

**The Siam Cement Public Company Limited
and its Subsidiaries**

Interim consolidated financial statements
and
Interim financial statements
for the three-month and six-month periods ended
30 June 2018
and
Independent auditor's report
on review of interim financial information

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Independent auditor’s report on review of interim financial information

To the Board of Directors of The Siam Cement Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of The Siam Cement Public Company Limited and its subsidiaries as at 30 June 2018; the consolidated income statement and statement of comprehensive income for the three-month and six-month periods ended 30 June 2018; the consolidated statements of changes in shareholders’ equity and cash flows for the six-month period ended 30 June 2018; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
8 August 2018

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 30 June 2018

Assets	<i>Note</i>	30 June 2018 (Unaudited)	31 December 2017
		<i>(in thousand Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents		33,903,843	43,936,645
Current investments	6	28,227,765	12,970,998
Trade and other current receivables	4, 5	62,015,480	55,407,319
Short-term loans	4	148,292	152,393
Inventories		60,771,958	57,649,895
Other current assets		923,826	1,471,196
Non-current assets classified as held for sale	16	4,279,685	30,832
Total current assets		190,270,849	171,619,278
<i>Non-current assets</i>			
Investments held as available for sale	6	6,750,046	7,161,645
Investments in associates	7	93,124,601	95,346,183
Investments in joint ventures	7	1,028,347	2,984,699
Other long-term investments		3,063,286	2,975,865
Other non-current receivables		6,034,772	5,244,715
Long-term loans	4	117,950	123,754
Investment property		1,559,782	1,492,151
Property, plant and equipment		247,294,488	248,847,055
Goodwill		21,157,383	17,476,705
Other intangible assets		11,063,351	11,402,643
Deferred tax assets		6,222,391	6,273,762
Other non-current assets		3,031,783	2,463,577
Total non-current assets		400,448,180	401,792,754
Total assets		590,719,029	573,412,032

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 30 June 2018

Liabilities and shareholders' equity	<i>Note</i>	30 June 2018 (Unaudited)	31 December 2017
		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts and short-term borrowings			
from financial institutions		19,038,617	19,586,055
Trade and other current payables	4	54,320,789	46,056,049
Current portion of long-term borrowings		3,250,939	4,787,023
Current portion of debentures	9	24,895,217	39,918,630
Short-term borrowings	4	274,683	196,862
Current income tax payable		3,407,841	2,954,837
Other current liabilities		1,685,533	2,507,894
Total current liabilities		106,873,619	116,007,350
<i>Non-current liabilities</i>			
Long-term borrowings		2,840,662	3,458,809
Debentures	9	156,244,208	141,215,577
Deferred tax liabilities		2,314,269	2,317,689
Non-current provisions for employee benefits	10	7,838,777	7,572,904
Other non-current liabilities		1,177,147	1,014,790
Total non-current liabilities		170,415,063	155,579,769
Total liabilities		277,288,682	271,587,119

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 30 June 2018

Liabilities and shareholders' equity	30 June	31 December
	2018	2017
	(Unaudited)	
	<i>(in thousand Baht)</i>	
Shareholders' equity		
Share capital		
<i>Authorized share capital</i>		
- Ordinary share	1,600,000	1,600,000
<i>Issued and paid share capital</i>		
- Ordinary share	1,200,000	1,200,000
Retained earnings		
<i>Appropriated</i>		
Legal reserve	160,000	160,000
General reserve	10,516,000	10,516,000
<i>Unappropriated</i>		
	282,364,119	270,131,718
Other components of shareholders' equity	(22,482,541)	(20,910,148)
Total equity attributable to owners of the parent	271,757,578	261,097,570
Non-controlling interests	41,672,769	40,727,343
Total shareholders' equity	313,430,347	301,824,913
Total liabilities and shareholders' equity	590,719,029	573,412,032

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated income statement

For the three-month period ended 30 June 2018 (Unaudited)

	<i>Note</i>	2018	2017
		<i>(in thousand Baht)</i>	
Revenue from sales	4	120,446,644	108,825,403
Cost of sales	4	(94,934,450)	(84,649,591)
Gross profit		25,512,194	24,175,812
Other income	4	2,524,567	3,425,198
Profit before expenses		28,036,761	27,601,010
Distribution costs		(5,955,072)	(5,928,622)
Administrative expenses		(7,484,187)	(7,380,387)
Total expenses		(13,439,259)	(13,309,009)
Profit from operations		14,597,502	14,292,001
Finance costs		(1,720,387)	(1,821,940)
Share of profit of associates and joint ventures		4,203,565	4,394,382
Profit before income tax		17,080,680	16,864,443
Tax expense		(1,838,984)	(724,090)
Profit for the period		15,241,696	16,140,353
Profit attributable to			
Owners of the parent		12,401,208	13,252,039
Non-controlling interests		2,840,488	2,888,314
		<u>15,241,696</u>	<u>16,140,353</u>
<i>Basic earnings per share (in Baht)</i>			
Attributable to owners of the parent	<i>12</i>	10.33	11.04

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of comprehensive income

For the three-month period ended 30 June 2018 (Unaudited)

	2018	2017
	<i>(in thousand Baht)</i>	
Profit for the period	15,241,696	16,140,353
Other comprehensive income		
<i>Components of other comprehensive income</i>		
<i>that will be reclassified to profit or loss</i>		
Exchange differences on translating financial statement	3,764,820	(832,803)
Gains (losses) on remeasuring investments held as available for sale	(43,877)	25,697
Share of other comprehensive income of associates and joint ventures	590,719	755
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	8,775	(5,148)
Total components of other comprehensive income that will be reclassified to profit or loss	4,320,437	(811,499)
<i>Components of other comprehensive income</i>		
<i>that will not be reclassified to profit or loss</i>		
Defined benefit plan actuarial gains (losses)	30,369	(33,038)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	(8,260)	8,426
Total components of other comprehensive income that will not be reclassified to profit or loss	22,109	(24,612)
Other comprehensive income for the period, net of tax	4,342,546	(836,111)
Total comprehensive income for the period	19,584,242	15,304,242
Total comprehensive income attributable to		
Owners of the parent	16,409,793	12,740,023
Non-controlling interests	3,174,449	2,564,219
	<u>19,584,242</u>	<u>15,304,242</u>

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated income statement

For the six-month period ended 30 June 2018 (Unaudited)

	<i>Note</i>	2018	2017
<i>(in thousand Baht)</i>			
Revenue from sales	4	238,696,946	225,093,077
Cost of sales	4	(187,464,866)	(172,444,168)
Gross profit		51,232,080	52,648,909
Other income	4	4,916,472	8,031,766
Profit before expenses		56,148,552	60,680,675
Distribution costs		(11,701,111)	(11,794,703)
Administrative expenses		(14,612,649)	(14,503,774)
Total expenses		(26,313,760)	(26,298,477)
Profit from operations		29,834,792	34,382,198
Finance costs		(3,416,427)	(3,596,111)
Share of profit of associates and joint ventures		7,937,494	9,952,431
Profit before income tax		34,355,859	40,738,518
Tax expense		(3,877,157)	(2,915,388)
Profit for the period		30,478,702	37,823,130
Profit attributable to			
Owners of the parent		24,807,618	30,637,839
Non-controlling interests		5,671,084	7,185,291
		<u>30,478,702</u>	<u>37,823,130</u>
<i>Basic earnings per share (in Baht)</i>			
Attributable to owners of the parent	12	20.67	25.53

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of comprehensive income

For the six-month period ended 30 June 2018 (Unaudited)

