

**SCG Ceramics Public Company Limited
and its Subsidiary**

Consolidated financial statements for the year ended 31 December 2018
and
Separate financial statements for the period
1 August 2018 (the date of amalgamation) to 31 December 2018
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of SCG Ceramics Public Company Limited

Opinion

I have audited the consolidated financial statements of SCG Ceramics Public Company Limited and its subsidiary (the "Group") and separate financial statements of SCG Ceramics Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated income statement for the year ended 31 December 2018 and the separate income statement for the period 1 August 2018 (the date of amalgamation) to 31 December 2018, the consolidated comprehensive income for the year ended 31 December 2018 and the separate comprehensive income for the period 1 August 2018 (the date of amalgamation) to 31 December 2018; the consolidated statements of changes in shareholders' equity and cash flows for the year ended 31 December 2018 and the separate statements of changes in shareholders' equity and cash flows for the period 1 August 2018 (the date of amalgamation) to 31 December 2018 and condensed notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, as at 31 December 2018, their consolidated financial performance and cash flows for the year then ended and the separated financial performance and cash flows for the period 1 August 2018 (the date of amalgamation) to 31 December 2018 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 and Separate Financial Statements* section of my report. I am independent of the Group and the Company 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 and separate 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 Matter

Key audit matter is the matter that, in my professional judgment, was of most significance in my audit of the consolidated and separate financial statements of the current period. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matter.

Valuation of inventories	
Refer to Notes 3 and 7 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
I focused on this area because inventories account is a significant balance and the Group's and the Company's market is mainly domestic which high price competition and there are some long-outstanding finished goods which may not be sold at the expected selling price. The Group's and the Company's accounting policy is to set-up allowance for decline in value of inventories at the lower of their cost and net realizable value and review the allowance for decline in value of inventories. Such reviews require high judgment of management level.	My audit procedures included inquiring the management who is responsible for this to obtain the the Group's and the Company's policy in relation to provisioning of inventory. I review the compliance with the Group's and the Company's policy and randomly test provision of inventories whether it is in accordance with the Group's and the Company's policy. In addition, my procedures included testing calculation of allowance for decline in value of inventory by comparing the cost of inventories against expected net realizable value from the selling price less selling expense.

Emphasis of matter

I draw attention to Note 1 to the consolidated and separate financial statements, the Company was established in accordance with the amalgamation resolution of five subsidiaries under The Siam Cement Public Company Limited. The amalgamation is considered as amalgamation under common control, accordingly, the consolidated financial statements are presented as if the amalgamation had been taken place since 1 January 2017. 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 financial statements and my auditor's report thereon.

My opinion on the 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 and separate financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and the Company'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 and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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
12 February 2019

SCG Ceramics Public Company Limited and its Subsidiary

Statement of financial position

As at 31 December 2018

Assets	Note	Consolidated financial statements		Separate financial statements
		2018	2017 <i>(in Baht)</i>	2018
Current assets				
Cash and cash equivalents	5	424,433,394	911,722,111	119,856,847
Trade and other current receivables	4, 6	1,352,137,559	1,574,733,533	1,348,724,540
Short-term loans	4	-	119,136,338	-
Inventories	7	2,898,357,304	2,961,127,333	2,544,045,939
Land developed held for sales	8	581,581,908	597,036,717	581,581,908
Other current assets		4,596,185	2,056,334	4,596,185
Total current assets		5,261,106,350	6,165,812,366	4,598,805,419
Non-current assets				
Other long-term investment	9	16,605,300	16,873,849	16,605,300
Investments in subsidiary	10	-	-	758,918,880
Other non-current receivables		162,506,934	150,764,797	162,506,934
Investment properties	11	402,830,154	407,700,996	400,579,759
Property, plant and equipment	12	5,570,221,540	5,748,521,725	5,113,986,660
Assets not used in operations	13	13,890,916	12,174,483	13,890,916
Goodwill		25,350,470	25,350,470	-
Intangible assets	14	114,626,238	62,510,806	113,561,721
Deferred tax assets	15	138,964,175	167,808,745	119,680,915
Other non-current assets		19,338,710	23,908,520	19,338,710
Total non-current assets		6,464,334,437	6,615,614,391	6,719,069,795
Total assets		11,725,440,787	12,781,426,757	11,317,875,214

