

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

Consolidated financial statements  
and  
Financial statements for the year ended  
31 December 2020  
and  
Independent auditor's report

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## **Independent auditor's report**

### **To the Shareholders of The Siam Cement Public Company Limited**

#### *Opinion*

I have audited the consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement and statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

The acquisitions of business	
Refer to Notes 2, 4 (a) and 5 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Group acquired companies, in overseas in Packaging Business. These result in the increase in production capacity, customer base in region, and competitive advantages of the Group. The accounting for the business acquisition is material, complex and requires management to make significant judgments on identifying and determining the fair values of assets acquired and liabilities assumed from a business acquisition comparing with the consideration transferred to the seller, resulting in the differences that give rise to goodwill recognition. The Group engaged independent appraisers to determine the fair values of assets acquired and liabilities assumed from a business acquisition. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures focused on assessing the reasonableness of the key assumptions used to determine the fair values of assets acquired and liabilities assumed from a business acquisition with reference to its operating environment, my knowledge of the acquired business and industry, and other information obtained during the audit. The audit procedures included a combination of inquiry of management about the nature and objective for a business acquisition, inspecting share transfer agreement and relevant minutes of meetings of management in order to understand the significant terms and conditions, and the features relevant to the acquisition accounting. I consulted with KPMG valuation specialists when considering the appropriateness of the valuation methodology and approach. I evaluated the appropriateness of identifying assets acquired and liabilities assumed from a business acquisition by management, including the consideration transferred to the seller. I examined the relevant purchase and disbursement documents. I verified the mathematical accuracy of calculation of goodwill. In addition, I evaluated the independence and professional competence of the independent appraisers engaged by the Group.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

The impairment testing of goodwill	
Refer to Notes 2, 4 (k), and 13 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
Business risk arising from internal and external factors causes the management to pay more attention to impairment testing of goodwill arising from business acquisition, especially from the acquisition of overseas business. Besides this, according to the financial reporting standard, the Group performs an impairment testing on goodwill derived from business combination on an annual basis and whenever an indication of impairment exists. This requires management's judgments and estimates in determining the recoverable amount of cash generating unit, in particular the forecasting of future cash flows from business plan and its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.	<p>My audit procedures focused on assessing the reasonableness of the key assumptions used to evaluate the recoverable amount of cash generating unit and impairment indicator.</p> <p>I evaluated the appropriateness of identification of the CGU by management to which goodwill belongs, reasonableness and tested key assumptions which supported discounted cash flows projection, appropriateness of the valuation methodology and discount rate by management concerning market situations and operating environment, industry knowledge and other information obtained during the audit. I tested the mathematical accuracy of the recoverable amount and impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of financial performances by comparing historical estimation to the actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

Recognition of deferred tax assets	
Refer to Notes 2, 4 (t) and 14 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
The management assessed the appropriateness of the recognition of the Group's deferred tax assets. This involved the management's judgment and assumptions used for the estimation of sufficient future taxable profits and the utilization of deferred tax assets, particularly on deferred tax assets from unused tax loss carryforward. Judgmental aspects depend on assumptions of future profitability. Therefore, this is an area of focus in my audit.	<p>My audit procedures focused on the assessment of deferred tax assets recognition method and assumptions used in forecasting future taxable profits as provided by management. I compared key inputs used to forecast future taxable profits by management to both internal and external available data, such as market and economic forecasts, the Group's historical data and performance and future business plans. In addition, I took into account the reasonableness of historical estimation of tax profit in comparison to actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

The impairment testing of property, plant and equipment	
Refer to Notes 2, 4 (g), and 11 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The management assessed the indication of impairment leading to impairment testing of property, plant and equipment of the Group. The management focused on the business that its performance was consistently below expectations. The impairment testing of property, plant and equipment is considered to be a key risk area due to the fact that it involves significant judgment by management to identify whether there is any indication of impairment and to consider the recoverable amount. Judgmental aspects include estimates and assumptions in respect of the forecasting of future cash flows along with its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures focused on assessing the reasonableness of impairment indicator and the key assumptions which underpin management's forecast.</p> <p>I evaluated the appropriateness of identification of the CGU by management and valuation methodology, reasonableness of impairment indicator with reference to current market situations, operating environment, industry knowledge, and other information obtained during the audit.</p> <p>I tested significant assumptions which supported discounted cash flows projection by comparing the key assumptions with internal and external sources of information, appropriateness of the valuation methodology, discount rate and sensitivity analysis to determine the effect of changes in the significant assumptions by management concerning recent performance, trend analysis, and tested the mathematical accuracy of the recoverable amount and impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of financial performances by comparing historical forecasts to the actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

### *Emphasis of Matter*

I draw attention to Note 5. The Group acquired a business in Vietnam during the year ended 31 December 2020 and engaged an independent appraiser to determine the fair value of the identifiable assets acquired and liabilities assumed from the business acquisitions. As at the reporting date, the appraisal has not yet been completed therefore the determination of the fair value was determined provisionally and is subject to adjustment. My opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Vairoj Jindamaneepitak)  
Certified Public Accountant  
Registration No. 3565

KPMG Phoomchai Audit Ltd.  
Bangkok  
17 February 2021

# The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated statement of financial position

As at 31 December 2020

Assets	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Current assets</b>			
Cash and cash equivalents	7, 27	64,399,343	27,626,960
Investments in short-term debt instruments	27	38,581,581	16,594,814
Trade and other current receivables	6, 27	54,842,169	62,165,760
Short-term loans	6, 27	109,806	151,312
Inventories	8	54,653,952	56,411,269
Other current assets		1,410,066	1,248,034
Non-current assets classified as held for sale		19,984	187,771
<b>Total current assets</b>		<b>214,016,901</b>	<b>164,385,920</b>
<b>Non-current assets</b>			
Investments in debt instruments	27	4,626,097	2,150,095
Investments in equity instruments	27	12,806,897	3,531,091
Investments in joint ventures and associates	9	97,375,431	94,352,172
Other non-current receivables		1,907,473	8,709,540
Long-term loans	6, 27	81,899	93,374
Investment property	10	2,118,552	1,622,344
Property, plant and equipment	11	363,425,136	305,985,804
Goodwill	13	34,030,699	34,301,273
Other intangible assets	13	11,007,440	11,754,490
Deferred tax assets	14	5,000,697	4,617,541
Other non-current assets		2,983,656	3,229,584
<b>Total non-current assets</b>		<b>535,363,977</b>	<b>470,347,308</b>
<b>Total assets</b>		<b>749,380,878</b>	<b>634,733,228</b>

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

# The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated statement of financial position

As at 31 December 2020

Liabilities and shareholders' equity	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Current liabilities</b>			
Bank overdrafts and short-term borrowings			
from financial institutions	16, 27	21,509,892	18,796,802
Trade and other current payables	6	65,273,081	55,886,926
Current portion of long-term borrowings	16, 27	16,649,584	2,705,421
Current portion of lease liabilities	16, 27	2,325,642	144,154
Current portion of debentures	16, 27	49,932,830	49,935,088
Short-term borrowings	6, 16, 27	509,609	470,554
Corporate income tax payable		3,926,703	2,190,509
Other current liabilities		1,293,120	1,375,773
<b>Total current liabilities</b>		<b>161,420,461</b>	<b>131,505,227</b>
<b>Non-current liabilities</b>			
Long-term borrowings	6, 16, 27	35,879,588	30,440,274
Lease liabilities	6, 16, 27	9,883,113	173,469
Debentures	16, 27	124,673,528	124,747,621
Deferred tax liabilities	14	5,610,130	4,716,704
Non-current provisions for employee benefits	17	14,688,462	14,195,446
Other non-current liabilities		1,099,554	1,211,358
<b>Total non-current liabilities</b>		<b>191,834,375</b>	<b>175,484,872</b>
<b>Total liabilities</b>		<b>353,254,836</b>	<b>306,990,099</b>

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

# The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated statement of financial position

As at 31 December 2020

Liabilities and shareholders' equity	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Shareholders' equity</b>			
Share capital			
<i>Authorized share capital</i>			
<i>(1,600 million ordinary shares, par value at Baht 1 per share)</i>		<b>1,600,000</b>	<b>1,600,000</b>
<i>Issued and paid share capital</i>			
<i>(1,200 million ordinary shares, par value at Baht 1 per share)</i>		1,200,000	1,200,000
Retained earnings			
<i>Appropriated</i>			
Legal reserve	18	160,000	160,000
General reserve		10,516,000	10,516,000
<i>Unappropriated</i>		321,097,182	301,995,414
Other components of shareholders' equity	5	(12,001,003)	(33,656,000)
<b>Total equity attributable to owners of the parent</b>		<b>320,972,179</b>	<b>280,215,414</b>
Non-controlling interests	19	75,153,863	47,527,715
<b>Total shareholders' equity</b>		<b>396,126,042</b>	<b>327,743,129</b>
<b>Total liabilities and shareholders' equity</b>		<b>749,380,878</b>	<b>634,733,228</b>

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

# The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated income statement

For the year ended 31 December 2020

	Note	2020	2019
		<i>(in thousand Baht)</i>	
Revenue from sales	6	399,939,200	437,979,879
Cost of sales	6	(309,947,193)	(355,752,304)
<b>Gross profit</b>		<b>89,992,007</b>	<b>82,227,575</b>
Other income	6, 21	7,277,959	8,991,708
<b>Profit before expenses</b>		<b>97,269,966</b>	<b>91,219,283</b>
Distribution costs	22	(24,090,833)	(22,904,726)
Administrative expenses	23	(28,723,808)	(28,865,565)
Employee benefit expense from the amended severance pay of the Labor Law	17	-	(2,537,775)
Other expenses	11, 13	(3,720,076)	(2,593,500)
<b>Total expenses</b>		<b>(56,534,717)</b>	<b>(56,901,566)</b>
<b>Profit from operations</b>		<b>40,735,249</b>	<b>34,317,717</b>
Finance costs		(7,082,371)	(6,586,510)
Share of profit of joint ventures and associates accounted for using equity method		9,455,791	11,632,059
<b>Profit before income tax</b>		<b>43,108,669</b>	<b>39,363,266</b>
Tax expense	25	(5,808,530)	(6,166,734)
<b>Profit for the year</b>		<b>37,300,139</b>	<b>33,196,532</b>
Profit attributable to			
<b>Owners of the parent</b>		<b>34,143,870</b>	<b>32,014,283</b>
Non-controlling interests		3,156,269	1,182,249
		<b>37,300,139</b>	<b>33,196,532</b>
<b>Basic earnings per share (in Baht)</b>			
<b>Attributable to owners of the parent</b>		<b>28.45</b>	<b>26.68</b>

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

# The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Profit for the year</b>		<b>37,300,139</b>	<b>33,196,532</b>
<b>Other comprehensive income</b>			
<i>Components of other comprehensive income</i>			
<i>that will be reclassified to profit or loss</i>			
Exchange differences on translating financial statement		(833,541)	(7,007,450)
Gain on measurement of financial assets	27	46,064	38,090
Share of other comprehensive income of joint ventures and associates accounted for using equity method		(184,209)	(1,512,621)
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	25	(5,715)	(7,629)
<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>		<b>(977,401)</b>	<b>(8,489,610)</b>
<i>Components of other comprehensive income</i>			
<i>that will not be reclassified to profit or loss</i>			
Gain on investments in equity instruments measured at fair value		66,350	-
Defined benefit plan actuarial losses	17	(204,027)	(1,396,473)
Share of other comprehensive income of joint ventures and associates accounted for using equity method		44,123	(99,582)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	25	20,119	256,591
<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>		<b>(73,435)</b>	<b>(1,239,464)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(1,050,836)</b>	<b>(9,729,074)</b>
<b>Total comprehensive income for the year</b>		<b>36,249,303</b>	<b>23,467,458</b>
Total comprehensive income attributable to			
<b>Owners of the parent</b>		<b>33,096,968</b>	<b>23,029,421</b>
Non-controlling interests		3,152,335	438,037
		<b>36,249,303</b>	<b>23,467,458</b>

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2020

		Retained earnings				Other components of shareholders' equity																
		Appropriated		Unappropriated		Other comprehensive income																
								Share of other comprehensive income of														
						Exchange differences on translating financial statements		Gain (loss) on measuring financial assets		joint ventures and associates accounted for using equity method		Changes in other components from shareholders		Total other components of shareholders' equity		Total equity attributable to owners of the parent		Non-controlling interests		Total shareholders' equity		
Note	Issued and paid share capital	Legal reserve	General reserve																			
(in thousand Baht)																						
Balance at 1 January 2019		1,200,000	160,000	10,516,000	290,938,903	(13,801,264)	(775)	(122,199)	(11,794,138)	(25,718,376)	277,096,527	40,772,570	317,869,097									
Transactions with owners, recorded directly in shareholders' equity																						
Contributions by and distributions to owners of the parent																						
Dividends	26	-	-	-	(19,798,926)	-	-	-	-	-	(19,798,926)	(964,941)	(20,763,867)									
Total contributions by and distributions to owners of the parent																						
		-	-	-	(19,798,926)	-	-	-	-	-	(19,798,926)	(964,941)	(20,763,867)									
Changes in ownership interests in subsidiaries																						
Changes that do not result in a loss of control		-	-	-	-	-	-	-	(111,608)	(111,608)	(111,608)	162,593	50,985									
Changes that result in an acquisition or a loss of control		-	-	-	-	-	-	-	-	-	-	7,119,456	7,119,456									
Total changes in ownership interests in subsidiaries																						
		-	-	-	-	-	-	-	(111,608)	(111,608)	(111,608)	7,282,049	7,170,441									
Total transactions with owners, recorded directly in shareholders' equity																						
		-	-	-	(19,798,926)	-	-	-	(111,608)	(111,608)	(19,910,534)	6,317,108	(13,593,426)									
Comprehensive income for the year																						
Profit or loss		-	-	-	32,014,283	-	-	-	-	-	32,014,283	1,182,249	33,196,532									
Other comprehensive income		-	-	-	(1,158,846)	(6,343,856)	30,461	(1,512,621)	-	(7,826,016)	(8,984,862)	(744,212)	(9,729,074)									
Total comprehensive income for the year		-	-	-	30,855,437	(6,343,856)	30,461	(1,512,621)	-	(7,826,016)	23,029,421	438,037	23,467,458									
Balance at 31 December 2019		1,200,000	160,000	10,516,000	301,995,414	(20,145,120)	29,686	(1,634,820)	(11,905,746)	(33,656,000)	280,215,414	47,527,715	327,743,129									

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

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2020

	Note	Other components of shareholders' equity												
		Retained earnings				Other comprehensive income								
		Appropriated		Unappropriated					Share of other comprehensive income of					
		Issued and paid share capital	Legal reserve	General reserve		Exchange differences on translating financial statements	Gain on investments in equity instruments measured at fair value	Gain on measuring financial assets	joint ventures and associates accounted for using equity method	Changes in other components from shareholders' equity	Total other components of shareholders' equity	Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
(in thousand Baht)														
Balance at 31 December 2019 - as reported		1,200,000	160,000	10,516,000	301,995,414	(20,145,120)	-	29,686	(1,634,820)	(11,905,746)	(33,656,000)	280,215,414	47,527,715	327,743,129
Impact of changes in accounting policies	3	-	-	-	65,658	-	6,427,161	-	6,971	-	6,434,132	6,499,790	(18,760)	6,481,030
Balance at 1 January 2020		1,200,000	160,000	10,516,000	302,061,072	(20,145,120)	6,427,161	29,686	(1,627,849)	(11,905,746)	(27,221,868)	286,715,204	47,508,955	334,224,159
Transactions with owners, recorded directly in shareholders' equity														
Contributions by and distributions to owners of the parent														
Dividends	26	-	-	-	(14,997,759)	-	-	-	-	-	-	(14,997,759)	(1,446,393)	(16,444,152)
Total contributions by and distributions to owners of the parent														
		-	-	-	(14,997,759)	-	-	-	-	-	-	(14,997,759)	(1,446,393)	(16,444,152)
Changes in ownership interests in subsidiaries														
Changes that do not result in a loss of control		-	-	-	-	-	-	-	-	16,157,766	16,157,766	16,157,766	25,682,436	41,840,202
Changes that result in an acquisition or a loss of control		-	-	-	-	-	-	-	-	-	-	-	256,530	256,530
Total changes in ownership interests in subsidiaries														
		-	-	-	-	-	-	-	-	16,157,766	16,157,766	16,157,766	25,938,966	42,096,732
Total transactions with owners, recorded directly in shareholders' equity														
		-	-	-	(14,997,759)	-	-	-	-	16,157,766	16,157,766	1,160,007	24,492,573	25,652,580
Comprehensive income for the year														
Profit or loss		-	-	-	34,143,870	-	-	-	-	-	-	34,143,870	3,156,269	37,300,139
Other comprehensive income		-	-	-	(110,001)	(868,512)	53,899	41,146	(163,434)	-	(936,901)	(1,046,902)	(3,934)	(1,050,836)
Total comprehensive income for the year		-	-	-	34,033,869	(868,512)	53,899	41,146	(163,434)	-	(936,901)	33,096,968	3,152,335	36,249,303
Balance at 31 December 2020		1,200,000	160,000	10,516,000	321,097,182	(21,013,632)	6,481,060	70,832	(1,791,283)	4,252,020	(12,001,003)	320,972,179	75,153,863	396,126,042

