148	142	147	-	-
SCG Building Materials										
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	1,207	1,139	591	898	425	-	-
Siam Sanitary Ware Co., Ltd.	36	36	60	60	50	50	705	616	39	55
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	627	529	134	111
The Siam Sanitary Fittings Co., Ltd.	45	45	200	200	66	66	371	215	7	41
TOTO Manufacturing (Thailand) Co., Ltd.	40	40	920	550	368	220	227	162	-	-
Noritake SCG Plaster Co., Ltd. (Formerly: The Siam Moulding Plaster Co., Ltd.)	40	40	405	405	134	134	192	195	-	-
PT M Class Industry	28	28	222	222	106	106	38	-	-	-
CPAC Monier (Laos) Co., Ltd.	38	38	21	21	11	11	23	20	-	-
Mariwasa Holdings, Inc.	40	40	267	267	94	94	22	48	-	-
CMPI Holding, Inc.	20	20	55	54	11	11	21	21	-	-
Mariwasa Siam Holdings, Inc.	-	46	-	1,093	-	590	-	128	-	-
Other companies			241	241	61	61	10	9	1	-
			4,866	4,470	2,086	1,980	3,134	2,368	181	207
SCG Distribution										
Siam Global House Public Company Limited	31	-	2,152	-	9,414	-	9,454	-	-	-
Jumbo Barges and Tugs Co., Ltd.	32	32	399	399	145	145	185	186	-	-
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	58	61	5	5
Green Siam Resources Corporation	40	40	95	95	38	38	50	48	-	-
Other companies			59	59	24	24	29	29	-	-
			2,768	616	9,652	238	9,776	324	5	5
SCG Investment										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	7,242	5,814	-	-
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	1,171	1,096	17	44
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	652	582	46	49
Musashi Auto Parts Co., Ltd.	21	21	200	200	42	42	501	764	-	97
Aisin Takaoka Foundry Bangkokong Co., Ltd.	30	30	475	475	142	142	474	389	51	51
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	420	363	25	19
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	328	306	15	19
Siam Lemmerz Co., Ltd.	30	30	107	107	293	293	181	173	23	22
			4,454	4,454	1,909	1,909	10,969	9,487	177	301

	Ownership interest (%)		in million Baht							
			Paid-up capital		Cost method		Equity method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Other									
Muang Thong United Co., Ltd.	30	-	120	-	120	-	130	-	-	-
IT One Co., Ltd.	20	20	80	80	16	16	95	92	30	28
			200	80	136	16	225	92	30	28
Jointly-controlled entity										
SCG Chemicals										
Long Son Petrochemicals Co., Ltd.	46	71	1,646	1,646	758	1,170	611	974	-	-
Total			59,677	53,898	46,477	34,967	65,575	55,747	3,545	5,415

The following summarised financial information related to interests in jointly-controlled entity for the year ended 31 December is as follows:

	Owner-ship (%)	in million Baht								
		Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Shareholder's equity	Total revenues	Total expenses	Profit (loss) for the year
		2012								
Long Son Petrochemicals Co., Ltd.	46	478	150	628	17	-	611	3	(22)	(19)
2011										
Long Son Petrochemicals Co., Ltd.	71	793	189	982	8	-	974	84	(30)	54

In the first quarter of 2012, Mariwasa-Siam Ceramics, Inc. (a subsidiary of Mariwasa Siam Holdings, Inc.) has been changed to subsidiary of the Group due to the Group's attaining control over its policy and operation, as discussed in note 4.

Acquisition

In the first quarter of 2012, the Group acquired 16.74% of the ordinary shares of Binh Minh Plastics Joint Stock Company and acquired 22.67% of the ordinary shares of Tien Phong Plastics Joint Stock Company (manufacturers and distributors of plastic pipe in Vietnam). In the second quarter and third quarter of 2012, the Group additionally acquired ordinary shares of Binh Minh Plastics Joint Stock Company, therefore, interest in such company increased to 20.40%. Total cash consideration of investment in both companies amounted to Baht 1,344 million.

In the fourth quarter of 2012, the Group acquired the ordinary shares and exercised the warrants of Siam Global House Public Company Limited for a cash consideration Baht 9,414 million representing 31.25% interest.

Disposal

In the first quarter of 2012, the Group sold its 25% interest in the ordinary shares of Long Son Petrochemicals Co., Ltd. to QPI Vietnam. As a result, the Group recorded profit before income tax amounting to Baht 116 million, which was presented under the caption of "Other income" in the consolidated income statement for the year ended 31 December 2012.

10 Other long-term investments

	Ownership interest (%)		in million Baht			
			Investment		Dividend income	
	2012	2011	2012	2011	2012	2011
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	5
			2,403	2,403	5	5
* 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	375	17	-
			1,317	1,317	56	39
SCG Building Materials			346	346	4	-
SCG Distribution			6	5	-	-
SCG Investment and others						
Toyota Motor Thailand Co., Ltd.	10	10	881	881	3,933	2,060
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	138	98	7	84
Other companies			13	14	-	7
			1,783	1,744	4,145	2,356
Total			5,886	5,846	4,210	2,400
Less accumulated impairment losses			2,600	2,617	-	-
Net			3,286	3,229	4,210	2,400

In the fourth quarter of 2011, The Company sold its entire remaining 5% interest in the ordinary shares of The Siam United Steel (1995) Co., Ltd. to the major shareholder, Nippon Steel Corporation and recorded a gain before tax which was 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 2012 are as follows:

	in million Baht		
	Cost	Interests in carrying amount	Accumulated impairment losses
Non-marketable investment	5,886	8,928	(2,600)

11 Investment properties

	in million Baht		
	Land and land improvements	Buildings and structures	Total
Cost			
At 1 January 2011	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
Disposals	(59)	(57)	(116)
At 31 December 2012	1,330	560	1,890
Accumulated depreciation and accumulated impairment losses			
At 1 January 2011	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
Depreciation charge for the year	1	29	30
Disposals	(1)	(24)	(25)
At 31 December 2012	109	307	416
Carrying amount			
At 31 December 2011	1,280	315	1,595
At 31 December 2012	1,221	253	1,474

Investment properties were revalued as at 31 December 2012 at open market values on an existing use basis. The appraised value was Baht 3,732 million (2011: Baht 3,554 million).

12 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 2011	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
Additions	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 in/(out)	28	1,309	6,885	81	136	(9,021)	(582)
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
Acquisitions through business combinations	939	988	5,622	467	117	308	8,441
Additions	774	208	1,887	136	407	14,791	18,203
Disposals/written off	(26)	(95)	(1,741)	(37)	(110)	(21)	(2,030)
Transfers in/(out)	438	1,017	7,533	147	52	(9,690)	(503)
Translation differences	(121)	(213)	(386)	(33)	(4)	(36)	(793)
At 31 December 2012	20,463	45,810	302,387	5,007	5,397	20,040	399,104

	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 2011	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 in/(out)	(2)	(26)	(203)	(4)	(30)	-	(265)
Translation differences	12	18	176	9	6	-	221
At 31 December 2011	6,028	24,235	180,864	3,809	4,167	-	219,103
Acquisitions through business combinations	6	354	2,879	92	95	-	3,426
Depreciation charge for the year	428	1,784	10,741	219	323	-	13,495
Impairment losses	-	-	5	-	-	-	5
Disposals/written off	(21)	(74)	(1,637)	(36)	(107)	-	(1,875)
Transfers in/(out)	-	20	(99)	3	11	-	(65)
Translation differences	(7)	(37)	(199)	(26)	(8)	-	(277)
At 31 December 2012	6,434	26,282	192,554	4,061	4,481	-	233,812
Carrying amount							
At 31 December 2011	12,431	19,670	108,608	518	768	14,688	156,683
At 31 December 2012	14,029	19,528	109,833	946	916	20,040	165,292

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to Baht 133,058 million as at 31 December 2012 (2011: Baht 128,510 million).

Finance costs incurred in the year ended 31 December 2012, amounting to Baht 21 million (2011: Baht 21 million), rates of interest capitalised at 4.48 % - 5.25% per annum (2011: 5% per annum), were capitalised as part of the cost of construction in progress.

The cost of machinery and equipment held under finance leases was Baht 3,731 million as at 31 December 2012 (2011: Baht 4,472 million) and has carrying amount of Baht 1,253 million as at 31 December 2012 (2011: Baht 1,719 million).

13 Goodwill and intangible assets

in million Baht

	Software				Total
	Goodwill	licenses & license fees	Development cost	Other	
Cost					
At 1 January 2011	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
Acquisitions through business combinations	1,568	5	18	855	2,446
Additions	-	89	322	42	453
Disposals/written off	-	(55)	-	-	(55)
Adjustment	(278)	-	-	-	(278)
Transfers in/(out)	-	220	(213)	3	10
At 31 December 2012	3,801	5,246	462	2,539	12,048
Accumulated amortisation					
At 1 January 2011	-	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
Amortisation charge for the year	-	406	-	73	479
Disposals/written off	-	(55)	-	-	(55)
Transfers in/(out)	-	-	(3)	6	3
At 31 December 2012	-	3,063	(3)	317	3,377
Carrying amount					
At 31 December 2011	2,511	2,275	335	1,401	6,522
At 31 December 2012	3,801	2,183	465	2,222	8,671

For the purpose of impairment testing, the recoverable amount of goodwill was based on its value in use and was determined by discounting the future cash flows for the period of five years using weighted average cost of capital of the Group.