	2018	2017
	<i>(in thousand Baht)</i>	
Profit for the period	30,478,702	37,823,130
Other comprehensive income		
<i>Components of other comprehensive income that will be reclassified to profit or loss</i>		
Exchange differences on translating financial statement	717,424	(3,857,589)
Gains on remeasuring investments held as available for sale	9,282	38,081
Reversal of remeasuring investments held as available for sale	-	(1,692,934)
Share of other comprehensive income of associates and joint ventures	(106,901)	(586,815)
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	(1,856)	330,931
Total components of other comprehensive income that will be reclassified to profit or loss	617,949	(5,768,326)
<i>Components of other comprehensive income that will not be reclassified to profit or loss</i>		
Defined benefit plan actuarial gains (losses)	33,739	(27,563)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	(8,934)	7,174
Total components of other comprehensive income that will not be reclassified to profit or loss	24,805	(20,389)
Other comprehensive income for the period, net of tax	642,754	(5,788,715)
Total comprehensive income for the period	31,121,456	32,034,415
Total comprehensive income attributable to		
Owners of the parent	25,447,109	25,588,375
Non-controlling interests	5,674,347	6,446,040
	<u>31,121,456</u>	<u>32,034,415</u>

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of changes in shareholders' equity

For the six-month period ended 30 June 2018 (Unaudited)

	Note	Retained earnings		Other components of shareholders' equity							Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
		Appropriated		Other comprehensive income			Changes in other components from shareholders	Total other components of shareholders' equity					
		Issued and paid share capital	Legal reserve	General reserve	Unappropriated	Translation of financial statement			Investments held as available for sale	Share of other comprehensive income of associates and joint ventures			
<i>(in thousand Baht)</i>													
Balance at 1 January 2017		1,200,000	160,000	10,516,000	237,993,458	(3,591,414)	1,115,619	618,864	(7,989,519)	(9,846,450)	240,023,008	41,595,111	281,618,119
Transactions with owners, recorded directly in shareholders' equity													
<i>Contributions by and distributions to owners of the parent</i>													
Dividends	13	-	-	-	(12,599,693)	-	-	-	-	-	(12,599,693)	(6,618,724)	(19,218,417)
Total contributions by and distributions to owners of the parent		-	-	-	(12,599,693)	-	-	-	-	-	(12,599,693)	(6,618,724)	(19,218,417)
<i>Changes in ownership interests in subsidiaries</i>													
Changes that do not result in a loss of control		-	-	-	-	-	-	-	(1,287,157)	(1,287,157)	(1,287,157)	(1,855,800)	(3,142,957)
Changes that result in an acquisition or a loss of control		-	-	-	-	-	-	-	-	-	-	1,175,010	1,175,010
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	(1,287,157)	(1,287,157)	(1,287,157)	(680,790)	(1,967,947)
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	(12,599,693)	-	-	-	(1,287,157)	(1,287,157)	(13,886,850)	(7,299,514)	(21,186,364)
Comprehensive income for the period													
Profit or loss		-	-	-	30,637,839	-	-	-	-	-	30,637,839	7,185,291	37,823,130
Other comprehensive income		-	-	-	(19,901)	(3,337,767)	(1,104,981)	(586,815)	-	(5,029,563)	(5,049,464)	(739,251)	(5,788,715)
Total comprehensive income for the period		-	-	-	30,617,938	(3,337,767)	(1,104,981)	(586,815)	-	(5,029,563)	25,588,375	6,446,040	32,034,415
Balance at 30 June 2017		1,200,000	160,000	10,516,000	256,011,703	(6,929,181)	10,638	32,049	(9,276,676)	(16,163,170)	251,724,533	40,741,637	292,466,170

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of changes in shareholders' equity

For the six-month period ended 30 June 2018 (Unaudited)

	Note	Retained earnings		Other components of shareholders' equity							Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
		Appropriated		Unappropriated	Other comprehensive income			Changes in other components from shareholders	Total other components of shareholders' equity				
		Issued and paid share capital	Legal reserve		General reserve	Translation of financial statement	Investments held as available for sale			Share of other comprehensive income of associates and joint ventures			
Balance at 1 January 2018		1,200,000	160,000	10,516,000	270,131,718	(11,260,837)	33,098	(440,126)	(9,242,283)	(20,910,148)	261,097,570	40,727,343	301,824,913
Transactions with owners, recorded directly in shareholders' equity													
<i>Contributions by and distributions to owners of the parent</i>													
Dividends	13	-	-	-	(12,599,771)	-	-	-	-	-	(12,599,771)	(5,415,315)	(18,015,086)
Total contributions by and distributions to owners of the parent		-	-	-	(12,599,771)	-	-	-	-	-	(12,599,771)	(5,415,315)	(18,015,086)
<i>Changes in ownership interests in subsidiaries</i>													
Changes that do not result in a loss of control		-	-	-	-	-	-	-	(2,187,330)	(2,187,330)	(2,187,330)	(1,452,408)	(3,639,738)
Changes that result in an acquisition or a loss of control		-	-	-	-	-	-	-	-	-	-	2,138,802	2,138,802
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	(2,187,330)	(2,187,330)	(2,187,330)	686,394	(1,500,936)
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	(12,599,771)	-	-	-	(2,187,330)	(2,187,330)	(14,787,101)	(4,728,921)	(19,516,022)
Comprehensive income for the period													
Profit or loss		-	-	-	24,807,618	-	-	-	-	-	24,807,618	5,671,084	30,478,702
Other comprehensive income		-	-	-	24,554	714,413	7,425	(106,901)	-	614,937	639,491	3,263	642,754
Total comprehensive income for the period		-	-	-	24,832,172	714,413	7,425	(106,901)	-	614,937	25,447,109	5,674,347	31,121,456
Balance at 30 June 2018		1,200,000	160,000	10,516,000	282,364,119	(10,546,424)	40,523	(547,027)	(11,429,613)	(22,482,541)	271,757,578	41,672,769	313,430,347

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the six-month period ended 30 June 2018 (Unaudited)

	2018	2017
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the period	30,478,702	37,823,130
<i>Adjustments for</i>		
Tax expense	3,877,157	2,915,388
Depreciation and amortization	11,700,448	11,245,332
Loss on inventories devaluation	9,666	14,989
Employee benefit expense	525,926	419,920
Unrealized loss (gain) on foreign currency exchange	101,941	(88,014)
Share of profit of associates and joint ventures	(7,937,494)	(9,952,431)
Dividend income	(934,470)	(1,412,648)
Interest income	(450,537)	(393,812)
Interest expense	3,337,637	3,968,376
Gain on sales of investments and others	(358,604)	(3,032,670)
Cash flows generated from operations		
before changes in operating assets and liabilities	40,350,372	41,507,560
<i>Decrease (increase) in operating assets</i>		
Trade and other current receivables	(4,012,280)	(4,232,986)
Inventories	(2,509,841)	(2,450,992)
Other assets	(95,985)	300,987
Net increase in operating assets	(6,618,106)	(6,382,991)

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the six-month period ended 30 June 2018 (Unaudited)

	<i>Note</i>	2018	2017
		<i>(in thousand Baht)</i>	
<i>Increase (decrease) in operating liabilities</i>			
Trade and other current payables		8,884,738	1,338,648
Provisions for employee benefits		(462,604)	(340,426)
Other liabilities		(15,604)	(162,837)
Net increase in operating liabilities		8,406,530	835,385
Net cash flows generated from operations		42,138,796	35,959,954
Income tax paid		(3,423,869)	(3,565,909)
Net cash flows provided by operating activities		38,714,927	32,394,045
<i>Cash flows from investing activities</i>			
Acquisition of subsidiaries, net of cash acquired	3	(3,752,991)	(3,705,045)
Investments in associates and joint ventures		(153,818)	-
Proceeds from sales of investments		24,631,205	17,066,840
Current investments		(36,737,899)	(8,217,949)
Investments held as available for sale and other long-term investments		(2,054,937)	(864,753)
Proceeds from sales of property, plant and equipments		213,986	1,279,128
Acquisition of property, plant and equipment, and intangible assets		(10,109,282)	(11,683,885)
Proceeds from repayment of loans to related parties		8,834	9,536
Dividends received		7,244,063	9,935,594
Interest received		409,003	437,541
Income tax paid from sales of investments		(288,379)	-
Net cash flows provided by (used in) investing activities		(20,590,215)	4,257,007