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



# The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated statement of cash flows

For the year ended 31 December 2020

	2020	2019
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the year	37,300,139	33,196,532
<b><i>Adjustments for</i></b>		
Tax expense	5,808,530	6,166,734
Depreciation and amortization	27,377,257	23,931,502
Loss on inventories devaluation	166,808	255,097
Employee benefit expense	1,311,902	3,750,787
Loss (gain) on foreign currency exchange	422,976	(118,935)
Share of profit of joint ventures and associates accounted for using equity method	(9,455,791)	(11,632,059)
Dividend income	(669,658)	(1,889,797)
Interest income	(1,116,550)	(936,800)
Interest expense	7,128,987	6,465,902
Loss on impairment of assets	3,053,981	853,482
Loss (gain) on sale of investments and others	(542,072)	669,205
<b>Cash flows generated from operations</b>		
<b>before changes in operating assets and liabilities</b>	<b>70,786,509</b>	<b>60,711,650</b>
<b><i>Decrease (increase) in operating assets</i></b>		
Trade and other current receivables	4,994,942	5,975,049
Inventories	692,963	6,324,835
Other assets	345,300	404,447
<b>Net decrease in operating assets</b>	<b>6,033,205</b>	<b>12,704,331</b>

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

# The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated statement of cash flows

For the year ended 31 December 2020

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
<b><i>Increase (decrease) in operating liabilities</i></b>			
Trade and other current payables		(57,057)	(6,124,707)
Provisions for employee benefits		(1,008,381)	(855,678)
Other liabilities		(244,679)	(497,545)
<b>Net decrease in operating liabilities</b>		<b>(1,310,117)</b>	<b>(7,477,930)</b>
<b>Net cash flows generated from operations</b>			
Income tax paid		(5,094,436)	(6,121,404)
<b>Net cash flows provided by operating activities</b>		<b>70,415,161</b>	<b>59,816,647</b>
<b><i>Cash flows from investing activities</i></b>			
Proceeds from sale of subsidiaries		766,437	179,623
Acquisition of subsidiaries, net of cash acquired	5	(2,945,788)	(24,469,101)
Proceeds from sale of interests in joint ventures and associates		286,452	2,858,325
Acquisition of interests in joint ventures and associates		(239,401)	(1,648,070)
Proceeds from sale of others' equity and debt instruments		56,058,983	59,190,349
Acquisition of others' equity and debt instruments		(81,035,851)	(49,705,851)
Proceeds from sale of property, plant and equipments		462,026	654,718
Acquisition of property, plant and equipment		(51,357,002)	(48,056,700)
Acquisition of intangible assets		(1,602,399)	(1,357,634)
Proceeds from repayment of loans		48,245	25,880
Dividends received		7,348,506	16,213,225
Interest received		1,024,799	1,060,924
<b>Net cash flows used in investing activities</b>		<b>(71,184,993)</b>	<b>(45,054,312)</b>

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

# The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated statement of cash flows

For the year ended 31 December 2020

	Note	2020	2019
		(in thousand Baht)	
<b>Cash flows from financing activities</b>			
Proceeds from changes in ownership interests			
in subsidiaries that do not result in a loss of control	5	43,107,076	466,949
Payments of changes in ownership interests in subsidiaries			
that do not result in a loss of control		(1,416,042)	(233,901)
<b>Proceeds from (payments of) borrowings</b>			
Proceeds from (payments of) bank overdrafts and			
short-term borrowings		2,476,004	(5,486,374)
Proceeds from long-term borrowings		27,062,626	26,794,078
Payments of long-term borrowings		(7,041,183)	(2,090,204)
Payments of lease liabilities		(2,624,934)	(118,225)
Proceeds from issuance of debentures		49,850,062	24,905,176
Redemption of debentures		(49,881,503)	(31,381,659)
<b>Net increase in borrowings</b>		<b>19,841,072</b>	<b>12,622,792</b>
<b>Dividends paid</b>			
Dividends paid to owners of the parent		(14,997,759)	(19,798,926)
Dividends paid to non-controlling interests		(1,410,812)	(973,078)
<b>Total dividends paid</b>		<b>(16,408,571)</b>	<b>(20,772,004)</b>
Interest paid and front-end fee		(7,652,582)	(7,366,269)
<b>Net cash flows provided by (used in) financing activities</b>		<b>37,470,953</b>	<b>(15,282,433)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>36,701,121</b>	<b>(520,098)</b>
Effect of exchange rate changes on cash and cash equivalents		71,262	(641,452)
Cash and cash equivalents at beginning of the year		27,626,960	28,788,510
<b>Cash and cash equivalents at end of the year</b>		<b>64,399,343</b>	<b>27,626,960</b>
<b>Supplementary information for cash flows</b>			
<b>Non-cash transactions at end of the year</b>			
Account payables from purchase of assets		22,382,496	13,693,731
Accrued investments		577,743	1,254,672

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

**The Siam Cement Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

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**The Siam Cement Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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These notes form an integral part of the consolidated 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 authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 17 February 2021.

## **1 General information**

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand. The Company’s registered office is at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

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.

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

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Cement-Building Materials Business</i></b>		<b><i>Cement-Building Materials Business</i></b>	
SCG Cement Co., Ltd.	100	Vietnam Construction Materials Joint Stock Company	
The Concrete Products and Aggregate Co., Ltd.	100	(Incorporated in Vietnam)	100
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	Song Gianh Cement Joint Stock Company	
The Siam Cement (Ta Luang) Co., Ltd.	100	(Incorporated in Vietnam)	100
The Siam Cement (Thung Song) Co., Ltd.	100	Mien Trung Cement One Member Company Limited	
The Siam Cement (Lampang) Co., Ltd.	100	(Incorporated in Vietnam)	100
Khammouane Cement Co., Ltd.		Danang Cement One Member Company Limited	
(Incorporated in Lao PDR)	100	(Incorporated in Vietnam)	100
The Siam Refractory Industry Co., Ltd.	100	Phu Yen Cosevco Cement Company Limited	
Eco Plant Services Co., Ltd.	100	(Incorporated in Vietnam)	100
SCI Eco Services Co., Ltd.	100	CPAC Construction Solution Co., Ltd.	
Q Mix Supply Co., Ltd.	100	(Formerly: The CPAC Ready Mixed Concrete	
Silathai Sanguan (2540) Co., Ltd.	100	(South) Co., Ltd.)	100
Silasanon Co., Ltd.	100	SCG Building Materials Co., Ltd.	100
PT SCG Pipe and Precast Indonesia		Cement Thai Gypsum Co., Ltd.	100
(Incorporated in Indonesia)	100	MRC Roofing Co., Ltd.	100
PT Semen Lebak		Cement Thai Ceramics Co., Ltd.	100
(Incorporated in Indonesia)	100	Cement Thai Ceramics Philippines Holdings, Inc.	
PT SCG Readymix Indonesia		(Incorporated in the Philippines)	100
(Incorporated in Indonesia)	100	Cement Thai Gypsum (Singapore) Pte. Ltd.	
PT CPAC Surabaya		(Incorporated in Singapore)	100
(Incorporated in Indonesia)	100	The Siam Fibre-Cement Co., Ltd.	100
The Concrete Products and Aggregate (Vietnam) Co., Ltd.		Siam Fibre Cement Group Co., Ltd.	100
(Incorporated in Vietnam)	100	SCG Landscape Co., Ltd.	100
SCG Cement-Building Materials Vietnam		Siam Fiberglass Co., Ltd.	100
Limited Liability Company		SCG Roofing Co., Ltd.	100
(Incorporated in Vietnam)	100		

**The Siam Cement Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<i><b>Cement-Building Materials Business</b></i>		<i><b>Cement-Building Materials Business</b></i>	
SCG Concrete Roof (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100	Unify Smart Tech Joint Stock Company (Incorporated in Vietnam)	100
SCG Concrete Roof (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	Nexter Living Co., Ltd.	100
SCG Cement-Building Materials Philippines, Inc. (Incorporated in the Philippines)	100	Myanmar CBM Services Co., Ltd. (Incorporated in Myanmar)	100
PT SCG Lightweight Concrete Indonesia (Incorporated in Indonesia)	100	Nexter Digital Co., Ltd.	100
SCG Distribution Co., Ltd.	100	BetterBe Marketplace Co., Ltd.	100
SCG Cement-Building Materials Company Limited	100	Nexter Ventures Co., Ltd.	100
SCG International Corporation Co., Ltd.	100	Nexter Retail Co., Ltd.	100
SCG International Australia Pty. Ltd. (Incorporated in Australia)	100	SCG Experience Co., Ltd.	100
SCG International China (Guangzhou) Co., Ltd. (Incorporated in China)	100	SCG Skills Development Co., Ltd.	100
SCG International Hong Kong Limited (Incorporated in China)	100	SCG Retail Holding Co., Ltd.	100
SCG International (Philippines) Corporation Co., Ltd. (Incorporated in the Philippines)	100	Prime Group Joint Stock Company (Incorporated in Vietnam)	100
SCG International USA Inc. (Incorporated in USA)	100	Prime Trading, Import and Export One Member Limited Liability Company (Incorporated in Vietnam)	100
PT SCG International Indonesia (Incorporated in Indonesia)	100	Prime International Import-Export and Service Trading Company Limited (Incorporated in Vietnam)	100
SCG International Laos Co., Ltd. (Incorporated in Lao PDR)	100	Prime - Ngoi Viet Joint Stock Company (Incorporated in Vietnam)	100
SCG Marketing Philippines Inc. (Incorporated in the Philippines)	100	Prime Pho Yen Joint Stock Company (Incorporated in Vietnam)	100
SCG International Malaysia Sdn. Bhd. (Incorporated in Malaysia)	100	Prime - Yen Binh Joint Stock Company (Incorporated in Vietnam)	100
SCG International (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	Prime - Vinh Phuc Joint Stock Company (Incorporated in Vietnam)	100
SCG International Middle East Dmcc (Formerly: SCG Trading Middle East Dmcc) (Incorporated in the United Arab Emirates)	100	Prime - Truong Xuan Joint Stock Company (Incorporated in Vietnam)	99
SCG International Vietnam Co., Ltd. (Incorporated in Vietnam)	100	Buu Long Industry and Investment Joint Stock Company (Incorporated in Vietnam)	99
SCG International India Private Limited (Incorporated in India)	100	PT Semen Jawa (Incorporated in Indonesia)	98
SCG Logistics Management Co., Ltd.	100	Mawlamyine Cement Limited (Incorporated in Myanmar)	96
SCG Logistics Lao Co., Ltd. (Incorporated in Lao PDR)	100	Prime Dai An Joint Stock Company (Incorporated in Vietnam)	95
SCG Logistics Management (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	PT KIA Serpilh Mas (Incorporated in Indonesia)	94

**The Siam Cement Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Cement-Building Materials Business</i></b>		<b><i>Cement-Building Materials Business</i></b>	
Kampot Cement Co., Ltd.		Rudy Technology Co., Ltd.	61
(Incorporated in Cambodia)	92	SCG-PSA Holdings Co., Ltd.	60
PT KIA Keramik Mas		Prime Dai Quang Joint Stock Company	
(Incorporated in Indonesia)	92	(Incorporated in Vietnam)	56
PT Keramik Indonesia Assosiasi, Tbk.		SCG-Shwe Me Logistics (Myanmar) Co., Ltd.	
(Incorporated in Indonesia)	92	(Incorporated in Myanmar)	55
PT Kokoh Inti Arebama Tbk.		Panel World Co., Ltd.	55
(Incorporated in Indonesia)	91	Jumbo Barges and Tugs Co., Ltd.	55
The Siam Sanitary Fittings Co., Ltd.	91	Jumbo Barges (Cambodia) Co., Ltd.	
SCG Ceramics Public Company Limited	90	(Incorporated in Cambodia)	55
Sosuco Ceramic Co., Ltd.	90	Thai Connectivity Terminal Co., Ltd.	51
Prime Dai Viet Joint Stock Company		Bangkok Interfreight Forwarding Co., Ltd.	51
(Incorporated in Vietnam)	90	SCG-Sekisui Sales Co., Ltd.	51
Prime Thien Phuc Joint Stock Company		SCG Home Retail Co., Ltd.	
(Incorporated in Vietnam)	90	(Formerly: SCG-Boonthavorn Co., Ltd.)	51
Prime Phong Dien Joint Stock Company		SCG-Boonthavorn Holding Co., Ltd.	51
(Incorporated in Vietnam)	90	Smart Build Bangladesh Co., Ltd.	
Prime Dai Loc Joint Stock Company		(Incorporated in Bangladesh)	51
(Incorporated in Vietnam)	90	Mingalar Motor Co., Ltd.	
CPAC Cambodia Co., Ltd.		(Incorporated in Myanmar)	50
(Incorporated in Cambodia)	90	PT Siam-Indo Gypsum Industry	
Saraburirat Co., Ltd.	83	(Incorporated in Indonesia)	50
Mariwasa-Siam Ceramics, Inc.		PT Siam-Indo Concrete Products	
(Incorporated in the Philippines)	83	(Incorporated in Indonesia)	50
SCG Myanmar Concrete and Aggregate Co., Ltd.		PT Pion Quarry Nusantara	
(Incorporated in Myanmar)	80	(Incorporated in Indonesia)	49
PT Surya Siam Keramik		Home Center Quang Ninh Joint Stock Company	
(Incorporated in Indonesia)	80	(Incorporated in Vietnam)	49
Green Conservation Solution Co., Ltd.	74	PT SCG Barito Logistics	
Siam Sanitary Ware Co., Ltd.	71	(Incorporated in Indonesia)	49
Siam Sanitary Ware Industry Co., Ltd.	71	PT Renos Marketplace Indonesia	
Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	71	(Incorporated in Indonesia)	49
Prime Hao Phu Joint Stock Company		PT Tambang Semen Sukabumi	
(Incorporated in Vietnam)	70	(Incorporated in Indonesia)	48
Quality Construction Products Public		Kampot Land Co., Ltd.	
Company Limited	68	(Incorporated in Cambodia)	45
Q-Con Eastern Co., Ltd.	68	SCG-Boonthavorn (Cambodia) Co., Ltd.	
SCGT Automobile Co., Ltd.	67	(Incorporated in Cambodia)	41
SCG Yamato Express Co., Ltd.	65		
<b><i>Chemicals Business</i></b>		<b><i>Chemicals Business</i></b>	
SCG Chemicals Co., Ltd.	100	SCG Plastics Co., Ltd.	100
Thai Polyethylene Co., Ltd.	100	SCG Performance Chemicals Co., Ltd.	100