14 Deferred tax assets (deferred tax liabilities)

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, and are included in the consolidated statements of financial position as follows:

	in million Baht	
	2012	2011
Deferred tax assets	4,301	2,903
Deferred tax liabilities	(2,472)	(1,562)
Net	1,829	(1,341)

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

in million Baht						
	At 1 January 2011	Credited (charged) to		Increase through business combinations	Translation differences	At 31 December 2011
		profit or loss (note 30)	other comprehensive income			
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
Other	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)
Other	(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

in million Baht						
	At 1 January 2012	Credited (charged) to		Increase through business combinations	Translation differences	At 31 December 2012
		profit or loss (note 30)	other comprehensive income			
Deferred tax assets						
Investments	228	(105)	3	-	-	126
Property, plant and equipment	258	(12)	-	-	(1)	245
Employee benefit liabilities	697	153	225	30	(1)	1,104
Loss carry forward	2,035	1,209	-	-	-	3,244
Other	634	92	-	41	6	773
Total	3,852	1,337	228	71	4	5,492
Deferred tax liabilities						
Available-for-sale investments	(648)	(192)	15	-	-	(825)
Property, plant and equipment	(1,307)	(573)	-	(560)	3	(2,437)
Other	(556)	52	-	88	15	(401)
Total	(2,511)	(713)	15	(472)	18	(3,663)
Net	1,341	624	243	(401)	22	1,829

15 Other non-current assets

	in million Baht	
	2012	2011
Land and assets not used in operations	1,417	1,133
Land prepayments	1,061	899
Factory prepayments	685	821
Recoverable tax	272	304
Other	2,250	1,475
Total	5,685	4,632
Less accumulated impairment losses	163	325
Net	5,522	4,307

16 Bank overdrafts and short-term loans from financial institutions

	in million Baht	
	2012	2011
Promissory notes	12,382	18,305
Loans	1,301	1,575
Bank overdrafts and others	88	178
Total	13,771	20,058

The Group has overdraft lines with several banks amounting to approximately Baht 6,000 million in 2012 (2011: Baht 5,400 million).

17 Long-term debts

	in million Baht	
	2012	2011
Current		
- Unsecured		
Current portion of long-term debts	4,638	3,761
Current portion of finance lease liabilities	580	544
	5,218	4,305
Non-current		
- Unsecured		
Long-term debts	29,491	26,781
Finance lease liabilities	807	1,375
	30,298	28,156
Total	35,516	32,461

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

	in million Baht	
	2012	2011
Thai Baht	21,871	16,795
US Dollar	11,665	14,230
Euro	1,101	1,337
Peso	697	76
Other	182	23
Total	35,516	32,461

During the year ended 31 December 2012, the Group has drawn down under the loan agreements made equivalent to Baht 7,866 million (2011: Baht 5,002 million). The average interest rates are approximately 0.62% - 7.75% per annum (2011: 0.67% - 5.50% per annum). Repayment schedules are monthly to semi-annually, with payment period of 2 - 14 years and some loans have repayment schedule at maturity of the loan agreements. Many of the above long-term loans are guaranteed by the Company.

The average interest rate of long-term debts in foreign currency is approximately 1.08% per annum in 2012 (2011: 0.96% per annum). The Group has mainly entered into various forward foreign exchange contracts and interest rate swap agreements to hedge the foreign exchange rate and interest rate risks as discussed in note 34.

The interest-bearing debts, excluding finance lease liabilities, can be classified by periods to maturity as follows:

	in million Baht	
	2012	2011
Within 1 year	4,638	3,761
After 1 year but within 5 years	23,768	14,127
After 5 years	5,723	12,654
Total	34,129	30,542

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 2012			
Within 1 year	580	38	618
After 1 year but within 5 years	807	12	819
Total	1,387	50	1,437
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

18 Debentures

As at 31 December 2012, the Company had issued unsubordinated and unsecured debentures and the subsidiary had issued subordinated and unsecured convertible debentures totalling Baht 127,460 million (2011: Baht 110,944 million) as follows:

Debentures No.	in million Baht		Interest Rate (% p.a.)	Term	Maturity Date	Fair Value *	
	2012	2011				2012	2011
Debentures - The Siam Cement Public Company Limited							
1/2008	-	20,000	4.25	4 years	1 April 2012	-	1,001
2/2008	-	20,000	5.35	4 years	1 November 2012	-	1,019
1/2009	20,000	20,000	5.15	4 years	1 April 2013	1,004	1,022
2/2009	10,000	10,000	4.15	4 years	1 October 2013	1,016	1,011
1/2010	10,000	10,000	3.85	4 years	1 April 2014	1,013	1,014
2/2010	5,000	5,000	3.85	4 years	1 October 2014	1,008	1,020
1/2011	15,000	15,000	4.00	4 years	1 April 2015	1,025	1,020
2/2011	10,000	10,000	4.50	4 years	1 November 2015	1,037	1,000
1/2012	25,000	-	4.15	4 years	1 April 2016	1,020	-
2/2012	25,000	-	4.15	4 years	1 November 2016	1,006	-
3/2012	6,500	-	4.40	7 years	12 October 2019	1,028	-
Total	126,500	110,000					
Convertible Debentures - Thai-German Ceramic Industry Public Company Limited **							
1/2008	960	944	1st - 2nd year MLR minus 3.50 3rd - 5th year MLR minus 3.00	5 years	1 August 2013	952	939
Total	127,460	110,944					
Less Debentures							
held by subsidiaries	1,277	1,195					
Net	126,183	109,749					
Less Current portion	29,910	39,910					
Net	96,273	69,839					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2012 and 2011.

** 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.

19 Employee benefit liabilities

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 statements of financial position as at 31 December

	in million Baht	
	2012	2011
Post-employment benefits		
Legal severance payments plan	4,657	3,112
Pension	56	132
Other long-term employee benefits	647	315
Other employee benefits	258	359
Total	5,618	3,918
Plan assets of foreign subsidiaries	52	19
Net	5,566	3,899

Movements in the present value of the defined benefit obligations

	in million Baht	
	2012	2011
For the years ended 31 December		
Defined benefit obligations at 1 January	3,559	3,387
Benefits paid	(302)	(313)
Current service costs and interest	453	374
Acquisitions through business combinations	115	144
Actuarial losses (gains)		
Recognised in profit or loss	189	(3)
Recognised in other comprehensive income	1,287	(39)
Translation differences	(18)	9
Losses from adjustment on defined benefit liabilities	77	-
Defined benefit obligations at 31 December	5,360	3,559

Movements in the fair value of plan assets of foreign subsidiaries

	in million Baht	
	2012	2011
For the years ended 31 December		
Plan assets at 1 January	19	17
Contributions paid into the plan	12	1
Benefits paid by plan	(8)	(1)
Expected return on plan assets of foreign subsidiaries	3	1
Actuarial gains	1	-
Increase through business combinations	25	-
Translation differences	-	1
Plan assets at 31 December	52	19

Consolidated statements of comprehensive income

Recognised in profit or loss

	in million Baht	
	2012	2011
For the years ended 31 December		
Current service costs	246	202
Interest on obligation	207	172
Expected return on plan assets of foreign subsidiaries	(3)	-
Actuarial losses (gains)	189	(3)
Total	639	371

	in million Baht	
	2012	2011
Increase in employee expenses resulting in		
increase in cost of sales	274	122
increase in administrative expenses	365	249
Decrease in profit before income tax	639	371

Recognised in other comprehensive income

	in million Baht	
	2012	2011
For the years ended 31 December		
Actuarial losses (gains)	1,287	(39)

Principal actuarial assumptions at the end of the reporting period

Defined benefit obligations

	%	
	2012	2011
For the years ended 31 December		
Discount rate		
- Thailand	3.20 - 4.58	4.20 - 5.00
- Vietnam	10.50	-
- Other	5.72 - 7.00	-
Salary increase rate	3.00 - 8.70	4.50 - 8.60
Employee turnover rate	0.50 - 20.00 *	1.65 - 19.81 *
Mortality rate	25.00, 30.00, 50.00 of TMO2008 **	25.00 of TMO1997 ***

* Upon the length of service

** Reference from TMO2008: Thai Mortality Ordinary Table 2008

*** Reference from TMO1997: Thai Mortality Ordinary Table 1997

Plan assets of foreign subsidiaries

	%	
	2012	2011
For the years ended 31 December		
Discount rate	5.96, 6.40	6.20
Expected return on plan assets	4.00, 7.00	7.00

20 Other non-current liabilities

	in million Baht	
	2012	2011
Deferred revenue	420	504
Provision for share certificates compensation case	286	231
Accrued dividend	131	95
Payable to Department of Mineral Resources for concessions	3	4
Other	271	79
Total	1,111	913

21 Share capital

	Par Value (in Baht)	in million shares / million Baht			
		2012		2011	
		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 share	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 share	1	1,200	1,200	1,200	1,200

22 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.

23 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 was as follows:

in million Baht

	Total assets		Revenue from sales		EBITDA (1)	
	2012	2011	2012	2011	2012	2011
Consolidated SCG	395,573	373,789	407,601	368,579	45,716	46,253
Business Groups						
SCG Chemicals	176,837	176,036	203,539	192,929	8,628	14,394
SCG Paper	58,439	52,463	57,430	54,839	8,844	8,811
SCG Cement	66,808	60,115	67,558	54,249	14,824	12,781
SCG Building Materials	43,512	35,845	41,340	34,171	6,661	5,060
SCG Distribution	26,463	16,234	126,690	111,920	1,564	1,532
SCG Investment	14,322	13,188	-	-	5,564	3,818

in million Baht

	Profit for the year (2)		Depreciation and amortisation	
	2012	2011	2012	2011
Consolidated SCG	23,580	27,281	14,047	13,208
Business Groups				
SCG Chemicals	2,690	11,190	5,502	5,456
SCG Paper	3,560	3,331	3,353	3,244
SCG Cement	9,163	7,288	2,606	2,197
SCG Building Materials	2,949	1,476	2,223	1,919
SCG Distribution	1,035	1,075	256	269
SCG Investment	6,668	5,037	21	23

(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.