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the six-month period ended 30 June 2018 (Unaudited)

	<i>Note</i>	2018	2017
		<i>(in thousand Baht)</i>	
<i>Cash flows from financing activities</i>			
Proceeds from changes in ownership interests in subsidiaries			
that do not result in a loss of control		124,881	91,390
Payments of changes in ownership interests in subsidiaries			
that do not result in a loss of control	3	(3,765,548)	(3,227,480)
<i>Proceeds from (payments of) borrowings</i>			
Payments of bank overdrafts and short-term borrowings		(718,594)	(442,849)
Proceeds from long-term borrowings		306,382	572,962
Payments of long-term borrowings		(2,486,693)	(9,589,220)
Payments of finance lease liabilities		(125,016)	(85,520)
Proceeds from issuance of debentures		29,948,000	24,949,830
Redemption of debentures		(29,942,782)	(24,917,595)
Net decrease in borrowings		(3,018,703)	(9,512,392)
Dividends paid			
Dividends paid to owners of the parent		(12,599,771)	(12,599,693)
Dividends paid to non-controlling interests		(5,497,329)	(6,565,219)
Total dividends paid		(18,097,100)	(19,164,912)
Interest paid		(3,427,728)	(4,127,789)
Net cash flows used in financing activities		(28,184,198)	(35,941,183)
Net increase (decrease) in cash and cash equivalents		(10,059,486)	709,869
Effect of exchange rate changes on cash and cash equivalents		26,684	(341,127)
Cash and cash equivalents at beginning of the period		43,936,645	27,709,352
Cash and cash equivalents at end of the period		33,903,843	28,078,094
<i>Supplementary information for cash flows</i>			
Non-cash transactions			
Accrued dividend income		1,034,909	1,649,667
Account payables from purchase of assets		1,663,844	4,742,582
Accrued investments		1,032,898	1,646,267

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

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Acquisitions of business and changes in ownership interests in subsidiaries
4	Related parties
5	Trade and other current receivables
6	Current investments and investments held as available for sale
7	Investments in associates and joint ventures
8	Changes in liabilities arising from financing activities
9	Debentures
10	Non-current provisions for employee benefits
11	Business segment information
12	Basic earnings per share
13	Dividends
14	Commitments and contingent liabilities
15	Others
16	Events after the reporting period
17	Thai Financial Reporting Standard (TFRS) that has been issued but is not yet effective

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages, and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 8 August 2018.

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 Cement-Building Materials Business, Chemicals Business and Packaging Business.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim consolidated financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2017) “Interim Financial Reporting”; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim consolidated financial statements are prepared to provide an update on the consolidated financial statements for the year ended 31 December 2017. They do not include all of the financial information required for full annual consolidated financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017.

The accounting policies and methods of computation applied in these interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended 31 December 2017 except that the Group has adopted all the new and revised TFRSs that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

In addition to the above new and revised TFRSs, The FAP has issued TFRS 15 Revenue from Contracts with Customers which is effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard in preparing these interim consolidated financial statements because it is not yet effective. The new TFRS is disclosed in note 17.

(b) Functional and presentation currency

The interim consolidated financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the interim financial statements to the nearest million unless otherwise stated.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

(c) Use of estimates and judgments

The preparation of interim consolidated financial statements in conformity with TFRSs requires management to make judgments, 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.

The significant assumptions in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017 and included in the following notes:

Note 3	Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed;
Note 5, 6 and 7	Measurement of the recoverable amounts of each asset and cash-generating units;
Note 10	Measurement of non-current provisions for defined benefit plans: - key actuarial assumptions; and
Note 14	Recognition and measurement of provisions and contingent liabilities.

(d) Basis of consolidation

The interim consolidated financial statements for the three-month and six-month periods ended 30 June 2018 include the accounts of The Siam Cement Public Company Limited and its subsidiaries. Subsidiaries included in the interim consolidated financial statements are as follows:

1. Subsidiaries in Cement-Building Materials Business
2. Subsidiaries in Chemicals Business
3. Subsidiaries in Packaging Business
4. Subsidiaries in other segment

All significant intercompany transactions with subsidiaries included in the interim consolidated financial statements have been eliminated.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

3 Acquisitions of business and changes in ownership interests in subsidiaries

(a) Acquisitions

During the six-month period of 2018, the Group had acquired the significant businesses as follows:

(1) Interpress Printers Sendirian Berhad, Malaysia

On 19 January 2018, subsidiary company in Packaging business acquired 68% of ordinary shares of Interpress Printers Sendirian Berhad (“IPSB”), which is a sector-leading food-grade paper packaging company, highly accredited and vetted by the global leading fast food restaurant chain, located in Malaysia, for a total consideration of Ringgit 63 million or equivalent to approximately Baht 511 million.

Obtaining control in IPSB emphasizes the Group’s commitment in becoming a total packaging solutions provider in ASEAN countries and will further enhance the overall portfolio while exhibiting its potential to serve the burgeoning region’s fast food consumption, evolving lifestyle and preferences of consumers.

(2) Binh Minh Plastics Joint Stock Company, Vietnam

On 19 March 2018, subsidiary company in Chemicals business acquired an additional 30% of ordinary shares of Binh Minh Plastics Joint Stock Company (“BMP”), which is a PVC pipes and fittings market leader in southern part of Vietnam, for a total consideration of Vietnamese Dong 2,330 billion or equivalent to approximately Baht 3,208 million.

Consequently, the Group’s ownership interests in BMP increased from 20% to 50%, resulted in the Group determining the fair value of the previously held equity interest in BMP before changing the status from associate to subsidiary as follows:

	<i>(in million Baht)</i>
Fair value of previously held equity interest in associate before changing to subsidiary *	1,696
Less carrying amount of investment at equity method	<u>(1,158)</u>
Gain on revaluation of investment	<u>538</u>

* Fair value of previously held equity interest in associate before changing to subsidiary of BMP calculated by price reference from stock price in stock exchange at acquisition date.

As a result of obtaining control of BMP, the Group will have capability to expand PVC pipe and fitting business in Vietnam and create value from integration within Vinyl chain. These are the main factors that generate goodwill from acquisition.

In the second quarter of 2018, the Group has purchased BMP shares in Ho Chi Minh City Stock Exchange of additional 4% for a total consideration of Vietnamese Dong 208 billion or equivalent to approximately Baht 293 million which made the Group existing stake in BMP become 54%.

According to the above acquisitions, the Group has engaged an independent appraiser to determine the fair values of net assets and liabilities acquired. As at 30 June 2018, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

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 adjustments on accounting transactions of such acquisition will be made. In the first quarter of 2018, the Group revised the conditions and reviewed assets acquired and liabilities assumed of Vietnam Construction Materials Joint Stock Company which was the business acquisition in the first quarter of 2017, resulting in the decrease in goodwill arising on acquisition of Baht 10 million. The revision was made in accordance with the conditions for adjusting the acquisition accounting as previously mentioned.