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of financial position

As at 31 December 2018

Liabilities and shareholders' equity	<i>Note</i>	Consolidated financial statements		Separate
		2018	2017	financial statements 2018
			<i>(in Baht)</i>	
Current liabilities				
Bank overdrafts		-	2,908,145	-
Short-term borrowings from financial institutions	16	865,000,000	-	865,000,000
Trade and other current payables	4, 17	1,505,897,853	1,535,880,827	1,543,739,860
Short-term borrowings	4	-	844,393,903	-
Income tax payable		3,445,067	30,644,564	-
Current provisions for employee benefits		23,010,182	14,170,465	22,508,462
Total current liabilities		2,397,353,102	2,427,997,904	2,431,248,322
Non-current liabilities				
Non-current provisions for employee benefits	18	399,956,528	433,754,192	343,519,093
Other non-current provisions		16,429,926	17,698,431	6,276,227
Other non-current liabilities		2,385,831	1,053,637	2,385,831
Total non-current liabilities		418,772,285	452,506,260	352,181,151
Total liabilities		2,816,125,387	2,880,504,164	2,783,429,473

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of financial position

As at 31 December 2018

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate
		2018	2017	financial statements 2018
			(in Baht)	
Shareholders' equity				
Share capital				
<i>Authorised share capital</i>				
- Ordinary shares	19	5,962,621,233	5,962,621,233	5,962,621,233
<i>Issued and paid up share capital</i>				
- Ordinary shares	19	5,962,621,233	5,962,621,233	5,962,621,233
Ordinary shares held before amalgamation	1	-	(51,744,000)	-
Premium on ordinary shares	20	1,133,593,746	1,133,593,746	1,133,593,746
Premium on amalgamation under common control	1,20	211,060,278	-	274,225,379
Retained earnings				
<i>Appropriated</i>				
Legal reserve	20	206,907,164	200,150,248	206,907,164
<i>Unappropriated</i>				
		883,288,114	1,358,363,798	957,098,219
Other components of shareholders' equity	20	-	90,265	-
Total equity attributable to owners of the parent		8,397,470,535	8,603,075,290	8,534,445,741
Shareholders' equity before amalgamation		-	759,639,301	-
Non-controlling interests	21	511,844,865	538,208,002	-
Total shareholders' equity		8,909,315,400	9,900,922,593	8,534,445,741
Total liabilities and shareholders' equity		11,725,440,787	12,781,426,757	11,317,875,214

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of income

		Consolidated		Separate
		financial statements		financial statements
		For the year ended		For the period
		31 December		1 August 2018
	<i>Note</i>	2018	2017	(the date of amalgamation)
				to 31 December 2018
			<i>(in Baht)</i>	
Revenue from sales of goods	4	11,513,150,085	12,754,136,434	4,486,254,537
Revenue from sales of land		43,361,475	223,003,898	19,500,000
Cost of sales of goods	4, 7	(8,375,644,530)	(8,995,367,213)	(3,326,572,151)
Cost of sales of land		(17,281,933)	(97,215,423)	(4,841,629)
Gross profit		3,163,585,097	3,884,557,696	1,174,340,757
Other income	4	233,272,648	213,565,079	90,786,509
Profit before expenses		3,396,857,745	4,098,122,775	1,265,127,266
Distribution costs	23	(1,799,635,839)	(2,094,413,981)	(640,736,699)
Administrative expenses	24	(1,463,777,513)	(1,253,136,400)	(468,260,131)
Total expenses		(3,263,413,352)	(3,347,550,381)	(1,108,996,830)
Profit from operations		133,444,393	750,572,394	156,130,436
Finance costs		(25,200,003)	(36,648,620)	(7,214,368)
Profit before income tax		108,244,390	713,923,774	148,916,068
Tax expense	26	(82,750,490)	(107,947,770)	(21,289,212)
Profit for the year/ period		25,493,900	605,976,004	127,626,856
Profit (loss) attributable to				
Owners of the parent		(3,583,331)	541,166,965	127,626,856
Company in the Group before business restructuring		13,540,480	34,925,591	-
Non-controlling interests		15,536,751	29,883,448	-
		25,493,900	605,976,004	127,626,856
Basic earnings per share (in Baht)				
Attributable to owners of the parent	28	0.00	0.09	0.02