24 Operating results of business groups

in million Baht

	Business Groups							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2012	2011	2012	2011	2012	2011	2012	2011
Information from								
statements of financial position								
Current assets	46,423	43,257	19,927	16,963	16,654	11,882	15,651	13,025
Investments and long-term loans	47,073	48,492	645	411	1,273	1,260	3,618	2,715
Property, plant and equipment	76,600	79,400	35,833	32,805	44,207	44,825	21,701	18,331
Other non-current assets	6,741	4,887	2,034	2,284	4,674	2,148	2,542	1,774
Total assets	176,837	176,036	58,439	52,463	66,808	60,115	43,512	35,845
Short-term loans	37,932	42,626	15,674	13,323	18,617	9,580	20,679	16,672
Other current liabilities	25,404	19,141	5,403	5,156	8,631	7,682	5,254	4,619
Long-term loans	34,093	31,631	342	607	336	902	924	483
Other non-current liabilities	2,539	1,939	1,237	850	2,166	975	2,108	2,070
Total liabilities	99,968	95,337	22,656	19,936	29,750	19,139	28,965	23,844
Shareholders' equity	76,869	80,699	35,783	32,527	37,058	40,976	14,547	12,001
Total liabilities and shareholders' equity	176,837	176,036	58,439	52,463	66,808	60,115	43,512	35,845

in million Baht

	Business Groups					
	SCG Distribution		SCG Investment		Consolidated SCG	
	2012	2011	2012	2011	2012	2011
Information from						
statements of financial position						
Current assets	13,385	12,167	838	1,088	129,266	116,764
Investments and long-term loans	9,778	325	12,740	11,218	81,046	85,015
Property, plant and equipment	1,620	1,753	1	1	165,292	156,683
Other non-current assets	1,680	1,989	743	881	19,969	15,327
Total assets	26,463	16,234	14,322	13,188	395,573	373,789
Short-term loans	111	440	-	-	49,005	64,366
Other current liabilities	11,208	10,571	44	88	49,725	42,085
Long-term loans	-	4	-	-	126,570	97,995
Other non-current liabilities	313	188	50	39	9,150	6,374
Total liabilities	11,632	11,203	94	127	234,450	210,820
Shareholders' equity	14,831	5,031	14,228	13,061	161,123	162,969
Total liabilities and shareholders' equity	26,463	16,234	14,322	13,188	395,573	373,789

in million Baht

	Business Groups							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2012	2011	2012	2011	2012	2011	2012	2011
Information from income statements								
Revenue from sales	203,539	192,929	57,430	54,839	67,558	54,249	41,340	34,171
Cost of sales	(197,924)	(183,170)	(46,903)	(44,512)	(50,337)	(39,278)	(30,117)	(24,910)
Gross profit	5,615	9,759	10,527	10,327	17,221	14,971	11,223	9,261
Other income	1,554	3,445	539	309	607	486	969	638
Profit before expenses	7,169	13,204	11,066	10,636	17,828	15,457	12,192	9,899
Operating expenses	(7,194)	(6,869)	(5,576)	(5,077)	(5,610)	(4,896)	(7,935)	(6,965)
Profit (loss) before finance costs and income tax expense	(25)	6,335	5,490	5,559	12,218	10,561	4,257	2,934
Finance costs	(1,828)	(2,603)	(648)	(872)	(575)	(308)	(759)	(603)
Profit (loss) before income tax expense	(1,853)	3,732	4,842	4,687	11,643	10,253	3,498	2,331
Income tax expense	(865)	(2,169)	(833)	(1,185)	(2,454)	(2,954)	(444)	(724)
Profit (loss) after income tax expense	(2,718)	1,563	4,009	3,502	9,189	7,299	3,054	1,607
Share of profit (loss) of associates and jointly-controlled entities	(606)	5,485	1	2	(4)	(1)	417	231
Profit (loss) for the year	(3,324)	7,048	4,010	3,504	9,185	7,298	3,471	1,838
Profit (loss) attributable to:								
Owners of the parent	2,690	11,190	3,560	3,331	9,163	7,288	2,949	1,476
Non-controlling interests	(6,014)	(4,142)	450	173	22	10	522	362
	(3,324)	7,048	4,010	3,504	9,185	7,298	3,471	1,838

in million Baht

	Business Groups					
	SCG Distribution		SCG Investment		Consolidated SCG	
	2012	2011	2012	2011	2012	2011
Information from income statements						
Revenue from sales	126,690	111,920	-	-	407,601	368,579
Cost of sales	(117,498)	(103,531)	-	-	(353,696)	(315,811)
Gross profit	9,192	8,389	-	-	53,905	52,768
Other income	597	494	5,477	4,542	10,737	10,894
Profit before expenses	9,789	8,883	5,477	4,542	64,642	63,662
Operating expenses	(8,486)	(7,627)	(110)	(109)	(36,518)	(33,138)
Profit before finance costs and income tax expense	1,303	1,256	5,367	4,433	28,124	30,524
Finance costs	111	273	(120)	(137)	(6,321)	(6,048)
Profit before income tax expense	1,414	1,529	5,247	4,296	21,803	24,476
Income tax expense	(410)	(450)	(249)	(268)	(4,742)	(7,504)
Profit after income tax expense	1,004	1,079	4,998	4,028	17,061	16,972
Share of profit of associates and jointly-controlled entities	40	8	1,670	1,009	1,561	6,774
Profit for the year	1,044	1,087	6,668	5,037	18,622	23,746
Profit (loss) attributable to:						
Owners of the parent	1,035	1,075	6,668	5,037	23,580	27,281
Non-controlling interests	9	12	-	-	(4,958)	(3,535)
	1,044	1,087	6,668	5,037	18,622	23,746

25 Other income

	in million Baht	
	2012	2011
Dividend income from other companies	4,414	2,668
Management fee income	1,878	1,877
Interest income from financial institutions	1,330	1,637
Gain from sales of investments and others	634	2,894
Gain on disposals of scrap and others	589	570
Rental and royalty fee income	194	168
Income from penalty / delay payment	162	83
Gain from financial instruments	87	132
Gain on assets sold	32	106
Other	1,417	759
Total	10,737	10,894

26 Selling expenses

	in million Baht	
	2012	2011
Freight, sales promotion and advertising expenses	14,919	13,284
Other	926	1,094
Total	15,845	14,378

27 Administrative expenses

	in million Baht	
	2012	2011
Salary, welfare and personnel expenses	14,183	12,488
Publication	1,006	888
Outside wages	968	794
Supplies, repair and maintenance	925	747
Professional fees	890	836
Depreciation and amortisation expenses	770	704
Tax, license fees and others	616	537
Communication and transportation	244	228
Interest cost of employee benefits	207	171
Provision for share certificates compensation case	55	231
Cost of business acquisition	10	172
Other	799	964
Total	20,673	18,760

28 Employee benefit expenses

	in million Baht	
	2012	2011
Salaries and wages	22,462	19,765
Welfares and others	3,007	2,695
Contribution to defined contribution plans	1,158	1,049
Contribution to defined benefit plans	639	371
Early retirement expense	95	140
Total	27,361	24,020

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.

29 Finance costs

		in million Baht	
	Note	2012	2011
Interest - Thai Baht loans		6,909	6,337
Interest - Foreign loans		357	347
Interest - Provident funds		19	29
Gain on exchange rate		(943)	(644)
		6,342	6,069
Capitalised as cost of construction in progress	12	(21)	(21)
Net		6,321	6,048

30 Income tax expense

Income tax recognised in profit or loss

		in million Baht	
	Note	2012	2011
Current tax		5,366	7,935
Deferred tax			
Movement in temporary differences		(624)	(1,504)
Income tax reduction		-	1,073
	14	(624)	(431)
Total		4,742	7,504

Income tax recognised in other comprehensive income

	Note	in million Baht	
		2012	2011
Actuarial gains (losses)		(225)	9
Net change in fair value of available-for-sale investments		(18)	(1,232)
Total	14	(243)	(1,223)

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

31 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December was based on the profit for the year attributable to owners of the parent and the number of ordinary shares outstanding during the years as follows:

	in million Baht / million shares	
	2012	2011
Profit for the year attributable to owners of the parent	23,580	27,281
Number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	19.65	22.73

32 Agreements

- a) Certain subsidiaries have entered into agreements with several foreign companies for the latter to provide technical information, technical know-how and technical assistance to manufacture licensed products. As at 31 December 2012, the subsidiaries are committed to pay technical know-how fees for a lump sum amount, and royalty fees based on a percentage of net sales of products as indicated in the agreements.
- b) Certain subsidiaries have entered into various different long-term agreements with local and foreign companies in order to purchase raw materials, receive services, lease assets, acquire assets, and construct plants and other assets. Additionally, the Group has obtained concession licenses from the government and has to comply with conditions specified in the applicable laws.

33 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 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 Annual General Meeting of the Shareholders of the Company held on 30 March 2012, the shareholders resolved to declare total dividends for the year 2011 at Baht 12.50 per share, totalling approximately Baht 15,000 million. The interim dividend was paid at the amount of 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. The final dividend was paid at the amount of Baht 7.00 per share to the shareholders entitled to receive the dividends, totalling Baht 8,388 million, and was paid on 26 April 2012.