Assets acquired and liabilities assumed at the acquisition date were as follows:

	Fair value		
	IPSB	BMP	Total
	<i>(in million Baht)</i>		
Cash and cash equivalents	2	353	355
Current Investment	-	275	275
Trade and other current receivables	161	852	1,013
Inventories	57	817	874
Other current assets	-	27	27
Property, plant and equipment	347	1,126	1,473
Non-current assets	-	1,206	1,206
Interest-bearing debts	(244)	(79)	(323)
Trade and other current payables	(28)	(302)	(330)
Non-current liabilities	(13)	(185)	(198)
Net identifiable assets and liabilities	282	4,090	4,372
<i>Less</i> non-controlling interests	(89)	(2,049)	(2,138)
<i>Less</i> fair value of previously held equity interest in associate before changing to subsidiary	-	(1,696)	(1,696)
Recognized value of net assets acquired	193	345	538
Goodwill	318	2,863	3,181
Total consideration transferred	511	3,208	3,719
Cash acquired			(355)
Net cash outflows			3,364
<i>Less</i> accrued investment			(88)
Net cash outflows in 2018			3,276

The Group has agreed to pay total consideration payables of Baht 88 million to the former shareholder when certain conditions are achieved within May 2021.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

The assets, liabilities and operating results since acquisition date of those subsidiaries have been included in the Group's consolidated financial statements for the six-month period ended 30 June 2018. The subsidiaries contributed revenue from sales of Baht 1,719 million and profit for the period of Baht 195 million to the Group's operating results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue from sales would have been Baht 239,615 million and consolidated profit for the period would have been Baht 24,843 million.

The Group incurred acquisition costs totaling Baht 14 million which had been included in administrative expenses in the consolidated income statement.

(b) Change in ownership interests in subsidiaries

During the six-month period of 2018, the Group had purchased additional ordinary shares of Long Son Petrochemicals Co., Ltd. increased from 71% to 100%, Dyna Packs Co., Ltd. and Orient Containers Co., Ltd. increased from 75% to 100%, Sosuco and Group (2008) Co., Ltd. increased from 90% to 100% and other subsidiaries, amounting to Baht 3,766 million.

The following summarizes the effect of the change in the Group's ownership interests:

	<i>(in million Baht)</i>
Carrying amount of non-controlling interests acquired	1,596
Less consideration paid to non-controlling interests	<u>(3,766)</u>
Decrease in equity attributable to owners of the Group from additional investments in subsidiaries	<u><u>(2,170)</u></u>

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

4 Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to 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 three-month and six-month periods ended 30 June and the pricing policies are summarized as follows:

	Three-month periods		Six-month periods		Pricing policies
	2018	2017	2018	2017	
	<i>(in million Baht)</i>				
<i>Associates and joint ventures</i>					
Purchases	5,850	5,737	11,696	12,179	Market price
Service fee	154	161	329	328	Market price
Revenue from sales	14,148	12,394	28,348	26,254	Market price
Revenue from transportation and other services	425	275	799	529	Market price
Management fee and others	455	480	900	918	Mainly based on percentage of revenue from sales
Dividend income	5,925	7,502	7,214	10,045	Upon declaration
<i>Other</i>					
Purchases	705	590	1,334	1,295	Market price
Revenue from sales	66	59	140	129	Market price
Revenue from transportation and other services	19	22	44	47	Market price
Management fee and others	85	78	166	156	Mainly based on percentage of revenue from sales
Dividend income	849	1,331	931	1,413	Upon declaration

Balances as at 30 June 2018 and 31 December 2017 with related parties were as follows:

Trade receivables

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
<i>Associates and joint ventures</i>		
Siam Polyethylene Co., Ltd.	1,883	1,875
Siam Styrene Monomer Co., Ltd.	749	806
Bangkok Synthetics Co., Ltd.	628	451
Siam Synthetic Latex Co., Ltd.	568	558
Thai MMA Co., Ltd.	412	435
Grand Siam Composites Co., Ltd.	406	310
PT Styrimdo Mono Indonesia	233	235
SCG Plastics (Shanghai) Co., Ltd.	136	108
PT Chandra Asri Petrochemical Tbk.	125	67
Mien Trung Joint Stock Corporation	-	277
Other companies	553	527
	5,693	5,649

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	50	78
Other companies	30	20
	<u>80</u>	<u>98</u>
Total	<u>5,773</u>	<u>5,747</u>

Other current receivables

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
<i>Associates and joint ventures</i>		
Siam Kubota Corporation Co., Ltd.	293	331
Thai Engineering Products Co., Ltd.	161	3
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	49	61
Aisin Takaoka Foundry Bangpakong Co., Ltd.	38	97
Thai MMA Co., Ltd.	30	25
The Nawaloha Industry Co., Ltd.	28	25
PT Chandra Asri Petrochemical Tbk.	28	4
Siam Mitsui PTA Co., Ltd.	27	27
IT One Co., Ltd.	22	1
Grand Siam Composites Co., Ltd.	21	22
Siam Synthetic Latex Co., Ltd.	16	-
Siam Nippon Industrial Paper Co., Ltd.	7	65
Other companies	107	114
	<u>827</u>	<u>775</u>
<i>Other</i>		
Toyota Motor Thailand Co., Ltd.	692	-
Siam Yamato Steel Co., Ltd.	34	32
Other companies	66	25
	<u>792</u>	<u>57</u>
Total	<u>1,619</u>	<u>832</u>

Short-term loans

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
<i>Associates</i>		
PT M Class Industry	69	68
GTC Technology International, LP	41	41
Other companies	9	8
Total	<u>119</u>	<u>117</u>

Long-term loans

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
<i>Associates</i>		
Mariwasa Holdings, Inc.	81	84
Sekisui-SCG Industry Co., Ltd.	17	17
Total	<u>98</u>	<u>101</u>

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Movements during the six-month periods ended 30 June on loans to related parties were as follows:

	2018	2017
	<i>(in million Baht)</i>	
Short-term		
At 1 January	117	124
Increase	2	-
Decrease	-	(6)
At 30 June	119	118
Long-term		
At 1 January	101	90
Decrease	(3)	(5)
At 30 June	98	85

Trade payables

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
<i>Associates</i>		
Mehr Petrochemical Company (P.J.S.C.)	2,200	1,565
Siam Polyethylene Co., Ltd.	605	501
PT Chandra Asri Petrochemical Tbk.	462	454
Siam Kubota Corporation Co., Ltd.	397	470
Bangkok Synthetics Co., Ltd.	241	223
Thai MMA Co., Ltd.	181	172
The Siam Gypsum Industry (Saraburi) Co., Ltd.	167	198
Siam Synthetic Latex Co., Ltd.	112	104
Sekisui-SCG Industry Co., Ltd.	103	95
Other companies	130	144
	<u>4,598</u>	<u>3,926</u>
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	177	198
Other companies	-	5
	<u>177</u>	<u>203</u>
Total	4,775	4,129

Other current payables

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
<i>Associates</i>		
Thai MMA Co., Ltd.	14	14
IT One Co., Ltd.	11	19
Other companies	5	12
Total	30	45

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Short-term borrowings

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
<i>Associate</i>		
Binh Minh Viet Trading Investment Real Estate Joint Stock Company	77	-
<i>Other</i>		
PT Trans-Pacific Polyethylene Indonesia	78	77
Total	155	77

Movements during the six-month periods ended 30 June on short-term borrowings from related parties were as follows:

	2018	2017
	<i>(in million Baht)</i>	
At 1 January	77	84
Acquisitions through business combinations	79	-
Increase	5	-
Decrease	(6)	(4)
At 30 June	155	80

The Board of Directors and key management compensation

	Three-month periods		Six-month periods	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<i>For the periods ended 30 June</i>				
Short-term employee benefits	96	81	222	191
Post-employment benefits	7	5	13	10
Total	103	86	235	201

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

5 Trade and other current receivables

	<i>Note</i>	30 June 2018	31 December 2017
<i>(in million Baht)</i>			
Trade receivables			
Related parties	4	5,773	5,747
Other companies		46,450	41,936
Less allowance for doubtful accounts		(1,015)	(911)
Net		<u>45,435</u>	<u>41,025</u>
		<u>51,208</u>	<u>46,772</u>
Other current receivables			
Related parties	4	1,619	832
Other companies		9,188	7,803
		<u>10,807</u>	<u>8,635</u>
Total		<u>62,015</u>	<u>55,407</u>