**The Siam Cement Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Chemicals Business</i></b>		<b><i>Chemicals Business</i></b>	
SCG Chemicals Trading Singapore Pte. Ltd.		Nawaplastic Industries Co., Ltd.	100
(Incorporated in Singapore)	100	Nawa Intertech Co., Ltd.	100
Rayong Engineering & Plant Service Co., Ltd.	100	Chemtech Co., Ltd.	
Protech Outsourcing Co., Ltd.	100	(Incorporated in Vietnam)	100
Repcos Maintenance Co., Ltd.		Total Plant Service Co., Ltd.	100
(Formerly: Siam Paraffins Co., Ltd.)	100	HTExplore S.R.L.	
RIL 1996 Co., Ltd.	100	(Incorporated in Italy)	100
Texplore Co., Ltd.	100	SENFIL UK Limited	
Vina SCG Chemicals Co., Ltd.	100	(Incorporated in the United Kingdom)	100
Long Son Petrochemicals Co., Ltd.		SENFIL Swiss GmbH	
(Incorporated in Vietnam)	100	(Incorporated in Switzerland)	100
WTE Company Limited	100	Rayong Pipeline Co., Ltd.	92
SCG Chemicals (Singapore) Pte. Ltd.		SCG ICO Polymers Company Limited	87
(Incorporated in Singapore)	100	Map Ta Phut Tank Terminal Co., Ltd.	82
Tuban Petrochemicals Pte. Ltd.		Grand Nawaplastic Myanmar Co., Ltd.	
(Incorporated in Singapore)	100	(Incorporated in Myanmar)	80
Hexagon International, Inc.		Viet-Thai Plastchem Co., Ltd.	
(Incorporated in USA)	100	(Incorporated in Vietnam)	72
SENFIL Norway AS		TPC Vina Plastic and Chemicals Corporation Ltd.	
(Formerly: Norner Holding AS)		(Incorporated in Vietnam)	70
(Incorporated in Norway)	100	Rayong Olefins Co., Ltd.	68
Norner AS		Map Ta Phut Olefins Co., Ltd.	67
(Incorporated in Norway)	100	Nawaplastic (Cambodia) Co., Ltd.	
Norner Research AS		(Incorporated in Cambodia)	60
(Incorporated in Norway)	100	Circular Plas Company Limited	60
SCGN AS		PT Nusantara Polymer Solutions	
(Incorporated in Norway)	100	(Incorporated in Indonesia)	55
Norner Verdandi AS		Binh Minh Plastics Joint Stock Company	
(Incorporated in Norway)	100	(Incorporated in Vietnam)	54
CO2 Technologies AS		North Binh Minh Plastics Limited Company	
(Incorporated in Norway)	100	(Formerly: Northern Binh Minh Plastics	
SMH Co., Ltd.	100	One Member Limited Company)	
PT TPC Indo Plastic and Chemicals		(Incorporated in Vietnam)	54
(Incorporated in Indonesia)	100	PT Berjaya Nawaplastic Indonesia	
Thai Plastic and Chemicals Public		(Incorporated in Indonesia)	51
Company Limited	100	Flowlab & Service Co., Ltd.	51
TPC Paste Resin Co., Ltd.	100		
<b><i>Packaging Business</i></b>		<b><i>Packaging Business</i></b>	
SCG Packaging Public Company Limited	72	SCG Paper Energy Co., Ltd.	72
Siam Kraft Industry Co., Ltd.	72	SCGP Solutions Co., Ltd.	72
Invenique Co., Ltd.	72	SCGP Solutions (Singapore) Pte. Ltd.	
SCGP Excellence Training Center Co., Ltd.	72	(Incorporated in Singapore)	72



**The Siam Cement Public Company Limited and its Subsidiaries**  
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	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Packaging Business</i></b>		<b><i>Packaging Business</i></b>	
SCGP Rigid Plastics Company Limited	72	The Siam Forestry Co., Ltd.	50
SKIC International Company Limited	72	Panas Nimit Co., Ltd.	50
Thai Cane Paper Public Company Limited	71	Thai Panason Co., Ltd.	50
Visy Packaging (Thailand) Limited	58	Thai Panadorn Co., Ltd.	50
United Pulp and Paper Co., Inc.		Thai Panaram Co., Ltd.	50
(Incorporated in the Philippines)	54	Suanpa Rungsaris Co., Ltd.	50
Precision Print Co., Ltd.	54	Siam Panawes Co., Ltd.	50
Thai Containers Group Co., Ltd.	50	Thai Panaboon Co., Ltd.	50
Thai Containers Khonkaen Co., Ltd.	50	Thai Wanabhum Co., Ltd.	50
Thai Containers Rayong Co., Ltd.	50	TCG Solutions Pte. Ltd.	
Vina Kraft Paper Co., Ltd.		(Incorporated in Singapore)	50
(Incorporated in Vietnam)	50	Interpress Printers Sendirian Berhad	
New Asia Industries Co., Ltd.		(Incorporated in Malaysia)	49
(Incorporated in Vietnam)	50	PT Primacorr Mandiri	
Alcamax Packaging (Vietnam) Co., Ltd.		(Incorporated in Indonesia)	49
(Incorporated in Vietnam)	50	Bien Hoa Packaging Joint Stock Company	
AP Packaging (Hanoi) Co., Ltd.		(Incorporated in Vietnam)	48
(Incorporated in Vietnam)	50	PT Fajar Surya Wisesa Tbk.	
Packamex (Vietnam) Co., Ltd.		(Incorporated in Indonesia)	40
(Incorporated in Vietnam)	50	PT Dayasa Aria Prima	
Orient Containers Co., Ltd.	50	(Incorporated in Indonesia)	40
PT Indoris Printingdo		Tin Thanh Packing Joint Stock Company	
(Incorporated in Indonesia)	50	(Incorporated in Vietnam)	38
PT Indocorr Packaging Cikarang		Prepack Thailand Co., Ltd.	38
(Incorporated in Indonesia)	50	TC Flexible Packaging Co., Ltd.	38
Phoenix Pulp & Paper Public Company Limited	50	SCGP-T Plastics Company Limited	37
Phoenix Utilities Co., Ltd.	50	Tawana Container Co., Ltd.	36
Thai Paper Co., Ltd.	50	Conimex Co., Ltd.	28
<b><i>Other</i></b>		<b><i>Other</i></b>	
Cement Thai Holding Co., Ltd.	100	SCG Learning Excellence Co., Ltd.	100
Cement Thai Property (2001) Public Company Limited	100	SCG HR Solutions Co., Ltd.	100
Property Value Plus Co., Ltd.	100	SCG Vietnam Co., Ltd.	
SCG Accounting Services Co., Ltd.	100	(Incorporated in Vietnam)	100
SCG Legal Counsel Limited	100	PT SCG Indonesia	
CTO Management Co., Ltd.	100	(Incorporated in Indonesia)	100
Cement Thai Captive Insurance Pte. Ltd.		Bangsue Industry Co., Ltd.	100
(Incorporated in Singapore)	100	Add Ventures Capital Co., Ltd.	100
Siam Innovation Product and Solution Co., Ltd.	100	Add Ventures Capital International Co., Ltd.	100
		Siam GNE Solar Energy Co., Ltd.	50

**The Siam Cement Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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Details of the Company's subsidiaries with insignificant operations that were included in the consolidated financial statements are as follows:

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
Siam Mortar Co., Ltd.	100	SCG Holding Co., Ltd.	100
Cementhai Energy Conservation Co., Ltd.	100	The Nawaloha Foundry Bangpakong Co., Ltd.	100
Siam Research and Innovation Co., Ltd.	100	The Siam Iron and Steel Co., Ltd.	100
CPAC Lao Co., Ltd.		Dhara Pipe Co., Ltd.	100
(Incorporated in Lao PDR)	100	SCG Corporation S.A.	
CPAC Concrete Products (Cambodia) Co., Ltd.		(Incorporated in Panama)	100
(Incorporated in Cambodia)	100	PT Karya Makmur Kreasi Prima	
SCG Roofing Philippines, Inc.		(Incorporated in Indonesia)	91
(Incorporated in the Philippines)	100	United Industrial Energy Corporation	
SCG Trading (Jordan) L.L.C.		(Incorporated in the Philippines)	54
(Incorporated in Jordan)	100	Thai Union Paper Public Company Limited	50
Ceramic Research Institution		TCG Rengo (S) Limited	
(Incorporated in Vietnam)	100	(Incorporated in Singapore)	50
Siam TPC Co., Ltd.	100	Dyna Packs Co., Ltd.	50
Siam TPC (Singapore) Pte. Ltd.		D-In Pack Company Limited	50
(Incorporated in Singapore)	100		

Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2019, except as discussed in note 5.

During 2020, the Group acquired the ordinary shares of HTExplore S.R.L. incorporated in Italy and Bien Hoa Packaging Joint Stock Company incorporated in Vietnam. These companies are included in the Group's consolidated financial statements, as discussed in note 5.

## **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 and applicable rules and regulations of the Thai Securities and Exchange Commission.

The new and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRSs have resulted in changes in certain of the Group's accounting policies.

The Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

**The Siam Cement Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**(b) Functional and presentation currency**

The consolidated financial statements are 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 financial statements to the nearest million unless otherwise stated.

**(c) Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**(1) Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 4 (i) and 12 Leases:

- whether an arrangement contains a lease;
- whether reasonably certain to exercise extension options.

**(2) Assumptions and estimation uncertainties**

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk which result in material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 4 (i)	Determining the incremental borrowing rate to measure lease liabilities;
Note 5	Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
Note 11 and 13	Impairment test of goodwill: key assumptions underlying recoverable amounts;
Note 14	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;
Note 17	Measurement of defined benefit obligations: key actuarial assumptions;
Note 27	- Measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate; - Determining the fair value of financial instruments on the basis of significant unobservable inputs; and
Note 28	Recognition and measurement of provisions and contingencies.

**Impact of COVID-19 Outbreak**

The COVID-19 outbreak resulted in estimation uncertainty. The Group elected to apply accounting guidance on temporary relief measures for additional accounting options in response to impact from the COVID-19 outbreak for transactions related to consolidated financial statements as at 31 December 2020 as follows:

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*(a) Impairment of assets*

The Group considered impairment of trade accounts receivables under simplified approach using historical loss rate for expected credit loss and did not take forward-looking information about the uncertain situation of COVID-19 into account.

*(b) Fair value measurement*

The Group elected to measure investment in non-marketable equity instruments at using fair values at 1 January 2020.

*(c) Lease modifications*

The Group elected to exclude a contractual rental concession as a result of the COVID-19 situation as a lease modification by gradually deducted lease liabilities in proportion to the reduced rental, depreciation of right-of-use assets and interest on lease liabilities in proportion to the reduced rental, and recognized the differences to profit or loss.

**3 Changes in accounting policies**

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16. Impact of changes in accounting policies are as follows:

*(a) TFRS - Financial instruments standards*

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4 (j) and 4 (v). The impact from adoption of TFRS - Financial instruments standards are as follows:

**(1) Classification - Financial assets**

TFRS 9 classifies financial assets into three categories: measured at amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt instruments, available-for-sale instruments, trading instruments and general investments as specified by TAS 105. The classification under TFRS 9 is based on the cash flow characteristics of the financial assets and the business model in which they are managed. Under TFRS 9, derivatives are measured at FVTPL. It replaces accounting policies of the Group on recognition of revaluation exchange rate at the end of period or when the derivatives were exercised.

The classification - Financial assets under TFRS 9 has no material effect on trade receivables, current investments, investments held as available for sale and derivatives. However, the Group has long-term investments recognized at cost less any impairment losses. On 1 January 2020, the Group classified them as FVOCI which are recognized increasing in the long-term investments amounting to Baht 8,040 million and net deferred tax liabilities that resulted increasing in other components of equity amounting to Baht 6,427 million. For the classification of investments in equity instruments, the Group has options to classify the categories of measurement for each investment according to its objective.

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(2) Measurement at amortized cost

Under TFRS 9, interest income and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. The adoption of TFRS 9 has no material effect on the consolidated financial statements of the Group.

(3) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

The Group classified other financial liabilities which are not held for trading or derivative measured at amortized cost. The adoption of TFRS 9 has no material effect on the consolidated financial statements of the Group.

(4) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while previous TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Group is required to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategies and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.

Accordingly, TFRS 9 provides an option to apply hedge accounting when the transactions are qualified. At the initial date of the first time adoption, the Group has no effect from this matter.

(5) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model of financial assets whereas previously the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortized cost or fair value to other comprehensive income, except for investments in equity instruments.

The Group made an assessment of the impairment of financial assets under TFRS 9. This adoption has no material effect on the consolidated financial statements of the Group.

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The Group has adopted TFRS - Financial instruments standards for the first time by adjusting the cumulative effects to retained earnings and other components of equity on 1 January 2020 with no restatement of comparative information.

	Unappropriated Retained earnings	Other components of equity (in million Baht)	Non- controlling interests
<b>At 31 December 2019 - as reported</b>	<b>301,995</b>	<b>(33,656)</b>	<b>47,528</b>
<i>Increase (decrease) due to:</i>			
Classification of financial instruments	(168)	6,434	(19)
Reversal of impairment losses on financial assets	234	-	-
<b>At 1 January 2020 - restated</b>	<b>302,061</b>	<b>(27,222)</b>	<b>47,509</b>

**(b) TFRS 16 Leases**

Previously, the Group, as a lessee, recognized payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. When TFRS 16 is effective from 1 January 2020, it introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases or leases of low-value items.

The Group applied TFRS 16 for the first time on 1 January 2020 using the modified retrospective approach by recognizing cumulative impact of right-of-use assets and lease liabilities with no restatement of comparative information. The Group elected to use some practical expedients as stated by TFRS 16.

The Group made an assessment of TFRS 16 adoption. On 1 January 2020, the Group recognized the increase in right-of-use assets amounting to Baht 18,240 million while financial leases decrease amounting to Baht 2,478 million and prepaid rental expenses decrease amounting to Baht 4,276 million which affect to increase in lease liabilities amounting to Baht 11,486 million. The nature of expenses related to those leases will change as the Group will recognize depreciation of right-of-use assets and interest expenses on lease liabilities. The operating lease commitment as at 31 December 2019 was discounted using the incremental borrowing rate and used of exemption for short-term lease and low-value items lease assets. Therefore, the Group has recognized increasing in lease liabilities as at 1 January 2020 amounting to Baht 11,486 million. Incremental borrowing rates were 1.81% to 13.00% per annum.

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**4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Group and the Group's interests in joint ventures and associates.

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in the subsidiaries section, other than business combinations with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer.

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest of investment in the acquiree to its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that investment were disposed of.

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 fair value amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognized in profit for the period immediately.

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.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognized in profit or loss.

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.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures and associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with joint ventures and associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(b) Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.



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**(c) Trade and other receivables and contract assets**

A receivable is recognized when the Group has an unconditional right to receive consideration. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is measured at transaction price less allowance for expected credit loss (2019: allowance for doubtful accounts) and contract assets are measured at the amount of consideration that the Group is entered to, less impairment loss.

**(d) Inventories**

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the following formula:

Finished goods	- at standard cost which approximates actual production cost
Merchandise	- at average cost
Goods in process	- at standard cost
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 realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(e) Non-current assets classified as held for sale**

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use which are available for immediate sale and measured at the lower of their carrying amount and fair value less cost to sell.

Once non-current assets classified as held for sale are no longer depreciated or amortized, and any equity-accounted investee is no longer equity accounted.

**(f) Investment property**

Investment properties are properties which are held as right-of-use assets, as well as properties that are owned by the Group. Investment properties 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 measured 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 labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs of a qualifying asset.

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Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognized in profit or loss.

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 - 40	years

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

*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) Property, plant and equipment**

*Owned assets*

Property, plant and equipment are measured 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 labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different consumption patterns and 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 recognized in profit or loss.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, 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 - 50	years
Buildings and structures		
- Cement-Building Materials Business	3 - 47	years
- Chemicals Business	5 - 30	years
- Packaging Business	5 - 40	years
- Other	5 - 40	years
Machinery and equipment		
- Cement-Building Materials Business	2 - 30	years
- Chemicals Business	2 - 30	years
- Packaging Business	3 - 30	years
Transportation and equipment	5 - 20	years
Furniture, fixtures and office equipment	2 - 20	years

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

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(h) Goodwill and other 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 4 (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 assets.

*Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized 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 capitalized 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 capitalized includes the cost of materials, direct labor, other costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs of a qualifying asset. Other development expenditure which cannot capitalize to a qualifying asset will be recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

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*Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalized 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 recognized in profit or loss as incurred.

*Amortization*

Amortization is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized 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:

Concession and license fees	Term of agreements
Software licenses	2 - 20 years
Others	3 - 25 years

No amortization is provided on assets under development.

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(i) Leases**

***Accounting policies applicable from 1 January 2020***

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

*As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group will allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and accounted for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognized as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability.

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The cost of right-of-use asset includes the initial amount of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received.

Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful lives of the underlying asset which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the implicit interest rate in the lease or, if that rate cannot be readily determined, the Group uses incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable and amounts expected to be payable under a residual value guarantee. The lease payments also include amount under purchase, extension or termination option if the Group is reasonably certain to exercise option. Variable lease payments that depend on usage are recognized as expenses in the accounting period in which they are incurred.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment in the statement of financial position.

***Accounting policies applicable before 1 January 2020***

As a lessee, 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 capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and 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.

Assets held under other leases were classified as operating leases and lease payments are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the 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.

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**(j) *Impairment of financial assets***

***Accounting policies applicable from 1 January 2020***

The Group recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost (such as cash and cash equivalents, trade receivables and other receivables, loans to others and related parties and investment in debt instruments) and investment in debt instruments measured at FVOCI.

***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments such as investments in debt instruments, the Group recognizes ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increase in loss allowance is recognized as an impairment loss in profit or loss.

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*Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

*Accounting policies applicable before 1 January 2020*

Allowances for trade receivables are measured by analyzing historical payment and future expectation of customer payment.