At the Board of Directors' Meeting of the Company held on 25 July 2012, the directors resolved to declare interim dividend for the year 2012 at Baht 4.50 per share to the shareholders entitled to receive the dividends, totalling Baht 5,386 million and was paid on 23 August 2012.

34 Financial instruments

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect this risk by assessing the credit of customers, defining the credit limit, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit 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 receivable 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 2012					
Current					
Short-term loans to related parties	5.00 - 10.00 LIBOR3M plus 2.15	137	-	-	137
Non-current					
Long-term loans to related party	2.00	-	-	137	137
Long-term loans to other company	-	-	150	-	150
Total		137	150	137	424

		in million Baht			
	Effective interest rates (% p.a.)	After 1 year			Total
		Within 1 year	but within 5 years	After 5 years	
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

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

Financial liabilities

		in million Baht			
	Effective interest rates (% p.a.)	After 1 year			Total
		Within 1 year	but within 5 years	After 5 years	
Year 2012					
Current					
Bank overdrafts and short-term loans from financial institutions	3.50 - 5.63 / MOR / MMR LIBOR6M plus 3.00 SIBOR plus 2.50 SIBOR plus Margin 6.50	13,771	-	-	13,771
Short-term loans from related parties	0.75	105	-	-	105
Long-term loans from financial institutions	2.50 - 5.65 MLR minus (1.75 - 2.125) LIBOR plus (0.178 - 0.375) EURIBOR plus 0.65 SIBOR plus (0.375 - 0.90)	4,638	-	-	4,638
Finance lease liabilities	3.45 - 8.50	580	-	-	580
Debentures	4.15 - 5.15	29,910	-	-	29,910
Non-current					
Long-term loans from financial institutions	0.75 - 5.65 MLR minus (1.00 - 2.50) LIBOR plus (0.178 - 0.475) EURIBOR plus 0.65 SIBOR plus 0.375	-	23,768	5,723	29,491
Finance lease liabilities	3.45 - 8.50	-	807	-	807
Debentures	3.85 - 4.50 / MLR minus 3.00	-	96,273	-	96,273
Total		49,004	120,848	5,723	175,575

		in million Baht				
		Effective interest rates (% p.a.)	After 1 year			
			Within 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 (0.178 - 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 (0.178 - 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	

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	
		2012	2011	2012	2011	2012	2011
US Dollar		3,219	2,690	9,201	12,027	12,420	14,717
Euro		220	223	881	1,114	1,101	1,337
Peso		544	342	616	73	1,160	415
Dong		-	304	-	-	-	304
Yen		35	16	147	-	182	16
Other		24	3	-	4	24	7
Total		4,042	3,578	10,845	13,218	14,887	16,796

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 35. Furthermore, the Group also has adequate export and other income in foreign currencies to reduce the impact of exchange rate fluctuations.

Fair value

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2012 and 2011, 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 18).

35 Commitments and contingent liabilities

As at 31 December, the Group had:

	in million Baht	
	2012	2011
a) Guarantees on loans of non-consolidated related parties	2,289	2,242
b) Bank guarantees issued by banks to government, state enterprises and private sectors	1,200	866
c) Unused letters of credit	959	946
d) Commitments		
-for purchase of raw material contracts	69,522	75,082
-for rental and service agreements	2,104	1,432
-for purchasing land, construction and installation of machinery	2,637	2,207
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 in the consolidated statement of financial position for year ended 31 December 2012 of Baht 286 million (2011: Baht 231 million). The Company and the plaintiff has each appealed 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, and money received from sales of goods. The details of the contracts are as follows:

	in million / million Baht			
	Contract amount			
	Swap Loan			
	Currency		Equivalent to Baht	
	2012	2011	2012	2011
US Dollar	20	30	701	1,041

The above contracts will be gradually due within December 2015 *(2011: due within December 2015)*.

	in million / million Baht							
	Contract amount							
	Forward Receivable				Forward Payable			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	2012	2011	2012	2011	2012	2011	2012	2011
US Dollar	722	1,075	21,947	33,736	254	125	7,819	3,932
Euro	17	6	675	254	6	23	257	1,002
Yen	4	-	2	-	452	236	176	95
Other	-	2	12	60	-	-	9	6
Total			22,636	34,050			8,261	5,035

The above contracts will be gradually due within December 2013 *(2011: due within December 2012)*.

- h) The Group entered into interest rate swap contracts with various foreign banks to hedge the risk of interest on foreign loans of US Dollar 305 million *(2011: US Dollar 357 million)*, whereby exchanging floating interest rates based on LIBOR with fixed interest rates from 2.67% to 4.98% per annum *(2011: from 2.67% to 4.98% per annum)*.
- i) The Company entered into forward contract and interest rate swap contract with a local bank to hedge against the risk in exchange rate and interest rate amounting to US Dollar 213 million and to swap interest rate into fixed interest rate at 3.86% per annum.
- j) The Group had entered into commodity and freight swap contracts with various local banks and foreign banks to hedge the risk of price changes amounting to US Dollar 37 million, equivalent to Baht 1,124 million *(2011: US Dollar 80 million, equivalent to Baht 2,517 million)*.

36 Capital Management

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

37 Other

- 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) From impact of flood situation in the fourth quarter of 2011, 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 temporarily ceased their production caused by flooding in the plants. The four subsidiaries in Prathumthani, Saraburi and Lampang provinces 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 flood and ceased their production. Most of these affected plants returned to normal operation within the fourth quarter of 2011, except the plants of a subsidiary and associates located in Nava Nakorn which resumed their production in the first quarter of 2012. However, assets of the Group have all risk insurance coverage, including damage from flood, and some subsidiaries and associates are still in the process of finalising insurance claims.
- c) On 5 May 2012, a fire took place at an associate's plant. Impact of the damage to affected parties and insurance claim are currently under process.
- d) On 29 July 2012, a fire took place at the control room of a subsidiary's plant. Property in the control room is fully insured and insurance claim is currently under process.
- e) SCG Building Materials has entered into a Conditional Shares Purchase Agreement ("CSPA") with the existing shareholders of Prime Group Joint Stock Company (or "Prime Group") to acquire Prime Group's ceramic tiles and related assets in Vietnam. This transaction is subject to the fulfillment of the CSPA conditions. Total cash consideration for 85% investment amounting to Baht 7,200 million.

38 Events after the reporting period

At the Board of Directors' Meeting held on 30 January 2013, the directors approved the following matters:

- 1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2012 at the rate of Baht 11.00 per share. An interim dividend of Baht 4.50 per share was paid on 23 August 2012, as discussed in note 33. The final dividend will be at the rate of Baht 6.50 per share, payable to shareholders entitled to receive dividends total approximately Baht 7,800 million and is scheduled for payment on 25 April 2013. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 27 March 2013.
- 2) To issue a new lot of debenture No. 1/2013 on 1 April 2013, not exceeding Baht 25,000 million with the four-year maturity at a market interest rate at the time of issuance. The new issuance is to replace the debentures No. 1/2009 amounting to Baht 20,000 million to be retired for redemption on 1 April 2013, and issue a new tranche of debentures of Baht 5,000 million to support future investments. The total amount of the Company's debentures, including this particular lot, will not exceed Baht 131,500 million.
- 3) To submit for approval at the Annual General Meeting of Shareholders, to increase another Baht 50,000 million to the ceiling of the issuance and offering of the Company's debentures, totalling Baht 200,000 million. Such offer was added from Annual General Meeting of Shareholders held on 26 March 2008, with the resolution to set Baht 150,000 million ceiling of the Company's debentures. This is one of other means to raise fund to support domestic and ASEAN business expansion.

39 Reclassification of accounts

Certain accounts in 2011 consolidated financial statements have been reclassified complying with the presentation in the 2012 consolidated financial statements as follows:

	<u>Before</u>		<u>in million Baht</u>
	<u>reclassification</u>	<u>Reclassification</u>	<u>After</u>
			<u>reclassification</u>
Consolidated statement of financial position			
Trade and other receivables	-	40,657	40,657
Trade receivables – related parties	4,171	(4,171)	-
Trade receivables – other companies	29,454	(29,454)	-
Receivables from and short-term loans to related parties	2,032	(2,032)	-
Short-term loans to related parties	-	154	154
Other current assets	9,384	(5,154)	4,230
Deferred tax assets	3,852	(949)	2,903
Trade and other payables	-	36,273	36,273
Trade payables – related parties	2,103	(2,103)	-
Trade payables – other companies	23,300	(23,300)	-
Payables to and short-term loans from related parties	133	(133)	-
Short-term loans from related parties	-	93	93
Other current liabilities	12,465	(10,830)	1,635
Deferred tax liabilities	2,511	(949)	1,562

40 Thai Financial Reporting Standards (TFRSs) not yet adopted

The Group has not adopted the following new and revised TFRSs during 2010 and 2012 that have been issued as of the reporting period but are not yet effective. The new and revised TFRSs related to the Group are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRSs	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

The management expects to adopt these new and revised TFRSs in accordance with the FAP's announcement in the period of initial application and has assessed that such adoption will have no potential initial significant impact on the financial statements.

Financial Statements

The Siam Cement Public Company Limited

Independent Auditor's Report

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying financial statements of The Siam Cement Public Company Limited, which comprise the statement of financial position as at 31 December 2012, the income statement, the statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of The Siam Cement Public Company Limited in accordance with Thai Financial Reporting Standards.