	Three-month periods		Six-month periods	
	2018	2017	2018	2017
<i>(in million Baht)</i>				
For the periods ended 30 June				
Doubtful debts expenses	(25)	(7)	(31)	(10)
Bad debts recovery	17	9	25	14

	30 June 2018	31 December 2017
<i>(in million Baht)</i>		
Trade receivables		
Related parties		
Within credit terms	5,585	5,648
Overdue:		
Less than 3 months	187	98
3 - 6 months	1	1
Total	<u>5,773</u>	<u>5,747</u>
Other companies		
Within credit terms	39,292	35,796
Overdue:		
Less than 3 months	4,412	3,628
3 - 6 months	636	715
Over 6 - 12 months	843	826
Over 12 months	1,267	971
	<u>46,450</u>	<u>41,936</u>
Less allowance for doubtful accounts	(1,015)	(911)
Net	<u>45,435</u>	<u>41,025</u>
Total	<u>51,208</u>	<u>46,772</u>

The normal credit term granted by the Group is 15 - 90 days.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

6 Current investments and investments held as available for sale

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
Current investments		
Fixed deposits with financial institutions	5,200	3,542
Available-for-sale debt securities (Private funds)	23,028	9,429
Total	28,228	12,971
Investments held as available for sale		
Available-for-sale debt securities (Private funds)	6,746	7,158
Marketable equity securities	4	4
Total	6,750	7,162

As at 30 June 2018, the private funds invested by 3 independent assets management companies have invested in debt securities which had high liquidity and rating as investment grade with return rates from 1.18% to 3.23% per annum (31 December 2017: from 0.98% to 3.45% per annum).

Fair values

The fair values of available-for-sale securities together with the carrying amounts in the consolidated statement of financial position as at 30 June 2018 are as follows:

	Carrying amount	Level 1	Fair value Level 2	Total
	<i>(in million Baht)</i>			
Current investments				
Available-for-sale debt securities (Private funds)	23,028	-	23,028	23,028
Investments held as available for sale				
Available-for-sale debt securities (Private funds)	6,746	-	6,746	6,746
Marketable equity securities	4	4	-	4
Total	6,750	4	6,746	6,750

The table above analyzes recurring fair value measurements for available-for-sale securities. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels applicable to the Group's investments are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets (Stock Exchange) for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The Group determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

7 Investments in associates and joint ventures

Movements for six-month periods ended 30 June in investments in associates and joint ventures accounted for using the equity method were as follows:

	<i>Note</i>	2018	2017
		<i>(in million Baht)</i>	
At 1 January		98,331	95,498
Share of net profit of investments - equity method		7,937	9,952
Increase in investment - net		154	-
Dividend income		(7,214)	(10,045)
Change of the status to subsidiaries	3	(1,158)	(2,061)
Transfer to non-current assets held for sale		(3,879)	-
Other		(18)	(579)
At 30 June		<u>94,153</u>	<u>92,765</u>
At 31 December			<u>98,331</u>

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Investments in associates and joint ventures as at 30 June 2018 and 31 December 2017 and dividends from these investments for the six-month periods ended 30 June, were as follows:

	Total direct /		Paid-up capital		Cost method		Equity method		Dividend income	
	indirect holding		30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	30 Jun
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)		(in million Baht)							
Associates										
Cement-Building Materials Business										
Siam Global House Public Company Limited	30	30	4,001	3,841	9,414	9,414	11,108	10,989	213	182
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	684	689	85	127
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	2,325	1,139	1,139	507	511	-	-
Anhui Conch-SCG Refractory Co., Ltd.	30	30	497	497	148	148	377	305	-	28
Noritake SCG Plaster Co., Ltd.	40	40	405	405	134	134	235	227	-	-
PT M Class Industry	28	28	222	222	106	106	99	109	-	-
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	46	48	-	-
Green Siam Resources Corporation	40	40	95	95	38	38	37	44	-	-
Mariwasa Holdings, Inc.	40	40	235	235	94	94	25	28	-	-
CMPI Holding, Inc.	40	40	55	55	18	18	21	19	7	-
Other companies			151	151	39	50	46	58	14	-
			8,199	8,039	11,207	11,218	13,185	13,027	319	337
Chemicals Business										
PT Chandra Asri Petrochemical Tbk.	31	31	27,248	27,248	18,090	18,090	22,915	22,025	476	1,181
Bangkok Synthetics Co., Ltd.	49	49	1,173	1,173	10,800	10,800	11,709	13,241	1,661	1,661
Siam Styrene Monomer Co., Ltd.	50	50	4,755	4,755	2,375	2,375	6,646	6,075	375	1,025
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	5,758	5,120	-	1,724
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	4,168	3,576	776	1,165
Siam Synthetic Latex Co., Ltd.	50	50	5,789	5,789	2,788	2,788	2,871	4,110	1,767	875
Mehr Petrochemical Company (P.J.S.C.)	39	39	1,755	1,755	1,529	1,529	1,414	1,357	-	-
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	995	996	47	82
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	779	897	385	353
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	504	503	74	59
PT Siam Maspion Terminal	50	50	327	327	163	163	304	281	-	36
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	596	596	119	119	247	287	47	64
GTC Technology International, LP	25	25	191	191	107	107	238	234	-	-
Thai PET Resin Co., Ltd.	40	40	900	900	180	180	224	164	-	-
Siam Tohcello Co., Ltd.	45	45	592	592	266	266	118	114	-	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	115	109	4	15
SD Group Service Co., Ltd.	50	50	78	78	38	38	53	104	125	-
GTC Technology US, LLC	25	25	102	102	160	160	46	56	-	-
Binh Minh Plastics Joint Stock Company	54	20	-	1,228	-	642	-	1,089	-	58
Other companies			4	4	102	13	153	55	2	34
			54,934	56,162	42,260	42,813	59,257	60,393	5,739	8,332
Packaging Business										
Siam Toppan Packaging Co., Ltd.	49	48	500	500	245	245	427	421	-	-
Siam Nippon Industrial Paper Co., Ltd.	31	31	1,100	1,100	495	495	262	281	-	-
Saha Green Forest Co., Ltd.	17	17	190	190	48	48	59	59	5	5
Other companies			263	263	105	105	-	-	-	-
			2,053	2,053	893	893	748	761	5	5
Other										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	17,538	17,066	880	1,087
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	1,235	1,396	158	-
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	720	714	5	21
Aisin Takaoka Foundry Bangkok Co., Ltd.	30	30	475	475	142	142	700	646	36	119
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	671	615	25	98
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	390	382	5	7
Lysando AG	20	20	39	39	355	355	261	275	-	-
Muang Thong United Co., Ltd.	30	30	233	233	140	140	108	107	-	-
IT One Co., Ltd.	20	20	80	80	16	16	37	51	42	39
			4,499	4,499	2,085	2,085	21,660	21,252	1,151	1,371
Investments in associates			69,685	70,753	56,445	57,009	94,850	95,433	7,214	10,045

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

	Total direct /		Paid-up capital		Cost method		Equity method		Dividend income	
	indirect holding		30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	30 Jun
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)		(in million Baht)							
<i>Joint ventures</i>										
<i>Cement-Building Materials Business</i>										
Global House International Company Limited	65	65	1,519	1,190	760	595	773	608	-	-
SCG Nichirei Logistics Co., Ltd.	51	51	570	570	291	291	255	252	-	-
			2,089	1,760	1,051	886	1,028	860	-	-
<i>Chemicals Business</i>										
Siam Mitsui PTA Co., Ltd.	50	50	4,800	4,800	2,401	2,401	2,241	2,125	-	-
Investments in joint ventures			6,889	6,560	3,452	3,287	3,269	2,985	-	-
Investments in associates and joint ventures			76,574	77,313	59,897	60,296	98,119	98,418	7,214	10,045
Less accumulated impairment loss							(87)	(87)		
Less classified as assets held for sale							(3,879)	-		
Investments in associates and joint ventures - net							94,153	98,331		

During the year 2018, the Group acquired the additional 34% stake in Binh Minh Plastics Joint Stock Company and changed its status from associate to subsidiary, as discussed in note 3.