The Group's financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized in other comprehensive income will be recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between current fair value and the acquisition cost, less any impairment loss on that financial asset previously recognized in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity instruments carried at amortized cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

*Reversal of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

**(k) Impairment of non-financial assets**

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 recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

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*Calculation of recoverable amount*

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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(l) Trade and other payables**

Trade and other payables are stated at cost.

**(m) Contract liabilities**

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognized when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognizes the related revenue.

**(n) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

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 the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method which is based on actuarial valuation method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.



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*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits 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. Remeasurements are recognized in profit or loss in the period in which they arise.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

**(o) Provisions**

A provision is recognized 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 recognized as finance costs.

**(p) Fair value measurement**

'Fair value' is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of the financial instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for selling and purchasing of the asset or liability take place frequently with sufficient volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price. If the Group determines that the fair value on initial recognition differs from the transaction price. The financial instrument will be initially measured at fair value. The difference between the fair value on initial recognition and the transaction price will be recognized in profit or loss on an appropriate basis.

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Measuring the fair value of an asset or a liability, the Group use observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. observable prices).
- Level 3: inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(q) Revenue**

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

*Sale of goods and rendering of services*

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognized as services are provided on the basis of stage of completion of the transaction.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

The Group has a timing of revenue recognition mainly from sales of goods which is recognized at a point in time.

*Granting options to purchase additional goods or services*

The consideration received are allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognized as contract liabilities and revenue is recognized when loyalty points are redeemed, the likelihood of the customer redeeming the loyalty points becomes remote or option expire. The stand-alone selling prices of the points is estimated based on discount provided to customers and the likelihood that the customers will redeem the points, and the estimate shall be reviewed at the end of the reporting period.

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*Dividend income*

Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established.

*Royalty fee income*

Royalty fee income is recognized throughout the royalty period.

**(r) Interest**

Interest income or expense is recognized using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to carrying amount of the financial assets after impairment losses. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(s) Expenses**

*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 recognized 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.

**(t) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized 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.

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*Deferred tax*

Deferred tax is recognized 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 recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 judgments about future events. New information may become available that causes the Group to change its judgment 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 realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 realized.

**(u) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currencies at the exchange rates at that date. Foreign exchange differences are recognized in profit or loss.

Non-monetary assets and liabilities which include arising from the payment or receipt of advance consideration measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

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Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that the fair value was measured.

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the end of the reporting period.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates at the date of the transaction for acquisition occurred before the date 1 January 2013, and stated at exchange rates at the end of reporting period for acquisition beginning on or after 1 January 2013.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions and using the weighted average method.

Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in other components of equity until disposal of the foreign operation, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 recognized in other comprehensive income, and presented in other components of equity until disposal of the foreign operation.

**(v) *Financial instruments***

***Accounting policies applicable from 1 January 2020***

***(1) Recognition and initial measurement***

Trade receivables, debt instruments issued and trade payables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and financial liability measured at FVTPL is initially measured at fair value. All other financial assets and financial liabilities (unless it is a trade receivable without a significant financing component or measured at FVTPL) are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issuance.

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*(2) Classification and subsequent measurement*

*Financial assets - classification*

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets - business model assessment*

The Group makes an assessment of a business model of financial assets by considering policy and objective of investing, risk and return on investment.

*Financial assets - assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets - subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see note 4 (v) (6) for derivatives designated as hedging instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Investments in debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Investments in equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

*Financial liabilities - classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. See note 4 (v) (6) for financial liabilities designated as hedging instruments.

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*(3) Derecognition*

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

*(4) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

*(5) Derivatives*

Derivative are recognized at fair value. At the end of each reporting period, the fair value is measured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

*(6) Hedging*

The group held certain derivatives as hedging instruments to hedge risk exposure arising from foreign exchange and interest rate. Embedded derivative is separated from host contract and recognized separately if the host contract is not financial assets and met given condition.



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*Accounting policies applicable before 1 January 2020*

*Investments in other debt and equity instruments*

Debt instruments and marketable equity instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt instruments that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortized cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt instruments is amortized using the effective interest rate method over the period to maturity.

Debt instruments and marketable equity instruments, other than 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 recognized change of fair value to other comprehensive income. Where investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Investment in equity instruments which are not marketable are stated at cost less any 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 date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss from change of fair value that was reported in other comprehensive income is recognized 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 value of the total holding of the investment.

*Derivatives*

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 recognized in profit or loss in the same period as the interest and exchange differences on the items covered by the hedge.

**(w) Business segment reporting**

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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**5 Acquisitions of business and changes in ownership interests in subsidiaries**

**Year 2020**

**(a) Acquisitions**

During the year 2020, the Group acquired the significant businesses as follows:

**(1) HTEExplore S.R.L., Italy**

In the fourth quarter of 2020, a subsidiary company in Chemicals Business acquired 100% of ordinary shares of HTEExplore S.R.L. (“HTEExplore”), is a leading High Throughput Experimentation service provider and is headquartered in Naples, Italy, for a total consideration of Euro 1.6 million or equivalent to approximately Baht 58 million.

Obtaining control in HTEExplore will allow the Group to increase its capability in catalyst testing via High Throughput Experimentation which will significantly reduce catalyst development time. Catalyst testing is an essential process in developing high value added products. The acquisition will help increase research and development capability of the Group.

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 31 December 2020, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly.

**(2) Bien Hoa Packaging Joint Stock Company, Vietnam**

On 18 December 2020, the Group acquired 94% of ordinary shares of Bien Hoa Packaging Joint Stock Company. (“SOVI”), which is listed on the Vietnam Stock Exchange which is one of leading fiber based packaging company, for a total consideration of Vietnamese Dong 2,070 billion or equivalent to approximately Baht 2,669 million.

Obtaining control in SOVI will allow the Group to enlarge customer base particularly in food, beverage and fast-moving consumer goods segments and reinforce internal integration with its packaging paper manufacturing.

With respect to the above acquisitions, the Group has engaged independent appraisers to determine the fair values of net assets and liabilities acquired. As at 31 December 2020, the determination of the fair values has not been completed. Therefore, the assets and liabilities of SOVI have been recorded at provisional amounts in consolidated statement of financial position as at 31 December 2020. The result of valuation may be adjusted when the report of the appraiser is completed.

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.

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

	<i>Note</i>	<b>Fair value</b>	
		<b>HTEExplore</b>	<b>SOVI</b>
		<i>(in million Baht)</i>	
			<b>Total</b>
Cash and cash equivalents		1	42
Trade and other current receivables		8	532
Inventories		9	184
Other current assets		-	194
Property, plant and equipment		79	1,017
Other non-current assets		-	9
Interest-bearing borrowings	16	(11)	(252)
Trade and other current payables		-	(404)
Other current liabilities		-	(17)
Non-current liabilities		(17)	(115)
<b>Net identifiable assets and liabilities</b>		<b>69</b>	<b>1,190</b>
<i>Less</i> non-controlling interests		-	(70)
<b>Recognized value of net assets acquired</b>		<b>69</b>	<b>1,120</b>
Goodwill from business acquisition		-	1,549
Gain on a bargain purchase		(11)	-
<b>Total consideration transferred</b>		<b>58</b>	<b>2,669</b>
Cash acquired			(43)
<b>Net cash outflows</b>			<b>2,684</b>
<i>Less</i> accrued investment and cash in escrow account			(539)
<b>Net cash outflows in 2020</b>			<b>2,145</b>

Cash in escrow account amounting to Baht 534 million are presented net with accrued investment. The amount will be released to the former shareholders when certain conditions are met within 2 years from acquisition date.

The assets, liabilities and operating results since acquisition date of those subsidiaries have been included in the Group's consolidated financial statements for the year ended 31 December 2020. Revenue from sale of those subsidiaries since 1 January 2020 to the acquisition date amounting to Baht 2,282 million and profit for the period of Baht 195 million.

The Group incurred acquisition costs totaling Baht 58 million which has been included in administrative expenses in the consolidated income statement.

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**(b) Change in ownership interest in subsidiaries**

On 28 October 2019, the Board of Directors' Meeting No. 234 (8/2019) has approved the plan to issue and offer newly issued ordinary shares in SCG Packaging Public Company Limited ("SCGP") as an initial public offering (IPO) and to list the ordinary shares in SCGP on the Stock Exchange of Thailand.

In the fourth quarter of 2020, SCGP offered 1,127.55 million newly issued ordinary shares, for which the increase of paid-up share capital was registered with the Ministry of Commerce on 19 October 2020, with an offering price of Baht 35 per share (par value of Baht 1). SCGP allocated the newly issued ordinary shares in order to accommodate the exercise right of the Over-Allotment Agent for 39.37 million shares, totaling 1,166.92 million shares, amounting to Baht 40,842 million and had expenses directly related to the IPO of Baht 750 million, net cash received amounting to Baht 40,092 million. As a result, the Group's ownership decreased from 99% to 72%. The shares of SCGP began trading on the Stock Exchange of Thailand on 22 October 2020.

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

	<i>(in million Baht)</i>
Consideration received from non-controlling interests	40,092
Less Carrying amount of non-controlling interests transferred	(24,186)
<b>Increase in equity attributable to owners of the Group</b>	
<b>from reduction of investments in SCGP</b>	<b>15,906</b>

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**Year 2019**

**(a) Acquisitions**

During the year 2019, the Group acquired the significant businesses as follows:

**(1) Thai Connectivity Terminal Co., Ltd. (Formerly: Thai Prosperity Terminal Co., Ltd.) and Bangkok Interfreight Forwarding Co., Ltd., Thailand**

On 11 January 2019, subsidiary companies in Cement-Building Materials Business acquired an additional 50% of shares in Thai Connectivity Terminal Co., Ltd. (“TCT”), which provides commercial port operation management services for both import and export consisting of Phra Pradaeng Port and Map Ta Phut Port and acquired an additional 50% of shares in Bangkok Interfreight Forwarding Co., Ltd. (“BIFC”), which provides water transportation services for containers and container moving services at the ports of TCT, for a total consideration of Baht 71 million.

Consequently, the Group’s ownership interests in TCT and BIFC increased from 50% to 100%, resulted in the Group determining the fair value of the previously held equity interest in TCT and BIFC before changing the status from associates to subsidiaries as follows:

	<i>(in million Baht)</i>
Fair value of previously held equity interest in associates before changing to subsidiaries	71
Less carrying amount of investment at equity method	(54)
<b>Gain on fair value adjustment of investment</b>	<b>17</b>

Obtaining control in TCT and BIFC will allow the Group to provide seamless logistics services in the areas of port and freight forwarding while enhancing asset utilization and domestic port to port expansion.

In October 2019, the Group transferred its stakes in TCT and BIFC to newly established joint venture company; therefore, the investments in TCT and BIFC decreased from 100% to 51% and remained as subsidiaries of the Group.

**(2) PT Fajar Surya Wisesa Tbk., and its subsidiary, Indonesia**

On 28 June 2019, a subsidiary company in Packaging Business acquired 55% of ordinary shares of PT Fajar Surya Wisesa Tbk. (“Fajar”), which is a leading Indonesian packaging paper company and is also listed on the Indonesia Stock Exchange, for a total consideration of Rupiah 9.6 trillion or equivalent to approximately Baht 20,817 million.

Obtaining control in Fajar will allow the Group to enhance its ASEAN growth platform, especially in Indonesia that provides tremendous future growth opportunity for Packaging business.

During the first quarter of 2020, the Group negotiated with the former shareholder of Fajar to reduce the contingent consideration by USD 10 million or equivalent to Baht 307 million. This resulted in a decrease in goodwill by Baht 307 million. In April 2020, the Group paid total consideration payable of Baht 615 million from the escrow account to the former shareholder as certain conditions were achieved.

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***(3) Visy Packaging (Thailand) Limited, Thailand***

On 30 August 2019, a subsidiary company in Packaging Business acquired 80% of ordinary shares of Visy Packaging (Thailand) Limited (“Visy Thailand”). Visy Thailand is an Asia’s leading producer of thermoformed barrier food packaging which is also recyclable, serving established global brand owners that require high quality packaging products. Also, the acquired company possesses global scale with a highly-automated production facility, including proprietary technology to produce packaging that can preserve food and fruit, as well as an integrated process to minimize waste, for a total consideration of Baht 4,305 million.

Obtaining control in Visy Thailand further reinforces the Group’s continued growth and capabilities as a total packaging solution provider, especially in the Asian food and fruit segments where the world’s major plantations are based.

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 31 December 2019, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly.

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.

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

	Note	Fair value			
		TCT and BIFC	Fajar	Visy Thailand	Total
			(in million Baht)		
Cash and cash equivalents		23	295	23	341
Trade and other current receivables		69	3,932	263	4,264
Inventories		3	2,594	235	2,832
Investment Property		-	-	44	44
Property, plant and equipment		340	22,550	1,406	24,296
Intangible assets		-	3	528	531
Non-current assets		46	783	19	848
Interest-bearing borrowings	16	(170)	(9,421)	(75)	(9,666)
Trade and other current payables		(92)	(3,167)	(154)	(3,413)
Non-current liabilities		(35)	(3,109)	(173)	(3,317)
<b>Net identifiable assets and liabilities</b>		<b>184</b>	<b>14,460</b>	<b>2,116</b>	<b>16,760</b>
Less non-controlling interests		-	(6,506)	(423)	(6,929)
Less fair value of previously held equity interest in associates before changing to subsidiaries		(71)	-	-	(71)
<b>Recognized value of net assets acquired</b>		<b>113</b>	<b>7,954</b>	<b>1,693</b>	<b>9,760</b>
Goodwill from business acquisition		-	12,863	2,612	15,475
Gain on a bargain purchase		(42)	-	-	(42)
<b>Total consideration transferred</b>		<b>71</b>	<b>20,817</b>	<b>4,305</b>	<b>25,193</b>
Cash acquired					(341)
<b>Net cash outflows</b>					<b>24,852</b>
Less cash in escrow account					(922)
<b>Net cash outflows in 2019</b>					<b>23,930</b>

Cash in escrow account amounting to Baht 922 million are presented net with accrued investment. The amount will be released to the former shareholders when certain conditions are met within March 2020.

The assets, liabilities and operating results since acquisition date of those subsidiaries have been included in the Group's consolidated financial statements for the year ended 31 December 2019. The subsidiaries contributed revenue from sales and services of Baht 9,526 million and profit for the period of Baht 625 million to the Group's operating results. Revenue from sale of those subsidiaries since 1 January 2019 to the acquisition date amounting to Baht 10,723 million and profit for the period of Baht 1,595 million.

The Group incurred acquisition costs totaling Baht 43 million which has been included in administrative expenses in the consolidated income statement.

**(b) Change in ownership interests in subsidiaries**

In the second quarter of 2019, a subsidiary in Packaging Business has restructured its stake in Rigid Plastic Packaging Business by having Toppan Printing Company Limited, a Japanese packaging company, join in SCGP-T Plastics Company Limited ("SCGP-T"), a holding company for the rigid plastic packaging business. With this portfolio adjustment, a transaction valued of Baht 194 million, the Group's investment in SCGP-T has decreased from 100% to 51%, SCGP-T has remained as a subsidiary of the Group.