D. Singhasaneh

Supot Singhasaneh
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2013

Statements of financial position

As at 31 December 2012 and 2011

The Siam Cement Public Company Limited


in thousand Baht

Assets	Note	2012	2011
Current assets			
Cash and cash equivalents	5	15,685,753	16,588,620
Short-term investments	5	7,486,825	7,205,001
Other receivables	4	2,253,830	3,264,862
Short-term loans to related parties	4	72,573,124	56,763,844
Other current assets		870,564	855,213
Total current assets		98,870,096	84,677,540
Non-current assets			
Available-for-sale investments	5	11,447,566	25,114,874
Investments in associates	6	571,898	703,980
Investments in subsidiaries	6	89,724,149	67,337,591
Other long-term investments	7	3,256,758	3,216,758
Long-term loans to related parties	4	91,748	565,370
Investment properties	8	1,643,648	1,548,853
Property, plant and equipment	9	1,151,338	683,027
Intangible assets	10	620,543	582,020
Other non-current assets		318,225	282,054
Total non-current assets		108,825,873	100,034,527
Total assets		207,695,969	184,712,067

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 financial position

As at 31 December 2012 and 2011

The Siam Cement Public Company Limited

in thousand Baht

Liabilities and shareholders' equity	Note	2012	2011
Current liabilities			
Other payables	4	495,946	372,923
Current portion of debentures	13	30,000,000	40,000,000
Short-term loans from related parties	4	5,513,343	5,176,531
Accrued interest expense		1,224,982	1,126,647
Income tax payable		5,756	1,079,164
Other current liabilities		205,263	170,579
Total current liabilities		37,445,290	47,925,844
Non-current liabilities			
Debentures	13	96,500,000	70,000,000
Deferred tax liabilities	11	505,712	463,862
Employee benefit liabilities	14	486,019	196,731
Other non-current liabilities		463,282	344,509
Total non-current liabilities		97,955,013	71,005,102
Total liabilities		135,400,303	118,930,946
Shareholders' equity			
Share capital			
Authorised share capital	15	1,600,000	1,600,000
Issued and paid-up share capital	15	1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	16	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		57,567,404	51,732,658
Other components of equity		2,852,262	2,172,463
Total shareholders' equity		72,295,666	65,781,121
Total liabilities and shareholders' equity		207,695,969	184,712,067

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

Income statements

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited


in thousand Baht

	Note	2012	2011
Revenue			
Dividend income	4	18,282,957	13,149,891
Intellectual property income	4	2,824,731	2,565,379
Management fees for administration	4	2,078,012	1,897,895
Other income	17	1,616,318	4,934,608
Total revenues		24,802,018	22,547,773
Expenses			
Administrative expenses	18	(2,084,158)	(1,902,132)
Profit before finance costs and income tax expense		22,717,860	20,645,641
Finance costs	4, 20	(2,690,719)	(2,105,370)
Profit before income tax expense		20,027,141	18,540,271
Income tax expense	21	(377,620)	(1,709,288)
Profit for the year		19,649,521	16,830,983
Basic earnings per share (in Baht)	22	16.37	14.03

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 2012 and 2011

The Siam Cement Public Company Limited

		in thousand Baht	
	Note	2012	2011
Profit for the year		19,649,521	16,830,983
Other comprehensive income			
Net change in fair value of available-for-sale investments	5	744,977	(3,447,164)
Defined benefit plan actuarial gains (losses)	14	(50,497)	7,154
Income tax on other comprehensive income	21	(55,093)	1,230,221
Other comprehensive income for the year, net of income tax		639,387	(2,209,789)
Total comprehensive income for the year		20,288,908	14,621,194

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

Statements of changes in shareholders' equity

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited

	Note	Issued and paid-up share capital
Balance at 1 January 2011		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	23	-
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
Balance at 1 January 2012		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	23	-
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 2012		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	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
160,000	10,516,000	51,732,658	2,172,463	65,781,121
-	-	(13,774,363)	-	(13,774,363)
-	-	(13,774,363)	-	(13,774,363)
-	-	19,649,521	-	19,649,521
-	-	(40,412)	679,799	639,387
-	-	19,609,109	679,799	20,288,908
160,000	10,516,000	57,567,404	2,852,262	72,295,666

Statements of cash flows

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited

	in thousand Baht	
	2012	2011
Cash flows from operating activities		
Profit for the year	19,649,521	16,830,983
Adjustments for		
Depreciation and amortisation	73,607	88,146
Interest income	(3,879,053)	(4,431,703)
Interest expense	5,291,116	5,140,100
Unrealised gain on foreign currency exchange	(69,469)	(1,282,533)
Dividend income	(18,282,957)	(13,149,891)
Employee benefit expense	286,330	43,536
Income tax expense	377,620	1,709,288
Gain on sales of assets and others	(176,456)	(3,064,607)
Profit provided by operating activities before changes in operating assets and liabilities	3,270,259	1,883,319
Decrease (increase) in operating assets		
Other receivables	(217,960)	244,287
Other current assets	(14,354)	(14,999)
Other non-current assets	(1,591)	10,818
Net decrease (increase) in operating assets	(233,905)	240,106
Increase (decrease) in operating liabilities		
Other payables	121,649	43,986
Other current liabilities	36,981	91,192
Employee benefit liabilities	(49,525)	(60,828)
Other non-current liabilities	73,747	185,511
Net increase in operating liabilities	182,852	259,861
Cash generated from the operations	3,219,206	2,383,286
Income tax paid	(647,859)	(322,821)
Net cash provided by operating activities	2,571,347	2,060,465

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

Statements of cash flows

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited

	in thousand Baht	
	2012	2011
Cash flows from investing activities		
Interest received	3,937,173	4,300,478
Dividends received	19,325,313	12,116,174
Short-term investments	(223,612)	(997,776)
Available-for-sale investments	(14,026,993)	(44,321,482)
Investments in subsidiaries and other company	(22,452,007)	(14,118,014)
Proceeds from sales and return of investments	28,951,194	29,710,178
Income tax paid from sales of investments	(816,413)	(7,029,890)
Purchases of property, plant and equipment and intangible assets	(677,214)	(870,121)
Proceeds from sales of property, plant and equipment and intangible assets	71,705	73,551
Loans to related parties	(15,441,395)	(273,906)
Net cash by used in investing activities	(1,352,249)	(21,410,808)
Cash flows from financing activities		
Borrowings		
Interest paid	(5,191,795)	(5,202,305)
Proceeds from short-term loans from related parties	344,193	333,807
Proceeds from issuance of debentures	56,500,000	25,000,000
Redemption of debentures	(40,000,000)	(25,000,000)
Net increase (decrease) in borrowings	11,652,398	(4,868,498)
Dividends paid	(13,774,363)	(16,187,819)
Net cash used in financing activities	(2,121,965)	(21,056,317)
Net decrease in cash and cash equivalents	(902,867)	(40,406,660)
Cash and cash equivalents at beginning of the year	16,588,620	56,995,280
Cash and cash equivalents at end of the year	15,685,753	16,588,620

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

Notes to the financial statements

For the years ended 31 December 2012 and 2011

The Siam Cement Public Company Limited

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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 21 February 2013.

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 (TFRSs); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2012, the FAP has issued a number of new and revised Thai Financial Reporting Standards (TFRSs) 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 TFRSs are disclosed in note 30.

(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 TFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 5, 6, 7, 8, 9 and 10	Measurement of the recoverable amounts of each asset and cash-generating units containing goodwill
Note 11, 21	Current and deferred tax
Note 14	Discount rate, salary increase rate, employee turnover rate and mortality rate
Note 25	Provisions and contingent liabilities

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash 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 receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(c) 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 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 end of the reporting period.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is 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 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.

(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 consumption patterns or useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or other 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 method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

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

(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 based on 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
Other	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 period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is 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 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 are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or accumulated amortisation, if no impairment loss had been recognised.

(h) Trade and other payables

Trade and other payables 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 end of the reporting period on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is 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 end of the reporting period on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are 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 costs.

(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

Operating leases

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, and dividends on preference shares classified as liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are 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 for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate 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 end of the reporting period, 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 jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

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 the end of each reporting period 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 to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to 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 receivables and payables, long-term receivables, loans, investments, borrowings and debentures.

The Company operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Company uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognised in profit or loss in the same period as the exchange differences on the items covered by the hedge.

4 Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control, common control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarised as follows:

	<u>in million Baht</u>		Pricing policies
	<u>2012</u>	<u>2011</u>	
<i>Subsidiaries</i>			
Intellectual property income, management income, services and others	4,345	3,926	Mainly based on percentage of revenue from sales
Dividend income	13,625	10,122	Upon declaration
Interest income	2,709	2,615	Contract rate
Interest expense	69	46	Contract rate
<i>Associates</i>			
Intellectual property income, management income, services and others	492	446	Mainly based on percentage of revenue from sales
Dividend income	289	388	Upon declaration
Interest income	2	13	Contract rate
<i>Other</i>			
Intellectual property income, management income, services and others	311	320	Mainly based on percentage of revenue from sales
Dividend income	4,184	2,393	Upon declaration
Interest expense	36	35	Contract rate

In the income statement for the year ended 31 December 2012, the Company presents finance costs of Baht 2,691 million (2011: Baht 2,105 million), which is comprised of interest expense and financial charges of Baht 5,402 million (2011: Baht 4,733 million) and interest income from related parties of Baht 2,711 million (2011: Baht 2,628 million).