Common stock dividend payment

In the second quarter of 2018, the Annual General Meeting of the Shareholders of Siam Global House Public Company Limited approved dividend payment for the year 2017 of cash dividend and common stock dividend with the date of dividend payment on 22 May 2018. The Group is entitled to receive common stock dividend of 48 million shares at the par value Baht 1 per share, totaling Baht 48 million.

8 Changes in liabilities arising from financing activities

	Note	Bank overdrafts and short-term borrowings	Long-term borrowings	Debentures	Total
		(in million Baht)			
Balance at 1 January 2018		19,783	8,246	181,134	209,163
Changes from financing cash flows		(719)	(2,305)	5	(3,019)
Changes arising from obtaining subsidiaries	3	237	86	-	323
The effect of changes in foreign exchange rates		12	65	-	77
Balance at 30 June 2018		19,313	6,092	181,139	206,544

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

9 Debentures

As at 30 June 2018, the Company had issued unsubordinated and unsecured debentures totaling Baht 181,500 million (*31 December 2017: Baht 181,500 million*) as follows:

Debentures no.	30 June	31 December	Interest rate (% p.a.)	Term	Maturity date	Fair value *	
	2018	2017				30 June 2018	31 December 2017
	<i>(in million Baht)</i>						
Debentures - The Siam Cement Public Company Limited							
3/2012	6,500	6,500	4.40	7 years	12 October 2019	1,043	1,053
1/2014	-	15,000	4.00	4 years	1 April 2018	-	1,016
2/2014	10,000	10,000	3.90	4 years	1 October 2018	1,007	1,017
1/2015	-	15,000	3.75	3 years	1 April 2018	-	1,015
1/2015	15,000	15,000	3.90	4 years	1 April 2019	1,017	1,023
2/2015	10,000	10,000	3.40	4 years	1 November 2019	1,031	1,037
1/2016	25,000	25,000	3.00	4 years	1 April 2020	1,021	1,034
2/2016	25,000	25,000	3.00	4 years	1 November 2020	1,035	1,033
1/2017	25,000	25,000	3.25	4 years	1 April 2021	1,036	1,045
2/2017	10,000	10,000	2.97	7 years	30 August 2024	1,031	1,031
3/2017	25,000	25,000	3.05	4 years	1 October 2021	1,033	1,041
1/2018	30,000	-	3.00	4 years	1 April 2022	1,027	-
Total	181,500	181,500					
<i>Less debentures</i>							
held by a subsidiary	(361)	(366)					
Net	181,139	181,134					
<i>Less current portion</i>	(24,895)	(39,918)					
Net	156,244	141,216					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 30 June 2018 and 31 December 2017.

The Company determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company entity and counterparty when appropriate.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

10 Non-current provisions for employee benefits

The Group operates defined benefit plans based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Non-current provisions for employee benefits in consolidated statements of financial position

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
Post-employment benefits		
Legal severance payments plan	7,088	6,833
Pension	92	87
Other long-term employee benefits	567	558
Other employee benefits	201	205
Total	7,948	7,683
Less plan assets of foreign subsidiaries	(109)	(110)
Net	7,839	7,573

Movements in the present value of non-current provisions for defined benefit plans

	2018	2017
	<i>(in million Baht)</i>	
For the six-month periods ended 30 June		
Non-current provisions for defined benefit plans at 1 January	7,478	7,109
Included in profit or loss		
Current service costs	272	291
Interest on obligation	126	117
Actuarial gains	(1)	-
	397	408
Included in other comprehensive income		
Actuarial (gains) losses	(34)	30
Currency translation differences	(37)	(50)
	(71)	(20)
Other		
Benefits paid	(49)	(79)
Acquisitions through business combinations	-	24
Other	(8)	-
	(57)	(55)
Non-current provisions for defined benefit plans at 30 June	7,747	7,442

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Movements in the fair value of plan assets of foreign subsidiaries

	2018	2017
	<i>(in million Baht)</i>	
<i>For the six-month periods ended 30 June</i>		
Plan assets at 1 January	110	88
Contributions paid into the plan	3	20
Benefits paid	(4)	(9)
Expected return on plan assets	-	7
Actuarial gains	-	3
Plan assets at 30 June	109	109

Principal actuarial assumptions as of the end of the reporting period

Non-current provisions for defined benefit plans

	30 June 2018	31 December 2017
	(%)	
Discount rate *		
- Thailand	2.62 - 3.76	2.62 - 3.76
- Vietnam	6.55 - 6.97	6.55 - 6.97
- Indonesia	6.97 - 8.75	6.97 - 8.75
- Other	2.30 - 5.70	2.30 - 5.70
Salary increase rate	3.00 - 9.00	3.00 - 9.00
Employee turnover rate **	1.00 - 35.00	1.00 - 35.00
Mortality rate ***	25.00 of TMO2008	25.00 of TMO2008

* Market yields on government's bonds for legal severance payments plan and pension

** Upon the length of service

*** Reference from TMO2008: Thai Mortality Ordinary Table 2008

Plan assets of foreign subsidiaries

	30 June 2018	31 December 2017
	(%)	
Discount rate	5.16 - 5.70	5.16 - 5.70

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

11 Business 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, revenues and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

In the first quarter of 2018, the management has changed the presentation on business segment information. Service charges of corporate function are included in each business segment's performance. The business segment information in 2017 has been adjusted to conform to the presentation in 2018.

Business segments

The Group comprises the following main business segments:

<i>Cement-Building Materials Business</i>	Manufacture and sale of grey cement, ready-mixed concrete, white cement, dry mortar, roof tiles, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings. Distribution of cement, building and decorative products of the Group companies through distributors, as well as importing fuel products, waste paper and scrap iron.
<i>Chemicals Business</i>	Manufacture and sale of olefins, polyolefins and other chemical products.
<i>Packaging Business</i>	Manufacture and sale of packaging paper, various types of packaging including paper packaging (corrugated container and food packaging) and plastic packaging (flexible packaging and rigid plastic packaging), pulp, dissolving pulp, and printing and writing paper.
<i>Other</i>	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components and steel, as well as other services.

The business segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Information relating to business segments for six-month periods ended 30 June was as follows:

	Total assets		Revenue from sales		EBITDA (1)	
	30 Jun	31 Dec	1 Jan - 30 Jun		1 Jan - 30 Jun	
	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>					
Consolidated SCG	590,719	573,412	238,697	225,093	48,749	55,672
<i>Business Segments</i>						
Cement-Building Materials Business	218,468	213,134	91,119	87,481	11,825	11,378
Chemicals Business	202,951	193,183	109,920	103,856	27,248	34,321
Packaging Business	92,953	91,312	43,773	39,275	7,332	6,684
Other	316,129	307,272	48	43	2,376	3,316

	Profit		Depreciation and	
	for the period (2)		amortization	
	1 Jan - 30 Jun		1 Jan - 30 Jun	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Consolidated SCG	24,808	30,638	11,700	11,245
<i>Business Segments</i>				
Cement-Building Materials Business	4,161	3,843	5,240	5,062
Chemicals Business	16,266	22,250	3,350	3,209
Packaging Business	3,110	2,682	2,661	2,548
Other	1,362	1,986	449	426

(1) Represents profit before share of profit of associates and joint ventures, finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

(2) Represents profit for the period attributable to owners of the parent.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