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**6 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 years ended 31 December and the pricing policies are summarized as follows:

	2020	2019	Pricing policies
	<i>(in million Baht)</i>		
<i>Joint ventures and associates</i>			
Purchases	14,041	18,766	Market price
Service fee	970	841	Market price
Revenue from sales	28,269	40,939	Market price
Revenue from transportation and other services	1,797	1,735	Market price
Management fee and others	1,626	1,648	Mainly based on percentage of revenue from sales
Dividend income	6,488	14,318	Upon declaration
<i>Other related parties</i>			
Purchases	2,128	2,887	Market price
Service fee	297	276	Market price
Revenue from sales	1,472	1,132	Market price
Revenue from transportation and other services	119	123	Market price
Management fee and others	312	373	Mainly based on percentage of revenue from sales
Dividend income	658	1,880	Upon declaration

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

	2020	2019
	<i>(in million Baht)</i>	
<i>Trade receivables</i>		
Joint ventures and associates	3,884	3,810
Other related parties	472	295
<b>Total</b>	<b>4,356</b>	<b>4,105</b>
<i>Other current receivables</i>		
Joint ventures and associates	660	787
Other related parties	48	43
<b>Total</b>	<b>708</b>	<b>830</b>
<i>Short-term loans</i>		
Associates	75	102
Other related parties	-	7
<b>Total</b>	<b>75</b>	<b>109</b>



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	2020	2019
	<i>(in million Baht)</i>	
<i>Long-term loans</i>		
<i>Current and non-current portion</i>		
Associates	77	90
Other related parties	10	16
<b>Total</b>	<b>87</b>	<b>106</b>

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

	2020	2019
	<i>(in million Baht)</i>	
<b><i>Short-term</i></b>		
At 1 January	109	126
Increase	13	40
Decrease	(47)	(57)
<b>At 31 December</b>	<b>75</b>	<b>109</b>

<b><i>Long-term</i></b>		
At 1 January	106	121
Decrease	(19)	(15)
<b>At 31 December</b>	<b>87</b>	<b>106</b>

	2020	2019
	<i>(in million Baht)</i>	
<i>Trade payables</i>		
Joint ventures and associates	1,728	2,028
Other related parties	135	112
<b>Total</b>	<b>1,863</b>	<b>2,140</b>

<i>Other current payables</i>		
Joint ventures and associates	52	83
Other related parties	51	42
<b>Total</b>	<b>103</b>	<b>125</b>

<i>Short-term borrowings</i>		
Associates	71	71
Other related parties	439	400
<b>Total</b>	<b>510</b>	<b>471</b>

<i>Long-term borrowings</i>		
<i>Current and non-current portion</i>		
Other related parties	4	6

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Movements during the years on borrowings from related parties were as follows:

	2020	2019
	<i>(in million Baht)</i>	
<b><i>Short-term</i></b>		
At 1 January	471	273
Increase	120	443
Decrease	(81)	(245)
<b>At 31 December</b>	<b>510</b>	<b>471</b>
<b><i>Long-term</i></b>		
At 1 January	6	7
Acquisitions through business combinations	-	74
Decrease	(2)	(75)
<b>At 31 December</b>	<b>4</b>	<b>6</b>
	2020	2019
	<i>(in million Baht)</i>	
<b><i>Lease liabilities</i></b>		
<b><i>Current and non-current portion</i></b>		
Associates	122	-
Other related parties	1,318	-
<b>Total</b>	<b>1,440</b>	<b>-</b>

***The Board of Directors and key management compensation***

	2020	2019
	<i>(in million Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Short-term employee benefits	325	325
Post-employment benefits	26	78
<b>Total</b>	<b>351</b>	<b>403</b>

The Board of Directors and key 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.

**7 Cash and cash equivalents**

	2020	2019
	<i>(in million Baht)</i>	
<b>Cash and cash equivalents</b>		
Cash on hand and at banks	58,586	24,020
Highly liquid short-term investments	5,813	3,607
<b>Total</b>	<b>64,399</b>	<b>27,627</b>

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

	2020	2019
	<i>(in million Baht)</i>	
Finished goods	20,990	22,207
Goods in process	3,625	3,088
Raw materials	10,875	12,552
Spare parts	8,543	8,722
Stores, supplies and others	4,860	5,944
Raw materials in transit	7,036	5,211
<b>Total</b>	<b>55,929</b>	<b>57,724</b>
Less allowance for decline in value	(1,275)	(1,313)
<b>Net</b>	<b>54,654</b>	<b>56,411</b>
Cost of inventories recognized as an expense in cost of sales	298,849	343,573
Write-down to net realizable value	2,117	1,586
Reversal of write-down	(2,160)	(1,410)
Changes in inventories of finished goods and goods in process	680	356
Raw materials and supplies used	141,445	181,952

**9 Investments in joint ventures and associates**

Movements for the years ended 31 December in investments in joint ventures and associates accounted for using the equity method were as follows:

	2020	2019
	<i>(in million Baht)</i>	
At 31 December 2019 and 2018 - as reported	94,352	99,376
Impact of changes in accounting policies	41	-
<b>At 1 January</b>	<b>94,393</b>	<b>99,376</b>
Share of net profit of investments - equity method	9,456	11,632
Increase in investment - net	239	1,648
Dividend income	(6,488)	(14,318)
Disposals and return on capital	(5)	(2,146)
Change of the status to subsidiaries	-	(54)
Transfer to non-current assets held for sale	-	(162)
Others	(220)	(1,624)
<b>At 31 December</b>	<b>97,375</b>	<b>94,352</b>

**The Siam Cement Public Company Limited and its Subsidiaries**  
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Investments in joint ventures and associates as at 31 December and dividends from these investments for the years ended at the same date were as follows:

	Total direct /		Paid-up capital		Cost method		Equity method		Dividend income	
	indirect holding		2020	2019	2020	2019	2020	2019	2020	2019
	2020	2019								
	(%)		(in million Baht)							
<b>Joint ventures</b>										
<b>Cement-Building Materials Business</b>										
Global House International Company Limited	66	66	1,519	1,519	760	760	842	816	-	-
SCG Nichirei Logistics Co., Ltd.	51	51	770	720	393	367	385	346	-	-
Other companies			99	30	50	15	44	15	-	-
<b>Investments in joint ventures</b>			<b>2,388</b>	<b>2,269</b>	<b>1,203</b>	<b>1,142</b>	<b>1,271</b>	<b>1,177</b>	<b>-</b>	<b>-</b>
<b>Associates</b>										
<b>Cement-Building Materials Business</b>										
Siam Global House Public Company Limited	32	32	4,402	4,202	10,913	10,913	13,595	13,233	278	247
PT Catur Sentosa Adiprana Tbk	31	30	1,030	1,030	2,660	2,634	2,683	2,635	5	11
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	697	745	240	129
Anhui Conch-SCG Refractory Co., Ltd.	30	30	816	497	244	148	556	388	-	107
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	2,325	1,139	1,139	462	472	-	-
PT M Class Industry	28	28	222	222	106	106	86	90	-	-
China ASEAN Supply Chain Management Co., Ltd.	49	49	116	23	75	29	73	27	-	-
Noritake SCG Plaster Co., Ltd.	10	40	405	405	34	134	57	217	-	41
Other companies			548	534	193	188	94	98	-	3
			<b>10,014</b>	<b>9,388</b>	<b>15,410</b>	<b>15,337</b>	<b>18,303</b>	<b>17,905</b>	<b>523</b>	<b>538</b>
<b>Chemicals Business</b>										
PT Chandra Asri Petrochemical Tbk	31	31	27,248	27,248	18,090	18,090	22,060	21,766	-	296
Bangkok Synthetics Co., Ltd.	49	49	1,173	1,173	10,800	10,800	10,431	10,943	859	1,489
Siam Polyethylene Co., Ltd.	50	50	4,366	4,366	2,183	2,183	6,351	6,050	975	1,050
Siam Synthetic Latex Co., Ltd.	50	50	5,789	5,789	2,788	2,788	3,330	2,801	866	1,449
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,075	3,127	635	1,344
Siam Styrene Monomer Co., Ltd.	50	50	1,189	1,189	594	594	1,865	1,831	223	5,622
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	1,048	1,049	112	89
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	891	1,057	508	614
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	421	503	144	147
PT Siam Maspion Terminal	50	50	327	327	163	163	315	312	61	59
Siam Tohcello Co., Ltd.	45	45	406	406	266	266	255	182	-	-
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	596	596	119	119	248	242	41	39
Thai MFC Co., Ltd.	45	45	200	200	87	87	98	107	8	10
Other companies			323	351	110	120	135	154	1	1
			<b>48,386</b>	<b>48,414</b>	<b>38,473</b>	<b>38,483</b>	<b>50,523</b>	<b>50,124</b>	<b>4,433</b>	<b>12,209</b>
<b>Packaging Business</b>										
Siam Toppan Packaging Co., Ltd.	35	49	500	500	245	245	430	430	3	10
Siam Nippon Industrial Paper Co., Ltd.	23	31	1,100	1,100	495	495	315	269	-	-
Other companies			453	453	153	153	78	72	5	2
			<b>2,053</b>	<b>2,053</b>	<b>893</b>	<b>893</b>	<b>823</b>	<b>771</b>	<b>8</b>	<b>12</b>
<b>Other</b>										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	22,500	20,603	1,297	1,088
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	874	957	-	215
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	844	802	33	44
Aisin Takaoka Foundry Bangkok Co., Ltd.	30	30	475	475	142	142	814	754	87	101
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	742	736	29	37
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	393	409	5	5
Lysando AG	20	20	39	39	355	355	220	240	-	-
Other companies			80	313	16	156	68	139	73	69
			<b>4,266</b>	<b>4,499</b>	<b>1,945</b>	<b>2,085</b>	<b>26,455</b>	<b>24,640</b>	<b>1,524</b>	<b>1,559</b>
<b>Total</b>			<b>64,719</b>	<b>64,354</b>	<b>56,721</b>	<b>56,798</b>	<b>96,104</b>	<b>93,440</b>	<b>6,488</b>	<b>14,318</b>
Less accumulated impairment losses							-	(103)		
Less classified as assets held for sale							-	(162)		
<b>Investments in associates - net</b>			<b>64,719</b>	<b>64,354</b>	<b>56,721</b>	<b>56,798</b>	<b>96,104</b>	<b>93,175</b>	<b>6,488</b>	<b>14,318</b>
<b>Investments in joint ventures and associates - net</b>			<b>67,107</b>	<b>66,623</b>	<b>57,924</b>	<b>57,940</b>	<b>97,375</b>	<b>94,352</b>	<b>6,488</b>	<b>14,318</b>

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*Immaterial joint ventures and associates*

The following is summarized financial information for the Group's interest in immaterial joint ventures and associates based on the amounts reported in the Group's consolidated financial statements:

	Joint ventures		Associates	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Carrying amount of interests in joint ventures and associates	<b>1,271</b>	<b>1,177</b>	<b>96,104</b>	<b>93,175</b>
The Group's share of:				
- Profit for the year	34	40	9,422	11,592
- Other comprehensive income for the year	-	-	(140)	(1,612)
- Total comprehensive income for the year	<b>34</b>	<b>40</b>	<b>9,282</b>	<b>9,980</b>

*Common stock dividend payment*

In the second quarter of 2020, the Annual General Meeting of the Shareholders of Siam Global House Public Company Limited approved dividend payment for the year 2019 of cash dividend and common stock dividend with the date of dividend payment on 22 May 2020. The Group is entitled to receive common stock dividend of 64 million shares at the par value Baht 1 per share, totaling Baht 64 million.

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**10 Investment property**

	Land and land improvements	Buildings and structures	Construction in progress	Total
	<i>(in million Baht)</i>			
<i>Cost</i>				
At 1 January 2019	1,619	660	-	2,279
Additions	44	-	-	44
Disposals	-	3	-	3
Transfers to property, plant and equipment	(1)	-	-	(1)
Transfers to land development for sales	(114)	(3)	-	(117)
<b>At 31 December 2019</b>	<b>1,548</b>	<b>660</b>	<b>-</b>	<b>2,208</b>
Additions	261	-	-	261
Disposals	-	(3)	-	(3)
Transfers from property, plant and equipment	81	196	119	396
<b>At 31 December 2020</b>	<b>1,890</b>	<b>853</b>	<b>119</b>	<b>2,862</b>
<i>Accumulated depreciation and accumulated impairment losses</i>				
At 1 January 2019	121	441	-	562
Depreciation charge for the year	3	21	-	24
<b>At 31 December 2019</b>	<b>124</b>	<b>462</b>	<b>-</b>	<b>586</b>
Depreciation charge for the year	1	24	-	25
Disposals	-	(3)	-	(3)
Transfers from property, plant and equipment	15	110	10	135
<b>At 31 December 2020</b>	<b>140</b>	<b>593</b>	<b>10</b>	<b>743</b>
<i>Carrying amount</i>				
<b>At 31 December 2019</b>	<b>1,424</b>	<b>198</b>	<b>-</b>	<b>1,622</b>
<b>At 31 December 2020</b>	<b>1,750</b>	<b>260</b>	<b>109</b>	<b>2,119</b>

The Group determined fair value of investment properties as at 31 December 2020 at open market values on an existing use basis. The fair value was Baht 8,357 million (2019: Baht 7,381 million).

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is the discounted cash flows and market approach.

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**11 Property, plant and equipment**

	Land and land improvements	Buildings and structures	Machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
	<i>(in million Baht)</i>						
<b>Cost</b>							
At 1 January 2019	32,781	81,951	428,994	12,877	7,663	20,235	584,501
Acquisitions through business combinations	3,790	1,774	25,142	194	208	1,495	32,603
Additions	265	979	5,705	237	336	53,120	60,642
Disposals/written off	(151)	(115)	(2,925)	(235)	(259)	(77)	(3,762)
Transfers from investment property	114	3	-	-	-	-	117
Transfers in (out)	492	1,547	6,445	396	193	(10,733)	(1,660)
Currency translation differences	(221)	(1,043)	(2,992)	(106)	(33)	(519)	(4,914)
<b>At 31 December 2019 as reported</b>	<b>37,070</b>	<b>85,096</b>	<b>460,369</b>	<b>13,363</b>	<b>8,108</b>	<b>63,521</b>	<b>667,527</b>
Impact of changes in accounting policies	9,169	2,625	811	3,082	75	-	15,762
<b>At 1 January 2020</b>	<b>46,239</b>	<b>87,721</b>	<b>461,180</b>	<b>16,445</b>	<b>8,183</b>	<b>63,521</b>	<b>683,289</b>
Acquisitions through business combinations	172	318	1,105	26	14	13	1,648
Additions	3,095	987	7,686	1,397	399	56,031	69,595
Disposals/written off	(1,224)	(95)	(4,682)	(1,084)	(239)	(70)	(7,394)
Transfers to investment property	(81)	(196)	-	-	-	(119)	(396)
Transfers in (out)	1,025	2,059	8,809	49	16	(11,832)	126
Currency translation differences	(55)	240	449	(18)	11	(158)	469
<b>At 31 December 2020</b>	<b>49,171</b>	<b>91,034</b>	<b>474,547</b>	<b>16,815</b>	<b>8,384</b>	<b>107,386</b>	<b>747,337</b>

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	Land and land improvements	Buildings and structures	Machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
<i>(in million Baht)</i>							
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>							
At 1 January 2019	10,811	41,503	269,485	9,023	6,179	34	337,035
Acquisitions through business combinations	215	670	7,134	147	141	-	8,307
Depreciation charge for the year	853	2,792	17,544	696	562	-	22,447
Impairment losses	1	181	594	1	3	34	814
Disposals/written off	(140)	(76)	(2,721)	(219)	(235)	(30)	(3,421)
Transfers in (out)	93	(186)	(1,392)	(1)	(4)	-	(1,490)
Currency translation differences	(49)	(202)	(1,791)	(86)	(23)	-	(2,151)
<b>At 31 December 2019</b>	<b>11,784</b>	<b>44,682</b>	<b>288,853</b>	<b>9,561</b>	<b>6,623</b>	<b>38</b>	<b>361,541</b>
Acquisitions through business combinations	-	82	443	16	11	-	552
Depreciation charge for the year	1,683	3,315	18,465	1,873	592	-	25,928
Impairment losses (reversal)	(1)	341	762	(4)	-	16	1,114
Disposals/written off	(200)	(165)	(4,389)	(251)	(215)	(7)	(5,227)
Transfers to investment properties	(14)	(111)	-	-	-	(10)	(135)
Transfers in (out)	180	(15)	(94)	4	(43)	10	42
Currency translation differences	2	(8)	121	(25)	7	-	97
<b>At 31 December 2020</b>	<b>13,434</b>	<b>48,121</b>	<b>304,161</b>	<b>11,174</b>	<b>6,975</b>	<b>47</b>	<b>383,912</b>
<b><i>Carrying amount</i></b>							
<b>At 31 December 2019</b>							
Owned assets	24,637	40,414	169,832	3,679	1,463	63,483	303,508
Assets under finance lease:	649	-	1,684	123	22	-	2,478
<b>At 31 December 2020</b>							
Owned assets	24,815	40,322	168,346	3,253	1,228	107,339	345,303
Right-of-use assets	10,922	2,591	2,040	2,388	181	-	18,122

In 2020, addition to the right-of-use assets of the Group was Baht 4,936 million.

In 2020, the Group capitalized borrowing costs relating to the acquisition of the property, plant and equipment as part of the cost of construction in progress, amounting to Baht 651 million (2019: Baht 287 million), rates of interest capitalized at 0.91% to 5.35% per annum (2019: 1.95% to 5.45% per annum).



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During 2020, the Group has recognized an impairment loss on property, plant and equipment totaling Baht 1,114 million mainly from Myanmar and Indonesian cement operations (2019: Baht 814 million), which is included in other expenses in the consolidated income statement.

For the purpose of impairment testing of property, plant and equipment of the Group where indicators occurred, the recoverable amount was based on the higher of its value in use, determined by discounting the future cash flows and its fair value less costs to sale.

The Group used 5 years forecast discounted future cash flows projection, residual value and discount rate from weighted average cost of capital of the Group which determined from estimate and judgment of the management under the discounted future cash flows method. The recoverable amount from fair value in which the Group assessed by independent appraiser and fair value measurement was classified as the fair value level 3.