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

Receivables from related parties

	in million Baht	
	2012	2011
<i>Current accounts</i>		
<i>Subsidiaries</i>		
Thai Polyethylene Co., Ltd.	241	256
Thai Polypropylene Co., Ltd.	171	169
The Concrete Products and Aggregate Co., Ltd.	163	76
The Siam Cement (Ta Luang) Co., Ltd.	147	66
The Siam Cement (Kaeng Khoi) Co., Ltd.	146	67
The Siam Cement (Thung Song) Co., Ltd.	89	72
The Siam Fibre - Cement Co., Ltd.	67	65
The Siam Cement (Lampang) Co., Ltd.	55	24
Map Ta Phut Olefins Co., Ltd.	47	53
SCG Chemicals Co., Ltd.	40	39
SCG Logistics Management Co., Ltd.	39	34
Thai Ceramic Co., Ltd.	39	32
SCG Trading Co., Ltd.	34	37
Thai Kraft Paper Industry Co., Ltd.	27	24
Thai Paper Co., Ltd.	23	24
SCG Paper Public Company Limited	22	19
Siam Kraft Industry Co., Ltd.	21	23
SCG Cement Co.,Ltd	20	8
The Siam Refractory Industry Co., Ltd.	19	18
SCG Building Materials Co.,Ltd.	18	9
SCG Network Management Co., Ltd.	17	18
Siam Mortar Co., Ltd.	17	15
Cement Thai Ceramics Philippines Holdings, Inc.	16	-
Cement Thai Property (2001) Public Company Limited	-	22
Other companies	129	140
	<u>1,607</u>	<u>1,310</u>
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	138	111
IT One Co., Ltd.	30	28
Mariwasa-Siam Ceramics, Inc.	-	27
Other companies	16	30
	<u>184</u>	<u>196</u>

	in million Baht	
	2012	2011
<i>Other</i>		
Michelin Siam Group Co., Ltd.	205	205
Toyota Motor Thailand Co., Ltd.	-	1,023
Other companies	12	16
	<u>217</u>	<u>1,244</u>
Total	<u>2,008</u>	<u>2,750</u>

Short-term loans to related parties

	in million Baht	
	2012	2011
<i>Notes receivable</i>		
<i>Subsidiaries</i>		
SCG Chemicals Co., Ltd.	20,656	19,831
The Siam Fibre - Cement Co., Ltd.	18,435	14,542
The Concrete Products and Aggregate Co., Ltd.	15,930	7,150
SCG Paper Public Company Limited	14,939	12,553
Cementhai Ceramics Co., Ltd.	1,754	1,672
Kampot Cement Co., Ltd.	767	477
SCG Distribution Co., Ltd.	-	370
CTO Management Co., Ltd.		
(Formerly: Bangsue Management Co., Ltd.)	-	78
SCG Legal Counsel Limited	-	4
	<u>72,481</u>	<u>56,677</u>
<i>Short-term loans</i>		
<i>Subsidiaries</i>		
The Siam Cement (Thung Song) Co., Ltd.	76	74
Buu Long Industry & Investment Joint Stock Company	16	-
	<u>92</u>	<u>74</u>
<i>Associate</i>		
Mariwasa-Siam Ceramics, Inc.	-	13
	<u>92</u>	<u>87</u>
Total	<u>72,573</u>	<u>56,764</u>

Long-term loans to related parties

	<u>in million Baht</u>	
	<u>2012</u>	<u>2011</u>
<i>Subsidiary</i>		
The Siam Cement (Thung Song) Co., Ltd.	92	164
<i>Associate</i>		
Mariwasa-Siam Ceramics, Inc.	-	401
Total	<u>92</u>	<u>565</u>

Finance lease receivable

The Company entered into a finance lease agreement for machinery and equipment with a related party. Lease terms are for a period of 4 years. The Company presented finance lease receivable net of deferred interest income under the caption of "Loans to related parties" as at 31 December are as follows:

	<u>in million Baht</u>		
	<u>Finance lease receivable</u>	<u>Deferred interest income</u>	<u>Net</u>
Year 2011			
Within 1 year	81	7	74
After 1 year but within 5 years	178	14	164
Total	<u>259</u>	<u>21</u>	<u>238</u>
Year 2012			
Within 1 year	81	5	76
After 1 year but within 5 years	96	4	92
Total	<u>177</u>	<u>9</u>	<u>168</u>

Movements during the years on loans to related parties were as follows:

	<u>in million Baht</u>	
	<u>2012</u>	<u>2011</u>
Short-term		
At 1 January	56,764	56,422
Increase	35,930	34,260
Decrease	(20,121)	(33,918)
At 31 December	<u>72,573</u>	<u>56,764</u>
Long-term		
At 1 January	565	625
Increase	-	20
Decrease	(473)	(80)
At 31 December	<u>92</u>	<u>565</u>

Payables to related parties

	in million Baht	
	2012	2011
<i>Current accounts</i>	210	122

Short-term loans from related parties

	in million Baht	
	2012	2011
<i>Notes payable</i>		
<i>Subsidiaries</i>		
Cement Thai Holding Co., Ltd.	2,503	2,934
The Siam Iron and Steel Co., Ltd.	1,307	1,298
SCG Distribution Co., Ltd.	517	-
Cement Thai Captive Insurance Pte. Ltd.	312	270
Property Value Plus Co., Ltd.	303	211
Bangsue Industry Co., Ltd.	164	160
SCG Accounting Services Co., Ltd.	98	62
CTO Management Co., Ltd. (Formerly: Bangsue Management Co., Ltd.)	62	-
SCG Legal Counsel Limited	19	4
Other companies	13	15
	5,298	4,954
<i>Short-term loans</i>		
<i>Subsidiary</i>		
Tuban Petrochemicals Pte. Ltd.	215	223
Total	5,513	5,177

Movements during the years on short-term loans from related parties were as follows:

	in million Baht	
	2012	2011
At 1 January	5,177	4,832
Increase	13,996	3,144
Decrease	(13,660)	(2,799)
At 31 December	5,513	5,177

Key management compensation

	in million Baht	
	2012	2011
Short-term employee benefits	143	150
Post-employment benefits	5	5
Total	148	155

Management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

5 Cash and cash equivalents and other investments

	in million Baht	
	2012	2011
Cash and cash equivalents		
Cash on hand and at banks	4,959	1,549
Highly liquid short-term investments	10,660	14,800
Cash (Private funds)	67	240
Total	15,686	16,589
Short-term investments		
Fixed deposits with financial institutions	1,500	2,000
Available-for-sale debt securities (Private funds)	5,987	5,205
Total	7,487	7,205
Available-for-sale investments		
Available-for-sale debt securities (Private funds)	5,696	20,103
Marketable equity securities	5,752	5,012
Total	11,448	25,115

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 2012, the Company remains engaged totalling 3 local independent assets management companies, the private funds had invested in debt securities totalling Baht 11,750 million which have high liquidity and rating as investment grade with return rates from 2.72% to 4.31% per annum.

The quoted market prices of available-for-sale investments on the Stock Exchange as at 31 December 2012 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	13,869	17,434	3,565

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

	in million Baht	
	2012	2011
Net change in fair value	845	(942)
Transfer of gain on net change in fair value to profit or loss	(100)	(2,505)
Net	745	(3,447)

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.

6 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	
	2012	2011
At 1 January	68,042	53,930
Acquisitions and additional investments	22,561	14,118
Disposals and return of capital	(722)	(6)
Reversal of impairment losses	415	-
At 31 December	90,296	68,042

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							
	2012	2011	Accumulated				Net		Dividend income	
			At Cost	At Cost	impairment losses	impairment losses	2012	2011	2012	2011
SCG Chemicals Co., Ltd. and its subsidiaries	100	100	44,084	31,929	-	-	44,084	31,929	5,743	3,838
SCG Paper Public Company Limited and its subsidiaries	98	98	17,161	17,149	-	-	17,161	17,149	769	769
SCG Cement Co., Ltd. and its subsidiaries	100	100	9,518	9,518	-	-	9,518	9,518	6,197	4,515
SCG Building Materials Co., Ltd. and its subsidiaries and associates	100	100	5,146	5,096	111	526	5,035	4,570	335	111
SCG Distribution Co., Ltd. and its subsidiaries	100	100	12,235	2,812	-	-	12,235	2,812	-	386
Companies in SCG Investment	100	100	2,404	2,205	141	141	2,263	2,064	870	891
Total			90,548	68,709	252	667	90,296	68,042	13,914	10,510

7 Other long-term investments

	Ownership interest (%)		in million Baht			
			Investment		Dividend income	
	2012	2011	2012	2011	2012	2011
At Cost						
Asia Cement Public Company Limited	10	10	1,119	1,119	39	39
Toyota Motor Thailand Co., Ltd.	10	10	881	881	3,933	2,060
Siam Yamato Steel Co., Ltd.	10	10	401	401	-	-
Finfloor S.P.A.	10	10	299	299	-	-
Michelin Siam Group Co., Ltd.						
- Cumulative preferred shares	10	10	267	267	205	205
Siam Toyota Manufacturing Co., Ltd.	4	4	289	249	7	84
The Siam United Steel (1995) Co., Ltd.	-	-	-	-	-	5
Other	-	-	10	10	-	-
Total			3,266	3,226	4,184	2,393
Less accumulated impairment losses			9	9	-	-
Net			3,257	3,217	4,184	2,393

In the fourth quarter of 2011, The Company sold its entire remaining 5% interest in the ordinary shares of The 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 2012, are as follows:

	in million Baht		
	Cost	Interests in carrying amount	Accumulated impairment losses
Non-marketable investment	3,266	8,585	(9)

8 Investment properties

	in million Baht			
	Land and land improvements	Buildings and structures	Construction in progress	Total
Cost				
At 1 January 2011	1,623	156	-	1,779
At 31 December 2011	1,623	156	-	1,779
Transfers in	-	-	103	103
Disposals/written off	(1)	-	-	(1)
At 31 December 2012	1,622	156	103	1,881
Accumulated depreciation				
At 1 January 2011	105	118	-	223
Depreciation charge for the year	-	7	-	7
At 31 December 2011	105	125	-	230
Depreciation charge for the year	-	8	-	8
At 31 December 2012	105	133	-	238
Carrying amount				
At 31 December 2011	1,518	31	-	1,549
At 31 December 2012	1,517	23	103	1,643

Investment properties were revalued as at 31 December 2012 at open market values on an existing use basis. The appraised value was Baht 2,685 million (2011: Baht 2,693 million).