Operating results of business segments

	Cement-Building		Chemicals Business		Packaging Business	
	Materials Business					
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	<i>(in million Baht)</i>					
<i>Information from statements of financial position</i>						
Current assets	62,518	56,466	56,344	45,183	30,158	29,317
Investments in associates and joint ventures	14,224	13,896	57,619	62,518	748	761
Other long-term investments	1,268	1,269	45	42	16	16
Property, plant and equipment	112,677	114,456	74,654	74,943	57,812	57,143
Other non-current assets	27,781	27,047	14,289	10,497	4,219	4,075
Total assets	218,468	213,134	202,951	193,183	92,953	91,312
Short-term borrowings	73,278	77,383	18,847	21,300	29,537	23,026
Other current liabilities	24,726	22,743	25,983	19,897	9,608	9,422
Long-term borrowings	1,284	1,449	5,238	5,405	1,037	1,328
Other non-current liabilities	5,461	5,338	2,752	2,655	1,959	1,885
Total liabilities	104,749	106,913	52,820	49,257	42,141	35,661
Shareholders' equity	113,719	106,221	150,131	143,926	50,812	55,651
Total liabilities and shareholders' equity	218,468	213,134	202,951	193,183	92,953	91,312

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

	Other		Intersegment Elimination		Consolidated SCG	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	<i>(in million Baht)</i>					
Information from						
statements of financial position						
Current assets	152,344	147,543	(111,093)	(106,890)	190,271	171,619
Investments in associates and joint ventures	21,573	21,165	(11)	(9)	94,153	98,331
Other long-term investments	133,533	129,851	(125,049)	(121,040)	9,813	10,138
Property, plant and equipment	3,085	3,256	(933)	(951)	247,295	248,847
Other non-current assets	5,594	5,457	(2,696)	(2,599)	49,187	44,477
Total assets	316,129	307,272	(239,782)	(231,489)	590,719	573,412
Short-term borrowings	26,821	40,244	(101,023)	(97,464)	47,460	64,489
Other current liabilities	3,348	3,062	(4,251)	(3,605)	59,414	51,519
Long-term borrowings	156,251	141,223	(4,725)	(4,731)	159,085	144,674
Other non-current liabilities	2,178	1,942	(1,020)	(915)	11,330	10,905
Total liabilities	188,598	186,471	(111,019)	(106,715)	277,289	271,587
Shareholders' equity	127,531	120,801	(128,763)	(124,774)	313,430	301,825
Total liabilities and shareholders' equity	316,129	307,272	(239,782)	(231,489)	590,719	573,412

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

	Cement-Building					
	Materials Business		Chemicals Business		Packaging Business	
	1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun	
	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>					
Information from						
income statements						
Revenue from sales						
External customers	86,585	83,454	109,525	103,406	42,539	38,190
Intersegment	4,534	4,027	395	450	1,234	1,085
Total revenue from sales	91,119	87,481	109,920	103,856	43,773	39,275
Cost of sales	(72,012)	(68,399)	(86,819)	(77,455)	(34,846)	(32,174)
Gross profit	19,107	19,082	23,101	26,401	8,927	7,101
Other income	1,079	1,232	1,802	3,478	267	1,148
Profit before expenses	20,186	20,314	24,903	29,879	9,194	8,249
Operating expenses	(13,920)	(14,335)	(6,744)	(7,099)	(4,528)	(4,118)
Profit before finance costs						
and income tax	6,266	5,979	18,159	22,780	4,666	4,131
Finance costs	(1,451)	(1,563)	(256)	(545)	(509)	(438)
Profit before income tax	4,815	4,416	17,903	22,235	4,157	3,693
Tax expense	(978)	(851)	(2,449)	(1,803)	(656)	(357)
Profit after income tax	3,837	3,565	15,454	20,432	3,501	3,336
Share of profit (loss) of associates						
and joint ventures	500	462	5,887	8,115	(8)	7
Profit for the period	4,337	4,027	21,341	28,547	3,493	3,343
Profit attributable to:						
Owners of the parent	4,161	3,843	16,266	22,250	3,110	2,682
Non-controlling interests	176	184	5,075	6,297	383	661
	4,337	4,027	21,341	28,547	3,493	3,343

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

	Other		Intersegment		Consolidated SCG	
	1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun	
	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>					
Information from						
income statements						
Revenue from sales						
External customers	48	43	-	-	238,697	225,093
Intersegment	-	-	(6,163)	(5,562)	-	-
Total revenue from sales	48	43	(6,163)	(5,562)	238,697	225,093
Cost of sales	(23)	(21)	6,235	5,605	(187,465)	(172,444)
Gross profit	25	22	72	43	51,232	52,649
Other income	4,304	4,942	(2,535)	(2,768)	4,917	8,032
Profit before expenses	4,329	4,964	(2,463)	(2,725)	56,149	60,681
Operating expenses	(3,553)	(3,445)	2,431	2,698	(26,314)	(26,299)
Profit before finance costs						
and income tax	776	1,519	(32)	(27)	29,835	34,382
Finance costs	(1,231)	(1,078)	31	28	(3,416)	(3,596)
Profit (loss) before income tax	(455)	441	(1)	1	26,419	30,786
Tax income (expense)	258	177	(52)	(81)	(3,877)	(2,915)
Profit (loss) after income tax	(197)	618	(53)	(80)	22,542	27,871
Share of profit of associates						
and joint ventures	1,559	1,368	(1)	-	7,937	9,952
Profit for the period	1,362	1,986	(54)	(80)	30,479	37,823
Profit attributable to:						
Owners of the parent	1,362	1,986	(91)	(123)	24,808	30,638
Non-controlling interests	-	-	37	43	5,671	7,185
	1,362	1,986	(54)	(80)	30,479	37,823

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

12 Basic earnings per share

The calculation of basic earnings per share for the three-month and six-month periods ended 30 June were based on the profit for the period attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the periods as follows:

	2018	2017
	<i>(in million Baht / million shares)</i>	
<i>For the three-month periods ended 30 June</i>		
Profit for the period attributable to owners of the parent	<u>12,401</u>	<u>13,252</u>
Weighted average number of ordinary shares outstanding	<u>1,200</u>	<u>1,200</u>
Basic earnings per share (in Baht)	<u>10.33</u>	<u>11.04</u>
	2018	2017
	<i>(in million Baht / million shares)</i>	
<i>For the six-month periods ended 30 June</i>		
Profit for the period attributable to owners of the parent	<u>24,808</u>	<u>30,638</u>
Weighted average number of ordinary shares outstanding	<u>1,200</u>	<u>1,200</u>
Basic earnings per share (in Baht)	<u>20.67</u>	<u>25.53</u>

13 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 29 March 2017, the shareholders resolved to declare total dividends for the year 2016 at Baht 19.00 per share, totaling approximately Baht 22,800 million. The interim dividend was paid at the amount of Baht 8.50 per share to the shareholders entitled to receive the dividends, totaling Baht 10,198 million, and was paid on 25 August 2016. The final dividend was paid at the amount of Baht 10.50 per share to the shareholders entitled to receive the dividends, totaling Baht 12,600 million, and was paid on 27 April 2017.