## **12 Leases**

The Group leases land, buildings, transportation and equipment both in Thailand and overseas. The rental due and rate are as specified in the contract.

***For the years ended 31 December***

2020                      2019  
*(in million Baht)*

***Amounts recognized in profit or loss***

Depreciation of right-of-use assets:

- Land and land improvements	887	-
- Buildings and structures	520	-
- Transportation and equipment	1,245	-
- Others	433	-
Interest on lease liabilities	462	-
Expenses relating to short-term leases	565	-
Expenses relating to leases of low-value assets	301	-
Variable lease payments	2,211	-
Lease expense	-	4,457

Most of the variable lease payments are concrete mixer truck leases, the leases are valid for one year with extension options at the end of lease terms and payment terms are common.

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**13 Goodwill and other intangible assets**

	Goodwill	Intangible assets			
		Software licenses & license fees	Development cost	Concession and others	Total intangible assets
		<i>(in million Baht)</i>			
<b>Cost</b>					
At 1 January 2019	21,323	10,934	564	8,383	19,881
Acquisitions through business combinations	15,475	442	-	153	595
Additions	-	698	513	306	1,517
Disposals/written off	-	(567)	(1)	(72)	(640)
Transfers in (out)	-	279	(260)	39	58
Currency translation differences	(1,060)	(20)	(2)	(85)	(107)
<b>At 31 December 2019</b>	<b>35,738</b>	<b>11,766</b>	<b>814</b>	<b>8,724</b>	<b>21,304</b>
Acquisitions through business combinations	1,208	4	-	-	4
Additions	-	569	829	38	1,436
Disposals/written off	-	(146)	(18)	(27)	(191)
Transfers in (out)	-	491	(582)	90	(1)
Currency translation differences	(219)	(1)	-	(2)	(3)
<b>At 31 December 2020</b>	<b>36,727</b>	<b>12,683</b>	<b>1,043</b>	<b>8,823</b>	<b>22,549</b>

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	Goodwill	Intangible assets			
		Software licenses & license fees	Development cost	Concession and others	Total intangible assets
		(in million Baht)			
<i>Accumulated amortization and accumulated impairment losses</i>					
At 1 January 2019	1,437	6,756	-	1,942	8,698
Acquisitions through business combinations	-	64	-	-	64
Amortization charge for the year	-	932	-	490	1,422
Impairment losses	-	10	-	1	11
Disposals/written off	-	(560)	-	(66)	(626)
Transfers in (out)	-	(5)	-	(14)	(19)
<b>At 31 December 2019</b>	<b>1,437</b>	<b>7,197</b>	<b>-</b>	<b>2,353</b>	<b>9,550</b>
Acquisitions through business combinations	-	3	-	-	3
Amortization charge for the year	-	982	-	541	1,523
Impairment losses	1,259	97	-	559	656
Disposals/written off	-	(135)	-	(27)	(162)
Transfers in (out)	-	(18)	-	(10)	(28)
<b>At 31 December 2020</b>	<b>2,696</b>	<b>8,126</b>	<b>-</b>	<b>3,416</b>	<b>11,542</b>
<i>Carrying amount</i>					
<b>At 31 December 2019</b>	<b>34,301</b>	<b>4,569</b>	<b>814</b>	<b>6,371</b>	<b>11,754</b>
<b>At 31 December 2020</b>	<b>34,031</b>	<b>4,557</b>	<b>1,043</b>	<b>5,407</b>	<b>11,007</b>

During the year 2020, the Group has recognized the impairment loss on goodwill from investment in subsidiaries, Cement-Building Materials Business of Baht 1,259 million. The impairment loss has been included in other expenses in the consolidated income statement.

For the purpose of impairment testing of goodwill of the Group, the recoverable amount was based on value in use, determined by discounting the future cash flows. The Group used 5 years forecast discounted future cash flows projection, residual value and discount rate from weighted average cost of capital of the Group which determined from estimate and judgment of the management.

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**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 assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the consolidated statement of financial position as follows:

	2020	2019
	<i>(in million Baht)</i>	
Deferred tax assets	5,001	4,618
Deferred tax liabilities	(5,610)	(4,717)
<b>Net</b>	<b>(609)</b>	<b>(99)</b>

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

	At 1 January 2019	Credited (charged) to		Increase through business combinations	Currency translation differences	At 31 December 2019
		profit or loss	other comprehensive income			
		<i>(note 25)</i>				
		<i>(in million Baht)</i>				
<b>Deferred tax assets</b>						
Loss carry forward	2,619	(1,535)	-	57	(2)	1,139
Investments	68	(1)	-	-	-	67
Property, plant and equipment	475	221	-	-	10	706
Provisions for						
employee benefits	1,865	591	252	148	(16)	2,840
Others	581	4	-	5	(3)	587
<b>Total</b>	<b>5,608</b>	<b>(720)</b>	<b>252</b>	<b>210</b>	<b>(11)</b>	<b>5,339</b>
<b>Deferred tax liabilities</b>						
Investments	(32)	-	(8)	-	-	(40)
Property, plant and equipment	(2,440)	26	-	(2,743)	48	(5,109)
Others	(218)	29	-	(110)	10	(289)
<b>Total</b>	<b>(2,690)</b>	<b>55</b>	<b>(8)</b>	<b>(2,853)</b>	<b>58</b>	<b>(5,438)</b>
<b>Net</b>	<b>2,918</b>	<b>(665)</b>	<b>244</b>	<b>(2,643)</b>	<b>47</b>	<b>(99)</b>

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	At 31 December 2019 as reported	Impact of changes in accounting policy	At 1 January 2020	Credited (charged) to profit or loss (note 25) (in million Baht)	other comprehensive income	Increase through business combinations	Currency translation differences	At 31 December 2020
<b>Deferred tax assets</b>								
Loss carry forward	1,139	-	1,139	(239)	-	-	(4)	896
Investments	67	3	70	35	(2)	-	-	103
Property, plant and equipment	706	-	706	274	-	2	(1)	981
Provisions for employee benefits	2,840	-	2,840	89	27	1	3	2,960
Others	587	18	605	243	-	(1)	-	847
<b>Total</b>	<b>5,339</b>	<b>21</b>	<b>5,360</b>	<b>402</b>	<b>25</b>	<b>2</b>	<b>(2)</b>	<b>5,787</b>
<b>Deferred tax liabilities</b>								
Investments	(40)	(1,621)	(1,661)	(3)	(17)	-	-	(1,681)
Property, plant and equipment	(5,109)	-	(5,109)	773	-	(131)	54	(4,413)
Others	(289)	(17)	(306)	1	-	-	3	(302)
<b>Total</b>	<b>(5,438)</b>	<b>(1,638)</b>	<b>(7,076)</b>	<b>771</b>	<b>(17)</b>	<b>(131)</b>	<b>57</b>	<b>(6,396)</b>
<b>Net</b>	<b>(99)</b>	<b>(1,617)</b>	<b>(1,716)</b>	<b>1,173</b>	<b>8</b>	<b>(129)</b>	<b>55</b>	<b>(609)</b>

Indonesian government regulations in accordance with the PP No. 1 Tahun 2020 dated 31 March 2020 announced the change in the corporate income tax rate from 25% to 22% for accounting periods 2020 and 2021, and to 20% for accounting periods 2022 onward. The Group has reduced the deferred tax assets and deferred tax liabilities according to the change in tax rates which reduce the income tax expense amounting to Baht 512 million in the consolidated income statement.

In the third quarter of 2019, a subsidiary reversed deferred tax assets on unused tax losses because the probability that future taxable profits will not be available for utilization within the specified period. The subsidiary recognized income tax expense amounting to Baht 1,581 million in the consolidated income statement, resulting in the decrease in net profit amounted to Baht 1,063 million.

The deductible temporary differences and unused tax losses that the Group has not recognized as deferred tax assets (liabilities) are as the following items:

	2020	2019
	(in million Baht)	
Deductible temporary differences		
- Inventories	62	72
- Property, plant and equipment	1,301	653
- Provisions for employee benefits	157	572
- Others	992	829
Unused tax losses	31,876	30,472
<b>Total</b>	<b>34,388</b>	<b>32,598</b>

The unused tax losses on which the Group has not recognized deferred tax assets are the tax losses which do not expire under tax legislation and would be expired within 2025.

As at 31 December 2020 and 2019, no deferred tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

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**15 Changes in liabilities arising from financing activities**

Changes in significant liabilities arising from financing activities were as follows:

	<i>Note</i>	Bank overdrafts and short-term borrowings	Lease liabilities	Long-term borrowings (in million Baht)	Debentures	Total
At 1 January 2019		22,024	129	2,136	181,159	205,448
Changes from financing cash flows		(5,487)	30	24,561	(6,476)	12,628
Changes arising from obtaining subsidiaries	5	2,935	160	6,571	-	9,666
The effect of changes in foreign exchange rates		(205)	(1)	(123)	-	(329)
<b>At 31 December 2019 - as reported</b>		<b>19,267</b>	<b>318</b>	<b>33,145</b>	<b>174,683</b>	<b>227,413</b>
Impact of changes in accounting policies		-	11,486	-	-	11,486
<b>At 1 January 2020</b>		<b>19,267</b>	<b>11,804</b>	<b>33,145</b>	<b>174,683</b>	<b>238,899</b>
Changes from financing cash flows		2,477	(2,625)	20,021	(31)	19,842
New leases		-	2,725	-	-	2,725
Changes arising from obtaining subsidiaries	5	197	-	68	-	265
The effect of changes in foreign exchange rates		79	7	(45)	-	41
Other non-cash movement		-	298	(660)	(46)	(408)
<b>At 31 December 2020</b>		<b>22,020</b>	<b>12,209</b>	<b>52,529</b>	<b>174,606</b>	<b>261,364</b>

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**16 Interest-bearing liabilities**

		2020			2019		
	<i>Note</i>	Secured	Unsecured	Total (in million Baht)	Secured	Unsecured	Total
<b><i>Current</i></b>							
Bank overdrafts and short-term borrowings from financial institutions		-	21,510	21,510	-	18,797	18,797
Short-term borrowings	6	-	510	510	-	470	470
Current portion of long-term borrowings		7	16,642	16,649	2,038	668	2,706
Current portion of finance lease liabilities		-	2,326	2,326	-	144	144
Current portion of debentures		-	49,933	49,933	-	49,935	49,935
		<u>7</u>	<u>90,921</u>	<u>90,928</u>	<u>2,038</u>	<u>70,014</u>	<u>72,052</u>
<b><i>Non-current</i></b>							
Long-term borrowings		50	35,830	35,880	3,406	27,034	30,440
Lease liabilities		-	9,883	9,883	-	173	173
Debentures		-	124,673	124,673	-	124,748	124,748
		<u>50</u>	<u>170,386</u>	<u>170,436</u>	<u>3,406</u>	<u>151,955</u>	<u>155,361</u>
<b>Total interest-bearing liabilities</b>		<u>57</u>	<u>261,307</u>	<u>261,364</u>	<u>5,444</u>	<u>221,969</u>	<u>227,413</u>

In the first quarter of 2020, a subsidiary under Packaging Business repaid its borrowings that was secured by property, plant and equipment. As a result, all collaterals has been released during the second quarter of 2020.

The collateral of the secured interest-bearing borrowings from the business acquisition in Vietnam as at 31 December 2020 consists of property, plant and equipment. The Group has to comply with certain covenants.

As at 31 December 2020, the Group has overdraft lines with several banks amounting to approximately Baht 5,347 million (2019: Baht 7,975 million).

As at 31 December 2020, the Group has undrawn credit facilities totaling equivalent to Baht 89,558 million (2019: Baht 114,953 million) included facilities for the petrochemical complex project in Vietnam amounting to US Dollars 2,878 million, equivalent to approximately Baht 86,449 million.

The average interest rates of long-term borrowings are 1.43% to 6.25% per annum (2019: 1.91% to 6.05% per annum).

The average interest rate of long-term borrowings in foreign currency is approximately 3.14% per annum in 2020 (2019: 4.87% per annum).

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***Debentures***

As at 31 December 2020, the Company had issued unsubordinated and unsecured debentures totaling Baht 175,000 million (2019: Baht 175,000 million) as follows:

Debentures no.	2020 (in million Baht)	2019	Interest rate (% p.a.)	Term	Maturity date
<b>Debentures - The Siam Cement Public Company Limited</b>					
1/2016	-	25,000	3.00	4 years	1 April 2020
2/2016	-	25,000	3.00	4 years	1 November 2020
1/2017	25,000	25,000	3.25	4 years	1 April 2021
2/2017	10,000	10,000	2.97	7 years	30 August 2024
3/2017	25,000	25,000	3.05	4 years	1 October 2021
1/2018	30,000	30,000	3.00	4 years	1 April 2022
2/2018	10,000	10,000	3.10	4 years	1 October 2022
1/2019	15,000	15,000	3.10	4 years	1 April 2023
2/2019	10,000	10,000	3.00	4 years	1 November 2023
1/2020	25,000	-	2.80	4 years	1 April 2024
2/2020	25,000	-	2.80	4 years	1 November 2024
Total	<u>175,000</u>	<u>175,000</u>			
Less debentures held by a subsidiary					
and debenture issuing expenses	<u>(394)</u>	<u>(317)</u>			
<b>Net</b>	<b><u>174,606</u></b>	<b><u>174,683</u></b>			
Less current portion	<u>(49,933)</u>	<u>(49,935)</u>			
<b>Net</b>	<b><u><u>124,673</u></u></b>	<b><u><u>124,748</u></u></b>			



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**17 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 as at 31 December*

	2020	2019
	<i>(in million Baht)</i>	
Post-employment benefits		
Legal severance payments plan	13,701	13,341
Pension	103	91
Other long-term employee benefits	782	645
<b>Total non-current provisions for defined benefit plans</b>	<b>14,586</b>	<b>14,077</b>
Other employee benefits	216	224
<b>Total</b>	<b>14,802</b>	<b>14,301</b>
Less plan assets of foreign subsidiaries	(114)	(106)
<b>Total non-current provisions for employee benefits - net</b>	<b>14,688</b>	<b>14,195</b>

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

	2020	2019
	<i>(in million Baht)</i>	
Non-current provisions for defined benefit plans at 1 January	14,077	9,252
<b>Included in profit or loss</b>		
Current service costs	881	771
Interest on obligation	298	410
Actuarial losses	132	32
Past service cost from the amended severance pay of the Labor Law	-	2,538
	<b>1,311</b>	<b>3,751</b>
<b>Included in other comprehensive income</b>		
Actuarial losses	203	1,396
Currency translation differences	4	(42)
	<b>207</b>	<b>1,354</b>
<b>Others</b>		
Benefits paid	(1,019)	(874)
Acquisitions through business combinations	-	594
Others	10	-
	<b>(1,009)</b>	<b>(280)</b>
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b>14,586</b>	<b>14,077</b>

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On 5 April 2019, the Labor Protection Act has already been announced in Royal Gazette that became effective on 5 May 2019 to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the maximum rate of 300 days. The Group recognized the effect of this change as the expense amounted to Baht 2,538 million in consolidated income statement, resulting in the decrease in net profit amounted to Baht 2,035 million.

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	2020	2019
	<i>(in million Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Demographic assumptions	29	(160)
Financial assumptions	177	1,202
Experience adjustment	(2)	354
<b>Total</b>	<b>204</b>	<b>1,396</b>

***Actuarial assumptions***

*Principal actuarial assumptions as of the end of the reporting period*

	2020	2019
	<i>(%)</i>	
Discount rate *		
- Thailand	1.02 - 2.31	1.46 - 2.05
- Vietnam	2.53	4.01
- Indonesia	3.26 - 8.30	5.43 - 8.50
- Others	4.91 - 5.21	4.91 - 7.53
Salary increase rate	1.00 - 8.50	2.00 - 7.00
Employee turnover rate **	1.50 - 24.00	1.50 - 20.00
Mortality rate ***	50.00 of TMO2017	50.00 of TMO2017

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

\*\* Upon the length of service

\*\*\* Reference from TMO2017: Thai Mortality Ordinary Table 2017

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***Sensitivity analysis***

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provisions for defined benefit plans by the amounts shown below.

**Effect on the non-current provisions for defined benefit plans at 31 December**

	Increase (decrease)	
	2020	2019
	<i>(in million Baht)</i>	
Discount rate		
0.5% increase	(743)	(743)
0.5% decrease	811	813
Salary increase rate		
1.0% increase	1,522	1,623
1.0% decrease	(1,315)	(1,391)
Employee turnover rate		
10.0% increase	(380)	(405)
10.0% decrease	398	424

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

**18 Reserves and other components of shareholders' equity**

***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 authorized capital. The legal reserve is not available for dividend distribution.