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of comprehensive income

		Consolidated		Separate
		financial statements		financial statements
		For the year ended		For the period
		31 December		1 August 2018
	<i>Note</i>	2018	2017	(the date of amalgamation)
			<i>(in Baht)</i>	to 31 December 2018
Profit for the year/ period		25,493,900	605,976,004	127,626,856
Other comprehensive income				
<i>Components of other comprehensive income that will be reclassified to profit or loss</i>				
Reversal of remeasuring investments held as available for sale		(90,265)	(1,795)	-
Total components of other comprehensive income that will be reclassified to profit or loss		(90,265)	(1,795)	-
<i>Components of other comprehensive income that will not be reclassified to profit or loss</i>				
Defined benefit plan actuarial gain (losses)	18	8,405,763	(9,220,429)	8,579,411
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	26	(1,681,152)	1,607,212	(1,715,882)
Total components of other comprehensive income that will not be reclassified to profit or loss		6,724,611	(7,613,217)	6,863,529
Other comprehensive income for the year / period, net of tax		6,634,346	(7,615,012)	6,863,529
Total comprehensive income for the year / period		32,128,246	598,360,992	134,490,385
Total comprehensive income attributable to				
Owners of the parent		2,047,590	534,927,331	134,490,385
Company in the Group before business restructuring		13,540,480	34,184,400	-
Non-controlling interests		16,540,176	29,249,261	-
		32,128,246	598,360,992	134,490,385

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of changes in equity

		Consolidated financial statements										
		<i>Other components of shareholders' equity</i>										
		<i>Retained earnings</i>					<i>Other comprehensive income</i>					
		Appropriated		Unappropriated			Investments held as available for sale		Total other components of shareholders' equity		Total equity attributable to owners of the parent	
		Issued and paid-up share capital	Ordinary shares held before amalgamation	Premium on ordinary shares	Legal reserve							
Note												
<i>(in Baht)</i>												
	Balance at 1 January 2017	5,962,621,233	(51,744,000)	1,133,593,746	189,779,798	1,071,206,572	92,060	92,060	8,305,549,409	747,009,901	527,403,741	9,579,963,051
	Transactions with owners, recorded directly in shareholders' equity											
	<i>Contributions by and distributions to owners of the parent</i>											
	Dividends	-	-	-	-	(237,401,450)	-	-	(237,401,450)	(21,555,000)	(18,445,000)	(277,401,450)
	<i>Total contributions by and distributions to owners of the parent</i>	-	-	-	-	(237,401,450)	-	-	(237,401,450)	(21,555,000)	(18,445,000)	(277,401,450)
	Total transactions with owners, recorded directly in shareholders' equity	-	-	-	-	(237,401,450)	-	-	(237,401,450)	(21,555,000)	(18,445,000)	(277,401,450)
	Comprehensive income for the period											
	Profit or loss	-	-	-	-	541,166,965	-	-	541,166,965	34,925,591	29,883,448	605,976,004
	Other comprehensive income	-	-	-	-	(6,237,839)	(1,795)	(1,795)	(6,239,634)	(741,191)	(634,187)	(7,615,012)
	Total comprehensive income for the period	-	-	-	-	534,929,126	(1,795)	(1,795)	534,927,331	34,184,400	29,249,261	598,360,992
	Transfer to legal reserve	-	-	-	10,370,450	(10,370,450)	-	-	-	-	-	-
	Balance at 31 December 2017	5,962,621,233	(51,744,000)	1,133,593,746	200,150,248	1,358,363,798	90,265	90,265	8,603,075,290	759,639,301	538,208,002	9,900,922,593