At the Annual General Meeting of the Shareholders of the Company held on 28 March 2018, the shareholders resolved to declare total dividends for the year 2017 at Baht 19.00 per share, totaling approximately Baht 22,800 million. The interim dividend was paid at the amount of Baht 8.50 per share to the shareholders entitled to receive the dividends, totaling Baht 10,199 million, and was paid on 24 August 2017. The final dividend was paid at the amount of Baht 10.50 per share to the shareholders entitled to receive the dividends, totaling Baht 12,600 million, and was paid on 20 April 2018.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

14 Commitments and contingent liabilities

	30 June 2018	31 December 2017
	<i>(in million Baht)</i>	
(a) Guarantees on loans of non-consolidated related parties	545	662
(b) Bank guarantees issued by banks to government, state enterprises and private sectors	840	913
(c) Unused letters of credit	723	347
(d) Commitments		
- for purchase of raw material contracts	41,142	57,812
- for rental and service agreements	8,178	7,041
- for purchasing land, construction and installation of machinery, and others	128,429	7,197

Commitment for construction and installation of machinery included construction of petrochemical complex in Vietnam and Debottlenecking of Olefins plant in Thailand which included commitment contract was entered after the reporting period amounting to US Dollars 2,741 million, Vietnamese Dong 19,654 billion and other currencies, total equivalent to approximately Baht 121,660 million

- (e) The Group has entered into forward contracts and swap contracts with several local and foreign banks to hedge against the risk from foreign investment, payment of borrowings, payment for goods, machinery and equipment purchased, proceed from loans to and money received from sales of goods. The details of the contracts are as follows:

	Contract amount			
	Currency		Swap loan	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million)</i>		<i>(in million Baht)</i>	
US Dollars	67	92	<u>1,987</u>	<u>2,771</u>

The above contracts will be gradually due within April 2020 (31 December 2017: due within April 2020).

	Contract amount							
	Forward receivable				Forward payable			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	<i>(in million)</i>		<i>(in million Baht)</i>		<i>(in million)</i>		<i>(in million Baht)</i>	
US Dollars	769	571	24,519	18,763	492	284	15,853	9,334
Euro	10	10	379	389	59	25	2,261	971
Yen	61	117	18	34	4,783	404	1,395	124
Other			159	111			88	84
Total			<u>25,075</u>	<u>19,297</u>			<u>19,597</u>	<u>10,513</u>

The above contracts will be gradually due within June 2019 (31 December 2017: due within June 2019).

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

- (f) The Group has entered into interest rate swap contracts with various foreign banks to hedge against the risk of interest on foreign loans of US Dollars 31 million (31 December 2017: US Dollars 54 million), whereby exchanging floating interest rates based on LIBOR with fixed interest rates from 2.67% to 4.60% per annum (31 December 2017: from 2.67% to 4.60% per annum). These contracts will be gradually due within July 2018 (31 December 2017: due within July 2018).
- (g) The Group has entered into raw material and energy hedging contracts with various local banks and foreign banks to hedge against the risk of price changes amounting to US Dollars 125 million, equivalent to Baht 4,163 million (*31 December 2017: US Dollars 2 million, equivalent to Baht 68 million*). These contracts will be gradually due within December 2019 (*31 December 2017: due within December 2018*).
- (h) The Company has entered into the service agreements with two local companies. Those companies will provide information and technology outsourcing services to the Group. The commencement price is approximately Baht 6,500 million. The agreements period is for 7 years with the commencement date in June 2016.
- (i) During the year 2018, a subsidiary has entered into the contract for purchasing raw materials from a certain foreign company with the supply period of 15 years. Both parties are obligated to supply and take such raw materials at the price, quantity and conditions specified in the contract.
- (j) In the first quarter of 2009, the Company lodged a complaint in criminal case against an ex-employee for 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. At present, the case has reached the final judgment.

On 22 December 2015, in which the Supreme Court has made the judgment ordering the ex-employee, the offender committed a tort against the Plaintiff, to return the shares or to pay the cash for the share price at the last trading price of the Company's shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and ordering the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly liable with the ex-employee. Therefore, the Company has recorded the provision for compensation for the amount which the Company is expected to be liable, in the statement of financial position as at 31 December 2015 of Baht 201 million.

On 21 January 2016, the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for Baht 319 million in total. Later on, Thailand Securities Depository Co., Ltd., the co-defendant, has filed a petition to the Supreme Court for an interpretation on the judgment. On 21 November 2017, the Supreme Court has already ordered the mentioned petition to be dismissed. The Company is in the preparation process of filing a civil lawsuit against all relevant persons for recourse.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

15 Others

- (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 totaling 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 their operations, except for 1 project of the Group which fall within the list. Around the end of 2012, such project has complied with the paragraph 2 of Article 67 of the Constitution B.E. 2550. The Industrial Estate Authority of Thailand (IEAT) was of the opinion that the project has fulfilled the requirements and accordingly, IEAT has submitted the issue to the prosecutor, requesting the prosecutor to request the Supreme Administrative Court to revoke the temporary suspension order in order to allow the project to resume construction. On 1 April 2013, the prosecutor has filed the petition to the Supreme Administrative Court. Later, in July 2014, the Supreme Administrative Court has revoked the temporary suspension of the project. In October 2014, the Group obtained a permit from IEAT and the project is able to operate as normal.

At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

- (b) The Board of Directors' Meeting No. 219 (8/2017), held on 20 December 2017, approved the support for the restructuring of its subsidiaries engaging in the business of manufacturing and distribution of ceramic tile in Thailand. The restructuring will be contemplated through the amalgamation of five Thai-based ceramic tile companies, which are indirectly held by SCC through Cementhai Ceramics Co., Ltd. (the Amalgamation). The Amalgamation is expected to generate synergies, by way of improving the efficiencies and enhancing competitiveness. These include synergies from sales, marketing, production and R&D in order to increase customer satisfaction.

These five Thai-based ceramic tile companies which are to be amalgamated into the New Company comprise 1) Thai Ceramic Co., Ltd., 2) Thai-German Ceramic Industry Public Company Limited, 3) The Siam Ceramic Group Industries Co., Ltd., 4) Sosuco and Group (2008) Co., Ltd., and 5) Gemago Co., Ltd.

In the first quarter of 2018, the Board of Directors and shareholders' meeting approved the Amalgamation.

At the Joint Meeting of Shareholders between shareholders of five companies held on 31 July 2018, the shareholders approved matters regarding of the amalgamation of New Company including name of the New Company to be SCG Ceramics Public Company Limited. Securities Symbol on the Stock Exchange of Thailand (SET) will be "COTTO" and the registered capital and the paid-up capital of 5,963 million ordinary shares at a par value of 1 Baht per share, amounting to Baht 5,963 million.

The SET's Board of Governors has approved the listing of COTTO's securities since 1 August 2018 and to be traded on 3 August 2018 onwards.

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2018 (Unaudited)

16 Events after the reporting period

- (a) At the Board of Directors' Meeting of the Company held on 25 July 2018, the directors approved to pay the 2018 interim dividend at the rate of Baht 8.50 per share to the shareholders entitled to receive dividends totaling approximately Baht 10,200 million and is scheduled for payment on 22 August 2018.
- (b) On 26 July 2018, a subsidiary under Cement - Building Materials Business had acquired 29% stake in PT Catur Sentosa Adiprana Tbk which has two core businesses, modern retailing and distributing of home products in Indonesia, for a total consideration of approximately Baht 2,400 million.
- (c) The Group had divested all of its 64.68% stake in Alliance Petrochemical Investment (Singapore) Pte. Ltd. on 31 July 2018 and all of its 60% stake in Siam Stabilizers and Chemicals Co., Ltd. on 2 August 2018. The Group recognized total revenue from sales of approximately Baht 2,900 million and a gain after tax of approximately Baht 770 million.

In addition, the Group is in the negotiation of investment sale in two companies which depends on the conditional achievements and conditions specified in the contracts.

- (d) On 3 August 2018, a subsidiary under Chemicals Business has entered into the loan agreements with 6 Thai and international banks to support the construction of petrochemical complex in Vietnam. The loan tenor is approximately 14 years and the total credit facilities are approximately US Dollars 3,200 million equivalent to approximately Baht 110,000 million.

17 Thai Financial Reporting Standard (TFRS) that has been issued but is not yet effective

The FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Revenue should be recognized when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) Construction Contracts,
- TAS 18 (revised 2017) Revenue,
- TSIC 31 (revised 2017) Revenue-Barter Transactions Involving Advertising Services,
- TFRIC 13 (revised 2017) Customer Loyalty Programmes,
- TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate, and
- TFRIC 18 (revised 2017) Transfers of Assets from Customers.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated financial statements.