***Other components of equity***

***Exchange differences on translating financial statements***

The exchange differences on translating financial statements comprises all foreign currency differences arising from the translation of the financial statements of the Company's foreign operations until disposal of investment.

***Fair value changes of 2020***

The fair value changes comprise:

- the cumulative net change in the fair value of equity instruments designated at FVOCI until the assets are derecognized; and
- the cumulative net change in fair value of debt instruments at FVOCI until the assets are derecognized or reclassified. This amount is adjusted by the amount of loss allowance.

***Fair value changes of 2019***

Fair value changes in available-for-sale investments recognized in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized.

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**19 Non-controlling interests**

The following table summarizes the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	Rayong Olefins Co., Ltd.		Map Ta Phut Olefins Co., Ltd.	
	2020	2019	2020	2019
	(in million Baht)			
<b>Non-controlling interests at 31 December</b>				
Non-controlling interest percentage	49.46%	49.46%	45.27%	45.27%
Current assets	13,617	8,980	8,549	9,990
Non-current assets	8,262	8,014	42,908	39,184
Current liabilities	(4,365)	(3,689)	(9,267)	(13,222)
Non-current liabilities	(1,583)	(656)	(13,522)	(8,564)
<b>Net assets</b>	<b>15,931</b>	<b>12,649</b>	<b>28,668</b>	<b>27,388</b>
Carrying amount of non-controlling interest	7,879	6,256	12,978	12,399
<b>For the years ended 31 December</b>				
Revenue	42,137	51,068	45,130	62,458
Profit (loss) for the year	3,272	850	1,320	(1,615)
Other comprehensive income for the year	11	(20)	-	(13)
<b>Total comprehensive income for the year</b>	<b>3,283</b>	<b>830</b>	<b>1,320</b>	<b>(1,628)</b>
Profit (loss) for the year:				
- Attributable to owners of the parent	1,654	430	723	(884)
- Attributable to non-controlling interest	1,618	420	597	(731)
Other comprehensive for the year:				
- Attributable to owners of the parent	6	(10)	-	(7)
- Attributable to non-controlling interest	5	(10)	-	(6)
	<b>3,283</b>	<b>830</b>	<b>1,320</b>	<b>(1,628)</b>
Cash flows from operating activities	4,899	(71)	4,913	4,222
Cash flows from investing activities	213	(301)	(5,183)	(7,141)
Cash flows from financing activities	(861)	369	280	2,922
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,251</b>	<b>(3)</b>	<b>10</b>	<b>3</b>

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**20 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.

***Business segments***

The Group comprises the following main business segments:

<i>Cement-Building Materials Business</i>	Manufacture and distribute of grey cement, ready-mixed concrete, white cement, dry mortar, roof tiles, ceiling & wall board, wood substitute, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings. Distribution of cement, building and decorative products through distributors including logistics, delivery services, import and export services.
<i>Chemicals Business</i>	Manufacture and sale of olefins, polyolefins and other chemical products.
<i>Packaging Business (SCGP)</i>	Comprehensive packaging solutions providers comprising of two main operating businesses (1) Integrated Packaging Chain; fiber-based packaging, packaging paper and performance and polymer packaging; and (2) Fibrous Chain; foodservice products, pulp and paper products comprising mainly printing and writing paper, and pulp.
<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.

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Information relating to business segments for years ended 31 December was as follows:

	Total assets		Revenue from sales		EBITDA (1)	
	2020	2019	2020	2019	2020	2019
	<i>(in million Baht)</i>					
Consolidated SCG	749,381	634,733	399,939	437,980	74,600	75,105
<b><i>Business Segments</i></b>						
Cement-Building Materials Business	212,615	211,573	171,720	184,690	21,591	21,009
Chemicals Business	283,614	230,543	146,870	177,634	30,965	32,262
Packaging Business	172,429	139,513	92,786	89,070	16,884	15,159
Other	318,831	307,424	122	117	5,462	6,711

	Profit		Depreciation and	
	for the year (2)		amortization	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Consolidated SCG	34,144	32,014	27,377	23,931
<b><i>Business Segments</i></b>				
Cement-Building Materials Business	6,422	5,455	12,117	10,496
Chemicals Business	17,667	15,480	7,441	6,679
Packaging Business	6,457	5,268	7,183	5,991
Other	3,862	5,861	866	765

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

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

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*Operating results of business segments*

	Cement-Building Materials Business		Chemicals Business		Packaging Business	
	2020	2019	2020	2019	2020	2019
	(in million Baht)					
<i>Information from statements of financial position</i>						
Current assets	58,655	59,539	55,275	49,258	62,919	35,383
Investments in joint ventures and associates	19,584	18,928	50,523	50,108	823	771
Property, plant and equipment	106,902	105,815	168,249	115,513	87,271	82,864
Other non-current assets	27,474	27,291	9,567	15,664	21,416	20,495
<b>Total assets</b>	<b>212,615</b>	<b>211,573</b>	<b>283,614</b>	<b>230,543</b>	<b>172,429</b>	<b>139,513</b>
Short-term borrowings	58,134	67,417	49,387	27,564	31,809	43,230
Other current liabilities	19,976	22,164	39,134	26,776	11,428	10,784
Long-term borrowings	5,204	926	32,535	17,962	13,119	16,354
Other non-current liabilities	8,134	7,977	4,046	4,062	6,232	6,329
Total liabilities	91,448	98,484	125,102	76,364	62,588	76,697
Shareholders' equity	121,167	113,089	158,512	154,179	109,841	62,816
<b>Total liabilities and shareholders' equity</b>	<b>212,615</b>	<b>211,573</b>	<b>283,614</b>	<b>230,543</b>	<b>172,429</b>	<b>139,513</b>
<i>Supplementary information</i>						
Increase in non-current assets	10,030	9,380	52,521	45,330	11,201	47,273

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	Other		Intersegment Elimination		Consolidated SCG	
	2020	2019	2020	2019	2020	2019
	(in million Baht)					
<b>Information from statements of financial position</b>						
Current assets	144,463	145,342	(107,295)	(125,136)	214,017	164,386
Investments in joint ventures and associates	26,455	24,553	(10)	(8)	97,375	94,352
Property, plant and equipment	2,607	2,657	(1,604)	(863)	363,425	305,986
Other non-current assets	145,306	134,872	(129,199)	(128,313)	74,564	70,009
<b>Total assets</b>	<b>318,831</b>	<b>307,424</b>	<b>(238,108)</b>	<b>(254,320)</b>	<b>749,381</b>	<b>634,733</b>
Short-term borrowings	50,884	50,485	(99,286)	(116,644)	90,928	72,052
Other current liabilities	2,363	2,414	(2,408)	(2,685)	70,493	59,453
Long-term borrowings	124,768	124,752	(5,190)	(4,633)	170,436	155,361
Other non-current liabilities	3,643	2,557	(657)	(801)	21,398	20,124
Total liabilities	181,658	180,208	(107,541)	(124,763)	353,255	306,990
Shareholders' equity	137,173	127,216	(130,567)	(129,557)	396,126	327,743
<b>Total liabilities and shareholders' equity</b>	<b>318,831</b>	<b>307,424</b>	<b>(238,108)</b>	<b>(254,320)</b>	<b>749,381</b>	<b>634,733</b>
<b>Supplementary information</b>						
Increase in non-current assets	296	524	-	-	74,048	102,507



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	Cement-Building					
	Materials Business		Chemicals Business		Packaging Business	
	2020	2019	2020	2019	2020	2019
	(in million Baht)					
<b>Information from</b>						
<b>income statements</b>						
Revenue from sales						
External customers	162,959	174,540	146,118	176,942	90,740	86,381
Intersegment	8,761	10,150	752	692	2,046	2,689
Total revenue from sales	171,720	184,690	146,870	177,634	92,786	89,070
Cost of sales	(130,955)	(146,001)	(117,279)	(151,722)	(73,333)	(71,651)
Gross profit	40,765	38,689	29,591	25,912	19,453	17,419
Other income	2,446	2,371	1,981	1,928	603	964
Profit before expenses	43,211	41,060	31,572	27,840	20,056	18,383
Operating expenses	(34,260)	(32,255)	(12,481)	(15,030)	(10,363)	(9,754)
Profit before finance costs						
and income tax	8,951	8,805	19,091	12,810	9,693	8,629
Finance costs	(2,268)	(2,648)	(908)	(787)	(1,452)	(1,742)
Profit before income tax	6,683	6,157	18,183	12,023	8,241	6,887
Tax expense	(1,490)	(1,605)	(3,311)	(3,304)	(1,001)	(1,049)
Profit after income tax	5,193	4,552	14,872	8,719	7,240	5,838
Share of profit of joint ventures						
and associates accounted for						
using equity method	1,012	947	5,033	7,225	66	53
<b>Profit for the year</b>	<b>6,205</b>	<b>5,499</b>	<b>19,905</b>	<b>15,944</b>	<b>7,306</b>	<b>5,891</b>
Profit (loss) attributable to:						
<b>Owners of the parent</b>	<b>6,422</b>	<b>5,455</b>	<b>17,667</b>	<b>15,480</b>	<b>6,457</b>	<b>5,268</b>
Non-controlling interests	(217)	44	2,238	464	849	623
	6,205	5,499	19,905	15,944	7,306	5,891

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	Other		Intersegment Elimination		Consolidated SCG	
	2020	2019	2020	2019	2020	2019
	<i>(in million Baht)</i>					
<b>Information from</b>						
<b>income statements</b>						
Revenue from sales						
External customers	122	117	-	-	399,939	437,980
Intersegment	-	-	(11,559)	(13,531)	-	-
Total revenue from sales	122	117	(11,559)	(13,531)	399,939	437,980
Cost of sales	(87)	(86)	11,707	13,708	(309,947)	(355,752)
Gross profit	35	31	148	177	89,992	82,228
Other income	8,965	10,544	(6,717)	(6,815)	7,278	8,992
Profit before expenses	9,000	10,575	(6,569)	(6,638)	97,270	91,220
Operating expenses	(5,928)	(6,464)	6,497	6,601	(56,535)	(56,902)
Profit before finance costs						
and income tax	3,072	4,111	(72)	(37)	40,735	34,318
Finance costs	(2,551)	(1,447)	97	37	(7,082)	(6,587)
Profit before income tax	521	2,664	25	-	33,653	27,731
Tax expense	(5)	(209)	(2)	-	(5,809)	(6,167)
Profit after income tax	516	2,455	23	-	27,844	21,564
Share of profit of						
joint ventures and associates						
accounted for using equity method	3,346	3,407	(1)	-	9,456	11,632
<b>Profit for the year</b>	<b>3,862</b>	<b>5,862</b>	<b>22</b>	<b>-</b>	<b>37,300</b>	<b>33,196</b>
Profit attributable to:						
<b>Owners of the parent</b>	<b>3,862</b>	<b>5,861</b>	<b>(264)</b>	<b>(50)</b>	<b>34,144</b>	<b>32,014</b>
Non-controlling interests	-	1	286	50	3,156	1,182
	<u>3,862</u>	<u>5,862</u>	<u>22</u>	<u>-</u>	<u>37,300</u>	<u>33,196</u>

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***Geographical segment***

The Group has expanded its investment and operating in foreign countries. All significant revenue from sales and non-current assets on the basis of geography is presented in this information. Segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

***Geographical segment information***

	Revenue from sales		Non-current assets	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Thailand	231,220	260,008	228,614	216,765
Vietnam	35,795	39,463	111,308	69,183
Indonesia	30,505	35,031	38,647	39,871
China	21,743	20,412	8	1
Others	80,676	83,066	32,005	27,844
<b>Total</b>	<b>399,939</b>	<b>437,980</b>	<b>410,582</b>	<b>353,664</b>

***Major customer***

The Group has no revenue from one customer for the amount over 10% of the Group's total revenue from sales.

**21 Other income**

	2020	2019
	<i>(in million Baht)</i>	
Management fee income	1,737	1,834
Interest income from financial institutions	1,225	1,037
Gain on financial instruments measured at fair value	683	-
Dividend income from other companies	670	1,890
Gain on disposals of scrap and others	471	461
Gain on sales of investments	249	59
Rental income and royalty fee income	207	200
Gain on sales of fixed assets	107	326
Gain on exchange rate	-	1,582
Others	1,929	1,603
<b>Total</b>	<b>7,278</b>	<b>8,992</b>

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**22 Distribution costs**

	2020	2019
	<i>(in million Baht)</i>	
Freight	13,226	11,273
Salary, welfare and personnel expenses	5,701	6,098
Sales promotion and advertising expenses	1,998	2,067
Depreciation and amortization expenses	671	356
Commission expenses	532	497
Rental expenses	182	639
Others	1,781	1,975
<b>Total</b>	<b>24,091</b>	<b>22,905</b>

**23 Administrative expenses**

	2020	2019
	<i>(in million Baht)</i>	
Salary, welfare and personnel expenses	18,179	18,263
Depreciation and amortization expenses	2,598	1,710
IT fees and outside wages	2,116	1,976
Idle capacity costs	1,138	1,187
Professional fees	1,026	996
Tax license fees and others	891	1,005
Publication and donation	640	867
Others	2,136	2,862
<b>Total</b>	<b>28,724</b>	<b>28,866</b>

**24 Employee benefit expenses**

	2020	2019
	<i>(in million Baht)</i>	
Salaries and wages	38,643	36,751
Welfares and others	3,772	4,865
Contribution to defined contribution plans	2,153	2,156
Contribution to defined benefit plans	1,311	1,208
Early retirement expenses	917	621
Employee benefit expense from the amended severance pay of the Labor Law	-	2,538
<b>Total</b>	<b>46,796</b>	<b>48,139</b>

The Group has provident fund plans to provide retirement and gratuity benefits to employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment.

The defined contribution plans comprise provident funds established by the Group for its employees in addition to the above provident fund. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Company at 5% to 13% of the members' basic salaries, depending on the length of employment

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**25 Income tax**

***Income tax recognized in profit or loss***

	Note	2020 (in million Baht)	2019
<b>Current tax</b>			
Current tax		6,939	5,346
Under provided in prior years		43	156
		<u>6,982</u>	<u>5,502</u>
<b>Deferred tax</b>			
Movement in temporary differences	14	(1,173)	665
<b>Total</b>		<u>5,809</u>	<u>6,167</u>

***Income tax recognized in other comprehensive income***

	Note	2020 (in million Baht)	2019
Gains on measurement of financial assets		6	8
Gains on investments in equity instruments measured at fair value		13	-
Defined benefit plan actuarial losses		(33)	(257)
<b>Total</b>	14	<u>(14)</u>	<u>(249)</u>

***Reconciliation of effective tax rate***

For the years ended 31 December 2020 and 2019, the Group's effective tax rate is not equal to the statutory tax rate of 20% under the Revenue Code because income tax expense is calculated from accounting profit adjusted by non-deductible expenses, deducted income or expense exemption under the Revenue Code and utilized the tax losses carried forward from prior years and also had the exemption from payment of corporate income tax on the net profit derived from the promoted business.

		2020 Rate (%)	(in million Baht)	2019 Rate (%)	(in million Baht)
Profit before income tax expense			43,109		39,363
Share of profit of associates and joint ventures			(9,456)		(11,632)
			<u>33,653</u>		<u>27,731</u>
Income tax using the Thai corporation tax rate	20		6,731	20	5,546
Effect of different tax rates in foreign jurisdictions			(70)		(43)
Income not subject to tax			(355)		(432)
Tax privileges			(977)		(1,179)
Expenses deductible at a greater amount			(391)		(623)
Expenses not deductible for tax purposes and others			1,528		1,596
Tax losses increase			473		481
<b>Current tax</b>			<u>6,939</u>		<u>5,346</u>
Under provided in prior years			43		156
Movement in temporary differences			(1,173)		665
<b>Income tax expense</b>	17		<u>5,809</u>	22	<u>6,167</u>

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**26 Dividends**

On 18 March 2020, the meeting of the Board of Directors passed a resolution to postpone the 2020 Annual General Meeting of Shareholders of the Company which was scheduled on 1 April 2020 due to the situation of the COVID-19 outbreak and approved the interim dividend payment from the Company's profit as of 31 December 2019 instead of the annual dividend payment which was planned to propose to this Annual General Meeting of Shareholders of the Company for their consideration.