9 Property, plant and equipment

in million Baht

	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Cost							
At 1 January 2011	174	1,029	123	65	362	141	1,894
Additions	-	-	-	-	-	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
Additions	-	-	7	-	1	613	621
Disposals/written off	-	(22)	-	(2)	(2)	-	(26)
Transfers in/(out)	3	16	-	-	8	(131)	(104)
At 31 December 2012	176	1,021	120	34	299	945	2,595
Accumulated depreciation and accumulated impairment losses							
At 1 January 2011	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
Depreciation charge for the year	5	21	5	2	16	-	49
Disposals/written off	(1)	(22)	-	(1)	(2)	-	(26)
At 31 December 2012	83	945	110	32	274	-	1,444
Carrying amount							
At 31 December 2011	94	81	8	5	32	463	683
At 31 December 2012	93	76	10	2	25	945	1,151

The gross carrying amounts of fully depreciated property, plant and equipment that is still in use amounted to Baht 1,167 million as of 31 December 2012 (2011: Baht 1,131 million).

10 Intangible assets

	in million Baht		
	Software licences	Other	Total
Cost			
At 1 January 2011	167	41	208
Additions	11	431	442
At 31 December 2011	178	472	650
Additions	13	45	58
Disposals/written off	-	(2)	(2)
Transfers in/(out)	7	(6)	1
At 31 December 2012	198	509	707
Accumulated amortisation			
At 1 January 2011	50	2	52
Amortisation charge for the year	16	-	16
At 31 December 2011	66	2	68
Amortisation charge for the year	17	1	18
At 31 December 2012	83	3	86
Carrying amount			
At 31 December 2011	112	470	582
At 31 December 2012	115	506	621

11 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the statements of financial position as follows:

	in million Baht	
	2012	2011
Deferred tax assets	234	268
Deferred tax liabilities	(740)	(732)
Net	(506)	(464)

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

	in million Baht			
	At 1 January 2011	Credited (charged) to		At 31 December 2011
		profit or loss	other comprehensive income (note 21)	
Deferred tax assets				
Available-for-sale investments	-	32	-	32
Investments in subsidiaries and associates	203	(68)	-	135
Employee benefit liabilities	62	(14)	(2)	46
Other	28	27	-	55
Total	293	(23)	(2)	268
Deferred tax liabilities				
Available-for-sale investments	(1,880)	-	1,232	(648)
Finance lease receivable	(77)	38	-	(39)
Other	(1)	(44)	-	(45)
Total	(1,958)	(6)	1,232	(732)
Net	(1,665)	(29)	1,230	(464)

	in million Baht			
	At 1 January 2012	Credited (charged) to		At 31 December 2012
		profit or loss	other comprehensive income (note 21)	
Deferred tax assets				
Available-for-sale investments	32	(31)	-	1
Investments in subsidiaries and associates	135	(82)	-	53
Employee benefit liabilities	46	58	10	114
Other	55	11	-	66
Total	268	(44)	10	234
Deferred tax liabilities				
Available-for-sale investments	(648)	-	(65)	(713)
Finance lease receivable	(39)	13	-	(26)
Other	(45)	44	-	(1)
Total	(732)	57	(65)	(740)
Net	(464)	13	(55)	(506)

12 Short-term loans from financial institutions

In 2012, the Company has overdraft lines with several local banks amounting to approximately Baht 740 million, bearing interest at the minimum overdraft rate (2011: Baht 740 million).

13 Debentures

As at 31 December 2012, the Company had issued unsubordinated and unsecured debentures totalling Baht 126,500 million (2011: Baht 110,000 million) as follows:

Debentures No.	In million Baht		Interest	Term	Maturity Date	Fair Value *	
	2012	2011	Rate (% p.a.)			2012	2011
No. 1/2008	-	20,000	4.25	4 years	1 April 2012	-	1,001
No. 2/2008	-	20,000	5.35	4 years	1 November 2012	-	1,019
No. 1/2009	20,000	20,000	5.15	4 years	1 April 2013	1,004	1,022
No. 2/2009	10,000	10,000	4.15	4 years	1 October 2013	1,016	1,011
No. 1/2010	10,000	10,000	3.85	4 years	1 April 2014	1,013	1,014
No. 2/2010	5,000	5,000	3.85	4 years	1 October 2014	1,008	1,020
No. 1/2011	15,000	15,000	4.00	4 years	1 April 2015	1,025	1,020
No. 2/2011	10,000	10,000	4.50	4 years	1 November 2015	1,037	1,000
No. 1/2012	25,000	-	4.15	4 years	1 April 2016	1,020	-
No. 2/2012	25,000	-	4.15	4 years	1 November 2016	1,006	-
No. 3/2012	6,500	-	4.40	7 years	12 October 2019	1,028	-
Total	126,500	110,000					
Less Current portion	30,000	40,000					
Net	96,500	70,000					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2012 and 2011.

14 Employee benefit liabilities

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 benefit to employees based on pensionable remuneration and length of service.

Employee benefit liabilities in statements of financial position as at 31 December

	in million Baht	
	2012	2011
Post-employment benefits -		
legal severance payments plan	458	190
Other long-term employee benefits	27	6
Other employee benefits	1	1
Total	486	197

Movements in the present value of the defined benefit obligations

	in million Baht	
	2012	2011
For the years ended 31 December		
Defined benefit obligations at 1 January	196	205
Benefits paid	(14)	(22)
Current service costs and interest	21	20
Transfer of employees from subsidiaries	229	-
Actuarial losses (gains)		
Recognised in profit or loss	3	-
Recognised in other comprehensive income	50	(7)
Defined benefit obligations at 31 December	485	196

Statement of comprehensive income

Recognised in profit or loss

	in million Baht	
	2012	2011
For the years ended 31 December		
Current service costs	10	9
Interest on obligation	11	11
Transfer of employees from subsidiaries	229	-
Actuarial losses	3	-
Total	253	20
Increase in employee expenses resulting in increase in administrative expenses	253	20
Decrease in profit before income tax	253	20

Recognised in other comprehensive income

	in million Baht	
	2012	2011
For the years ended 31 December		
Actuarial losses (gains)	50	(7)

Principal actuarial assumptions at the end of the reporting period

	%	
	2012	2011
For the years ended 31 December		
Discount rate	3.58, 3.75	4.90, 5.00
Salary increase rate	3.00 - 8.00	3.00 - 9.00
Employee turnover rate	1.00 - 10.00 *	0.00 - 12.00 *
Mortality rate	30.00 of TMO2008 **	25.00 of TMO1997 ***

* Upon the length of service

** Reference from TMO2008: Thai Mortality Ordinary Table 2008

*** Reference from TMO1997: Thai Mortality Ordinary Table 1997

15 Share capital

	Par Value (in Baht)	in million shares / million Baht			
		2012		2011	
		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

16 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.

17 Other income

	in million Baht	
	2012	2011
Interest income from banks and financial institutions	1,182	1,552
Guarantee fee income	203	217
Gain from sales of investments and others	140	3,064
Gain on stores sold and others	37	4
Reversal of impairment losses	35	86
Other	19	12
Total	1,616	4,935

18 Administrative expenses

	in million Baht	
	2012	2011
Salary, welfares and personnel expenses	1,698	1,339
Publication	627	564
Outside wages	173	127
Repair and maintenance	135	121
Rent	121	114
Professional fees	118	122
Utility expenses	75	64
Depreciation and amortisation expenses	70	81
Provision for share certificates compensation case	55	231
Tax, licence fees and others	31	50
Reimbursed amounts	(1,117)	(1,033)
Other	98	122
Total	2,084	1,902

19 Employee benefit expenses

	in million Baht	
	2012	2011
Salaries and wages	830	731
Welfares and others	117	110
Contribution to defined contribution plans	54	47
Early retirement expense	20	23
Contribution		
Defined benefit plans	24	20
Transfer of employees from subsidiaries	229	-
	1,274	931
Capitalised as cost of construction in progress	(2)	-
Net	1,272	931

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.

20 Finance costs

	in million Baht	
	2012	2011
Interest expense -Thai Baht loans	5,286	5,112
Interest income - Foreign loans	(189)	(583)
Interest expense (income) - Affiliated companies		
Interest expense - Affiliated companies	105	82
Interest income - Affiliated companies	(2,711)	(2,628)
Interest expense - Provident funds	-	1
Loss on exchange rate	212	121
	2,703	2,105
Capitalised as cost of construction in progress	(12)	-
Net	2,691	2,105

21 Income tax expense

Income tax recognised in profit or loss

	Note	in million Baht	
		2012	2011
Current tax			
Income tax expense		416	1,684
Over provided in prior year		(25)	(4)
		391	1,680
Deferred tax			
Movement in temporary differences		(13)	(72)
Income tax reduction		-	101
	11	(13)	29
Total		378	1,709

Income tax recognised in other comprehensive income

	Note	in million Baht	
		2012	2011
Net change in fair value of available-for-sale investments		65	(1,232)
Actuarial gains (losses)		(10)	2
Total	11	55	(1,230)

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

22 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 years as follow:

	<u>in million Baht / million shares</u>	
	<u>2012</u>	<u>2011</u>
Profit for the year attributable to ordinary shareholders	<u>19,650</u>	<u>16,831</u>
Number of ordinary shares outstanding	<u>1,200</u>	<u>1,200</u>
Basic earnings per share (in Baht)	<u>16.37</u>	<u>14.03</u>

23 Dividends

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 Annual General Meeting of the Shareholders of the Company held on 30 March 2012, the shareholders resolved to declare total dividends for the year 2011 at Baht 12.50 per share, totalling approximately Baht 15,000 million. The interim dividend was paid at the amount of 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. The final dividend was paid at the amount of Baht 7.00 per share to the shareholders entitled to receive the dividends, totalling Baht 8,388 million, and was paid on 26 April 2012.

At the Board of Directors' Meeting of the Company held on 25 July 2012, the directors resolved to declare interim dividend for the year 2012 at Baht 4.50 per share to the shareholders entitled to receive the dividends, totalling Baht 5,386 million and was paid on 23 August 2012.

24 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 2012					
Current					
Short-term loans to related parties	4.73	72,573	-	-	72,573
Non-current					
Long-term loans to related parties	6.25	-	92	-	92
Total		72,573	92	-	72,665
Year 2011					
Current					
Short-term loans to related parties	4.97	56,764	-	-	56,764
Non-current					
Long-term loans to related parties	2.00 - 6.25	-	277	288	565
Total		56,764	277	288	57,329

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 2012					
Current					
Short-term loans from related parties	1.21	5,513	-	-	5,513
Debentures	4.15 - 5.15	30,000	-	-	30,000
Non-current					
Debentures	3.85 - 4.50	-	90,000	6,500	96,500
Total		35,513	90,000	6,500	132,013
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

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

As at 31 December, the Company's foreign currency debts are as follows:

	<u>in million Baht</u>	
	<u>Short-term loans</u>	
	<u>2012</u>	<u>2011</u>
US Dollar	<u>215</u>	<u>223</u>

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 2012 and 2011, 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 13).

25 Commitments and contingent liabilities

As at 31 December, the Company had:

	<u>in million Baht</u>	
	<u>2012</u>	<u>2011</u>
a) Guarantees on loans of related parties	22,015	24,375
b) Bank guarantees issued by banks to government, state enterprises and private sectors	116	118
c) Commitments for office buildings 3, improvement of parking and office building	1,437	1,863
d) In the first quarter of 2009, the Company lodged a complaint with the police officers against an ex-employee for the theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged ("plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation.		

In the fourth quarter of 2011, the Civil Court had the judgement that the ex-employee committed a tort against the plaintiff and ordered him to return the shares or pay the cash for shares prices together with interest until fully paid, and the dividend which the plaintiff should have received. In addition, the court also decided that the Company, as the employer, shall be jointly liable to the plaintiff. Therefore, the Company has recorded the provision for compensation in the statement of financial position for year ended 31 December 2012 of Baht 286 million (2011: Baht 231 million). The Company and the plaintiff has each appealed the judgment of the Civil Court to the Appeal Court.

- e) The Company entered into forward contracts with several local and foreign banks amounting to US Dollar 567 million, equivalent to Baht 17,255 million (2011: US Dollar 1,192 million and EUR 17 million, equivalent to Baht 38,059 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 December 2013.
- f) The Company entered into forward contract and interest rate swap contract with a local bank to hedge against the risk in exchange rate and interest rate amounting to US Dollar 213 million and to swap interest rate into fixed interest rate at 3.86% per annum.

26 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.

27 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) From impact of flood situation in the fourth quarter of 2011, 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 temporarily ceased their production caused by flooding in the plants. The four subsidiaries in Prathumthani, Saraburi and Lampang provinces 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 flood and ceased their production. Most of these affected plants returned to normal operation within the fourth quarter of 2011, except the plants of a subsidiary and associates located in Nava Nakorn which resumed their production in the first quarter of 2012.

28 Events after the reporting period

At the Board of Directors' Meeting held on 30 January 2013, the directors approved the following matters:

- 1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2012 at the rate of Baht 11.00 per share. An interim dividend of Baht 4.50 per share was paid on 23 August 2012, as discussed in note 23. The final dividend will be at the rate of Baht 6.50 per share, payable to shareholders entitled to receive dividends total approximately Baht 7,800 million and is scheduled for payment on 25 April 2013. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 27 March 2013.
- 2) To issue a new lot of debenture No. 1/2013 on 1 April 2013, not exceeding Baht 25,000 million with the four-year maturity at a market interest rate at the time of issuance. The new issuance is to replace the debentures No. 1/2009 amounting to Baht 20,000 million to be retired for redemption on 1 April 2013, and issue a new tranche of debentures of Baht 5,000 million to support for future investments. The total amount of the Company's debentures, including this particular lot, will not exceed Baht 131,500 million.
- 3) To submit for approval at the Annual General Meeting of Shareholders, to increase another Baht 50,000 million to the ceiling of the issuance and offering of the Company's debentures, totalling Baht 200,000 million. Such offer was added from Annual General Meeting of Shareholders held on 26 March 2008, with the resolution to set Baht 150,000 million ceiling of the Company's debentures. This is one of other means to raise fund to support domestic and ASEAN business expansion.

29 Reclassification of accounts

Certain accounts in 2011 financial statements have been reclassified complying with the presentation in the 2012 financial statements as follows:

	in million Baht		
	Before reclassification	Reclassification	After reclassification
Statement of financial position			
Other receivables	-	3,265	3,265
Receivables from and short-term loans to related parties	59,514	(59,514)	-
Short-term loans to related parties	-	56,764	56,764
Other current assets	1,370	(515)	855
Deferred tax assets	268	(268)	-
Other payables	-	373	373
Trade payables	122	(122)	-
Payables to and short-term loans from related parties	5,299	(5,299)	-
Short-term loans from related parties	-	5,176	5,176
Other current liabilities	299	(128)	171
Deferred tax liabilities	732	(268)	464

30 Thai Financial Reporting Standards (TFRSs) not yet adopted

The Company has not adopted the following new and revised TFRSs during 2010 and 2012 that have been issued as of the reporting period but are not yet effective. The new and revised TFRSs related to the Company are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following.

TFRSs	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

The management expects to adopt these new and revised TFRSs in accordance with the FAP's announcement in the period of initial application and has assessed that such adoption will have no potential initial significant impact on the financial statements.

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SCG: 100 Years of Sustainability



The Beginnings of a Sustainable Organization

- **1913** The Siam Cement Co., Ltd. was established following the Royal Decree of His Majesty King Rama VI to produce cement so as to reduce reliance on import in the wake of the expanding infrastructure construction for national development.
- **1915** Pricing and logistics systems were first introduced, giving rise to the incorporation of the distribution business.
- **1938** The Siam Fibre-Cement Co.,Ltd. was founded, marking the beginning of the building materials business.



Sustainable Growth

- **1963** A fund was set up to be used for social benefits, leading to the establishment of the SCG Foundation.
- **1972** "The Siam Cement Group" restructured to include a group of companies under its umbrella to enhance efficiency.
- **1975** SCG management helped revive Siam Kraft Industry Co., Ltd., a cement bag manufacturer, giving rise to the inception of the paper business.
- **1978** Joint ventures were formed with the world's leading companies in new businesses such as machinery, automotive, and electrical.
- **1978** Siam Cement Trading Co.,Ltd. was founded to operate international trading business.
- **1983** Thai Polyethylene Co.,Ltd. was established following the natural gas discovery in the Gulf of Thailand, signaling the start of the chemicals business.
- **1983-1997**
With a steady growth, the Company diversified into ten business units.



Sustainable Development

- **1997** In the wake of the Asian economic crisis, SCG applied H.M. the King's Sufficiency Economy Philosophy to its operations, rationalizing its structure down to five core businesses, which allowed SCG to emerge post-crisis stronger than ever.
- **1999** SCG received The Best Practice in Corporate Governance Award for the Large Public Companies category organized by the Institute of Internal Auditors of Thailand for the first time in Thailand.
- **2000** SCG became a member of the World Business Council for Sustainable Development (WBCSD).
- **2004** SCG announced a policy of becoming an innovative organization to leverage competitiveness and drive SCG toward sustainable growth.
- **2006** "The Siam Cement Group" was rebranded to "SCG" to ready itself for making inroads into the regional and global markets.
- **2006** The Waste Heat Power Generator was first installed at SCG Cement Kaeng Khoi to reduce electricity consumption and greenhouse gas emissions.
- **2007** SCG Vision was announced to chart a clear path toward becoming ASEAN's sustainable business leader through two corporate strategies: expansion to the ASEAN region and development of high value added products and services.
- **2009** SCG developed the eco-label under "SCG eco value".
- **2011** SCG has been ranked DJSI global Sector Leader in Building Materials & Fixtures by Robeco Sustainability Asset Management (RobecoSAM) and continued to 2012 consecutively.
- **2012** SCG continued to expand in ASEAN with assets in ASEAN amounting to 55,300 Million Baht (14% of the Group's total assets) and to drive the development of high value added products and services (HVA), resulting in sales of HVA growing to 34% of revenue from sales.





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