The dividends paid by the Company to the shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2020</i>				
Interim dividend 2019	18 March 2020	17 April 2020	7.00	8,398
Interim dividend 2020	29 July 2020	28 August 2020	5.50	6,600
<b>Total</b>			<b>12.50</b>	<b>14,998</b>
<i>2019</i>				
Annual dividend 2018	27 March 2019	19 April 2019	9.50	11,400
Interim dividend 2019	26 July 2019	23 August 2019	7.00	8,399
<b>Total</b>			<b>16.50</b>	<b>19,799</b>



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Disclosure of the fair value of financial assets and liabilities applicable before 1 January 2020

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>At 31 December 2019</b>					
<b>Financial assets and financial liabilities</b>					
Investment in debt instruments					
- Fund					
- Short term	9,437	-	9,437	-	9,437
- Long term	1,508	-	1,508	-	1,508
Forward exchange contracts	-	-	10	-	10
Commodity contracts	-	-	37	-	37
Investment in equity instrument	4,173	2	-	12,162	12,164
Debentures	174,683	-	179,309	-	179,309

As at 31 December 2020, investments in debt instruments measured at FVOCI are mainly in private funds which invested by 3 independent assets management companies have invested in debt instruments which had high liquidity and rating as investment grade with return rates from 0.35% to 2.02% per annum (2019: from 1.12% to 1.95% per annum).

**Financial instruments measured at fair value**

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.
- Level 3: inputs are unobservable inputs for the asset or liability.

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 financial instrument at the measurement date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

The fair values of forward exchange contracts and commodity contracts were calculated using the rates initially quoted by the Group's bankers which were based on market conditions existing at the end of the reporting period to reflect current fair values of the contracts.

The Group determined Level 3 fair values for investments in equity instruments which is not actively traded in market. The fair value of the investment was then determined using a valuation technique that used significantly unobservable input such as the latest reporting net assets adjusted by relevant factors because the investments were not listed on Stock Exchange, and there were no recent observable arm's length transactions.



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**(b) Financial risk management policies**

***Risk management framework***

The Group's Finance Committee has responsibility for the establishment of financial risk management policies and guidelines including foreign currency risk related to capital expenditures, investment borrowing, deposit and international trade transaction. This also includes establishing policies and overseeing the process of financial derivatives and cash management for efficiency of the Group's financial operation under risk appetite and consistent practice. The policies are appropriately reviewed to the changing situation. The Group's Finance Committee monitors financial status and reports regularly to the Group's Management Committee.

**(1) Credit risk**

Credit risk is the risk of Group's financial loss if a customer or a financial counterparty fails to meet its contractual obligations.

**(1.1) Cash and cash equivalent and derivatives**

The Group's exposure to credit risk arising from cash and cash equivalents and derivatives is limited because the counterparties are banks and financial institutions with high credibility for which the Group considers having low credit risk.

**(1.2) Investment in debt instruments**

The Group's exposure to credit risk is limited by investing only in high liquidity and credibility debt instruments.

**(1.3) Trade accounts receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before credit limit, credit term and payment conditions are offered. In case of sales exceeding the limits, it must be approval by authorized person.

The following table provides information about the exposure to credit risk and expected credit loss for trade accounts receivables;

	<i>Note</i>	2020	2019
		<i>(in million Baht)</i>	
<b><i>As at 31 December</i></b>			
<b><i>Trade receivables</i></b>			
Related parties	6	<b>4,356</b>	<b>4,105</b>
Other companies		38,075	40,752
Less allowance for expected credit loss		(1,550)	(1,253)
<b>Net</b>		<b>36,525</b>	<b>39,499</b>

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	2020	2019
	(in million Baht)	
<b><i>For the years ended 31 December</i></b>		
Expected credit loss	(427)	(322)
Reversal of expected credit loss	76	86
	2020	2019
	(in million Baht)	
<b><i>As at 31 December</i></b>		
<b><i>Trade receivables</i></b>		
<b>Related parties</b>		
Within credit terms	4,255	3,960
Overdue:		
Less than 1 month	73	78
1 - 3 months	14	65
Over 3 - 12 months	14	2
<b>Total</b>	<b>4,356</b>	<b>4,105</b>
<b>Other companies</b>		
Within credit terms	29,584	33,663
Overdue:		
Less than 1 month	3,944	3,357
1 - 3 months	2,053	1,372
Over 3 - 12 months	795	729
Over 12 months	1,699	1,631
	38,075	40,752
<i>Less allowance for expected credit loss</i>	(1,550)	(1,253)
<b>Net</b>	<b>36,525</b>	<b>39,499</b>
<b>Total</b>	<b>40,881</b>	<b>43,604</b>

Loss rates are based on actual credit loss experience over the past three years, current economics condition and the Group's view of economic conditions over the expected life of the receivables.

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

***Movement of allowance for expected credit loss of trade accounts receivables***

	<i>(in million Baht)</i>
At 31 December 2019 - as reported	1,253
Impact of changes in accounting policies	13
<b>At 1 January 2020</b>	<b>1,266</b>
Addition	427
Reversal	(76)
Write-off	(67)
<b>At 31 December 2020</b>	<b>1,550</b>

As at 31 December 2020, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 3,503 million (2019: Baht 1,275 million).

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**(2) Liquidity risk**

The Group oversees its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management for the Group's operations including payment of liabilities that are due and to mitigate the risk from the lack of future liquidity.

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

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in million Baht)</i>					
<b>Year 2020</b>					
<b>Current</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.55 - 7.50 MMR / MLR minus 1.00 Cost of fund plus (0.50 - 2.50) LIBOR plus (0.75 - 1.50) JIBOR plus (0.75 - 1.50)	21,510	-	-	21,510
Short-term borrowings	1.05 , 3.15	510	-	-	510
Long-term borrowings from financial institutions	2.36 - 10.90 MLR minus (1.50 - 2.75) LIBOR plus (1.25 - 1.75) JIBOR plus 1.15 VNIBOR plus 0.50 Cost of fund plus 0.65	16,649	-	-	16,649
Lease liabilities	1.20 - 15.00	2,699	-	-	2,699
Debentures	3.05 - 3.25	49,933	-	-	49,933
<b>Non-current</b>					
Long-term borrowings from financial institutions	2.36 - 10.90 MLR minus (1.50 - 2.75) LIBOR plus (1.25 - 2.50) JIBOR plus 1.15 VNIBOR plus 0.50 Cost of fund plus (0.60 - 3.78) THBFIX plus (1.01 - 1.10)	-	22,511	13,369	35,880
Lease liabilities	1.20 - 15.00	-	5,835	7,205	13,040
Debentures	2.80 - 3.10	-	124,673	-	124,673
<b>Total</b>		<b>91,301</b>	<b>153,019</b>	<b>20,574</b>	<b>264,894</b>
Less deferred interest - lease liabilities					(3,530)
<b>Net</b>					<b>261,364</b>

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	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>Year 2019</b>					
<b>Current</b>					
Bank overdrafts and short-term borrowings from financial institutions	1.28 - 9.50 MMR / MLR minus 0.50 Cost of fund plus (0.50 - 2.50) LIBOR plus (1.25 - 3.00)	18,797	-	-	18,797
Short-term borrowings	1.80 , 3.50	470	-	-	470
Long-term borrowings from financial institutions	4.00 - 10.90 MLR minus (1.00 - 2.75) VNIBOR plus 0.50 LIBOR plus (0.70 - 3.75) Cost of fund plus (0.65 - 2.00)	2,706	-	-	2,706
Finance lease liabilities	3.78 - 15.00	144	-	-	144
Debentures	3.00	49,935	-	-	49,935
<b>Non-current</b>					
Long-term borrowings from financial institutions	2.34 - 10.90 MLR minus (1.00 - 2.75) VNIBOR plus 0.50 LIBOR plus (0.70 - 3.75) THBFIX plus (1.01 - 1.10) Cost of fund plus (0.65 - 4.35)	-	21,366	9,074	30,440
Finance lease liabilities	3.78 - 15.00	-	173	-	173
Debentures	2.97 - 3.25	-	124,748	-	124,748
<b>Total</b>		<b>72,052</b>	<b>146,287</b>	<b>9,074</b>	<b>227,413</b>

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**(3) Market risk**

The Group is exposed to risks from changes in interest rates and currency exchange rates. The Group does not hold or issue derivatives for speculative or trading purposes.

**(3.1) Foreign currency risk**

Foreign exchange risk arises from the fluctuation of foreign exchange rate.

The Group is exposed to foreign exchange risk arisen from the fluctuation of foreign exchange rate from purchases, sales, payment of machines and equipment and other receipt and payment which are denominated in foreign currencies. The Group manage that risk by entering forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December 2020, the Group's exposure to significant foreign currency risk from foreign currency assets and liabilities are as follows:

	US Dollars	Vietnamese Dong
	(in million Baht)	
Trade and other receivables	4,881	1,084
Interest-bearing liabilities	(5,691)	(5)
Trade and other payables	(6,686)	(10,179)
<b>Net statement of financial position exposure</b>	<b>(7,496)</b>	<b>(9,100)</b>
Forward exchange purchase contracts	10,716	-
Forward exchange selling contracts	(5,830)	-
<b>Net exposure</b>	<b>(2,610)</b>	<b>(9,100)</b>

*Cross currency swap*

The Group has entered into cross currency swap contracts with a foreign bank to hedge against the risk arisen from payment on long-term loan of US Dollars 75 million or equivalent to approximately Baht 2,260 million whereby, exchanging currency from US Dollars to functional currency. These contracts will be due within January 2027.

*Sensitivity analysis*

A reasonably possible strengthening (weakening) of the US Dollars or Vietnamese Dong against functional currency at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant and ignores any impact of future sales and purchases.

<b>At 31 December 2020</b>	<b>Movement (%)</b>	<b>Profit or loss</b>	
		<b>Strengthening</b>	<b>Weakening</b>
		<i>(in million Baht)</i>	
US Dollars	1	33	(33)
Vietnamese Dong	1	91	(91)

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As at 31 December 2019, the Group had forward exchange purchase contract of Baht 9,306 million and forward exchange selling contract of Baht 14,964 million, mostly closing risk in US Dollars.

(3.2) Interest rate risk

Interest rate risk is the risk caused from future movements in market interest rates will affect the results of the Group's operations and its cash flows certainty. The Group is exposed to interest rate risk which mainly came from its borrowings from financial institution. The Group mitigates this risk by entering into interest rate swap contracts in order to manage exposure to fluctuations in interest rates on specific borrowings.

***Exposure to interest rate risk at 31 December 2020***

	<i>(in million Baht)</i>
<b><i>Financial instruments with variable interest rates</i></b>	
Financial assets	337
Financial liabilities	(48,367)
	<b>(48,030)</b>
Interest rate swaps contracts	3,260
	<b>(44,770)</b>

***Interest rate swap contract***

The Group has entered into interest rate swap contracts with local banks to hedge against the risk of interest on loans of Baht 1,000 million, whereby exchanging floating interest rates based on THBFIX with fixed interest rates 1.50% per annum. These contracts will be gradually due within February 2027.

The Group has entered into interest rate swap contracts with a foreign bank to hedge against the risk of interest on long-term loans of US Dollars 75 million or equivalent to approximately Baht 2,260 million, whereby exchanging floating interest rates based on LIBOR with fixed interest rates at 0.27% per year. These contracts will be due within January 2027.

***Cash flow sensitivity analysis for variable-rate financial instruments***

A reasonable possible change of 1% in interest rates at the reporting date would have profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	1% increase in interest rate	1% decrease in interest rate
<b><i>At 31 December 2020</i></b>		
	<i>(in million Baht)</i>	
Financial instruments with variable interest rate	(480)	480
Interest rate swaps	32	(32)
<b>Cash flow sensitivity (net)</b>	<b>(448)</b>	<b>448</b>

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**28 Commitments and contingent liabilities**

As at 31 December, the Group had:

	2020	2019
	<i>(in million Baht)</i>	
(a) Guarantees on loans of non-consolidated related parties	198	264
(b) Bank guarantees issued by banks to government, state enterprises and private sectors	2,008	1,451
(c) Unused letters of credit	436	420
(d) Commitments		
- for purchase of raw material contracts	32,176	31,359
- for rental and service agreements	1,688	9,023
- for land purchase agreements, construction, installation of machinery contracts and others	38,936	75,934

Commitment for construction and installation of machinery contracts included engineering, procurement, construction of petrochemical complex in Vietnam and debottlenecking of olefins plant in Thailand amounting to US Dollars 744 million, Vietnamese Dong 7,584 billion and other currencies, total equivalent to approximately Baht 32,327 million.

- (e) 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.
- (f) During the year 2018, a subsidiary has entered into the contracts for purchasing raw materials and utilities from certain foreign companies with the supply period of 15 years. Both parties are obligated to supply and take such raw materials and utilities at the price, quantity and conditions specified in the contract.
- (g) 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

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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. In December 2018, the Company has filed a civil lawsuit against the ex-employee and Thailand Securities Depository Co., Ltd. for recourse. On 8 March 2019, the Central Labour Court has made the judgment ordering the ex-employee, the offender committed the tort, to compensate the Company in the amount of Baht 149 million together with the interest at the rate of 7.5% per annum. There was no appeal from both sides against the Central Labour Court's judgment, therefore, the judgment was final and it is currently under the civil execution procedure. For the court case for recourse Thailand Securities Depository Co., Ltd., the Civil Court has made the judgment on 4 December 2019 ordering Thailand Securities Depository Co., Ltd. to make the repayment to the Company in the amount of Baht 62.55 million together with the interest at the rate of 7.5% per annum. On 4 June 2020, Thailand Securities Depository Co., Ltd. has filed for an appeal against the Civil Court's judgment and on 6 August 2020, the Company has filed a counter appeal against the appeal of Thailand Securities Depository Co., Ltd. This case is now under the review of the Appeal Court.

## **29 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.

## **30 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.



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- (b) In October 2020, Mawlamyine Cement Limited (“MCL”), a joint venture company incorporated in Myanmar by Pacific Link Cement Industry Ltd. (“PLCI”), has temporary suspended its production due to lack of limestone, the main raw material for cement manufacturing process. The cause has occurred from the failure to amicably resolve dispute between SCG Cement and PLCI. SCG Cement has filed its claim to an arbitration pursuant to the Joint Venture Agreement with PLCI. This case has been currently considered by the arbitrator. PLCI has also filed a lawsuit against MCL to Myanmar court. This case has been currently considered by Myanmar court.

**31 Events after the reporting period**

- (a) As disclosed in note 2 (c), the Group has elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of coronavirus pandemic (COVID-19). The guidance expired on 31 December 2020. The Group recognized impact on termination of temporary accounting relief measures since 1 January 2021 that has no material effect on the consolidated financial statement of the Group.
- (b) On 2 November 2020, a subsidiary under Packaging Business has signed a share purchase agreement to acquire a 100% stake in Go-Pak UK Limited (“Go-Pak”), one of leading foodservice packaging solution providers in the UK, European and North American. On 13 January 2020, the business acquisition is completed. The payment is initiated by the first payment of GBP 77.5 million or equivalent to approximately Baht 3,180 million. The remaining payments will be based on Go-Pak’s incremental financial performance, which will range from GBP 30 to 56 million or equivalent to approximately Baht 1,230 to 2,300 million.

This acquisition of Go-Pak is an expansion of the Group’s foodservice packaging. The Group will consolidate assets, liabilities and operating results of Go-Pak in January 2021 onwards.

- (c) At the Board of Directors’ Meeting of the Company held on 27 January 2021, the directors approved the following matters:
- (1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2020 at the rate of Baht 14.00 per share, totaling approximately Baht 16,800 million. An interim dividend of Baht 5.50 per share was paid on 28 August 2020, as disclosed in note 26. The final dividend will be at the rate of Baht 8.50 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 10,200 million and is scheduled for payment on 23 April 2021. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 31 March 2021.
- (2) To issue debentures No.1/2021 on 1 April 2021, amount of Baht 15,000 million. Term of the new debenture is 4 years with fixed interest rate at 2.65% per annum and is to replace the debenture No.1/2017 amount of Baht 25,000 million to be retired for redemption.
- (d) SCG Packaging Public Company Limited (“SCGP”) is in the process of submitting an application to the Securities and Exchange Commission for the issuance and offering of the debentures No. 1/2021 which will be due in 2024 (SCGP24DA) with offering value not exceeding Baht 5,000 million and additional debentures up to Baht 500 million, with a term of 3 years and 8 months at a fixed interest rate of 2.65% per annum. SCGP will issue the debentures on 1 April 2021 and maturity on 1 December 2024. The issuance and offering of debentures is in accordance with the resolution of the Board of Directors’ Meeting of SCGP on 1 December 2020, under SCGP’s debenture scheme in 2021, with the total amount not exceeding Baht 40,000 million at any given moment.

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- (e) On 9 February 2021, SCGP has signed a share purchase agreement to acquire a 70% stake in Duy Tan Plastics Manufacturing Corporation (“Duy Tan”). The purchase will be through a newly established subsidiary under Packaging Business. The transaction is expected to be completed in the middle of 2021.

**32 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective**

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2021 and have not been adopted in the preparation of these consolidated financial statements because they are not yet effective. The Group has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.