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of changes in equity

Consolidated financial statements														
	<i>Note</i>	Issued and paid-up share capital <i>(in Baht)</i>	Ordinary shares held before amalgamation	Premium on ordinary shares	Premium on amalgamation under common control	<u>Retained earnings</u>		Investments held as available for sale	Total other components of shareholders' equity	Total equity attributable to owners of the parent	Shareholders' equity before amalgamation	Non-controlling interests	Total shareholders' equity	
						Legal reserve	Unappropriated							Other comprehensive income
Balance at 1 January 2018		5,962,621,233	(51,744,000)	1,133,593,746	-	200,150,248	1,358,363,798	90,265	90,265	8,603,075,290	759,639,301	538,208,002	9,900,922,593	
Transactions with owners, recorded directly in shareholders' equity														
<i>Contributions by and distributions to owners of the parent</i>														
Dividends	29	-	-	-	-	-	(477,663,530)	-	-	(477,663,530)	(32,332,500)	(27,667,500)	(537,663,530)	
Total contributions by and distributions to owners of the parent		-	-	-	-	-	(477,663,530)	-	-	(477,663,530)	(32,332,500)	(27,667,500)	(537,663,530)	
<i>Changes in ownership interest in subsidiaries</i>														
Amalgamation	1	-	51,744,000	-	211,060,278	-	7,206,907	-	-	270,011,185	(740,847,281)	(15,235,813)	(486,071,909)	
Total changes in ownership interests in subsidiaries		-	51,744,000	-	211,060,278	-	7,206,907	-	-	270,011,185	(740,847,281)	(15,235,813)	(486,071,909)	
Total transactions with owners, recorded directly in shareholders' equity		-	51,744,000	-	211,060,278	-	(470,456,623)	-	-	(207,652,345)	(773,179,781)	(42,903,313)	(1,023,735,439)	
Comprehensive income for the period														
Profit or loss		-	-	-	-	-	(3,583,331)	-	-	(3,583,331)	13,540,480	15,536,751	25,493,900	
Other comprehensive income		-	-	-	-	-	5,721,186	(90,265)	(90,265)	5,630,921	-	1,003,425	6,634,346	
Total comprehensive income for the period		-	-	-	-	-	2,137,855	(90,265)	(90,265)	2,047,590	13,540,480	16,540,176	32,128,246	
Transfer to legal reserve	20	-	-	-	-	6,756,916	(6,756,916)	-	-	-	-	-	-	
Balance at 31 December 2018		5,962,621,233	-	1,133,593,746	211,060,278	206,907,164	883,288,114	-	-	8,397,470,535	-	511,844,865	8,909,315,400	

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of changes in equity

Separate financial statements

	Note	Separate financial statements				<u>Other components of shareholders' equity</u>			
		Issued and paid share capital (in Baht)	Premium on ordinary shares	Premium on amalgamation under common control	<u>Retained earnings</u>		<u>Other comprehensive income</u>		Total other components of shareholders' equity
					Legal reserve	Unappropriated	Investments held as available for sale	Total other components of shareholders' equity	
Balance at 1 January 2018		-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in shareholders' equity									
<i>Changes in ownership interests in subsidiaries</i>									
Amalgamation	1	5,962,621,233	1,133,593,746	274,225,379	200,525,821	828,989,177	-	-	8,399,955,356
<i>Total changes in ownership interests in subsidiaries</i>									
Total transactions with owners, recorded directly		5,962,621,233	1,133,593,746	274,225,379	200,525,821	828,989,177	-	-	8,399,955,356
Comprehensive income for the period									
Profit or loss		-	-	-	-	127,626,856	-	-	127,626,856
Other comprehensive income		-	-	-	-	6,863,529	-	-	6,863,529
Total comprehensive income for the period		-	-	-	-	134,490,385	-	-	134,490,385
Transfer to legal reserve	20	-	-	-	6,381,343	(6,381,343)	-	-	-
Balance at 31 December 2018		5,962,621,233	1,133,593,746	274,225,379	206,907,164	957,098,219	-	-	8,534,445,741

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of cash flows

	Consolidated		Separate
	financial statements		financial statements
	For the year ended 31 December		For the period 1 August 2018 (the date of amalgamation to 31 December 2018
	2018	2017	
	<i>(in Baht)</i>		
<i>Cash flows from operating activities</i>			
Profit for the year / period	25,493,900	605,976,004	127,626,856
<i>Adjustments for</i>			
Tax expense	82,750,490	107,947,770	21,289,212
Depreciation and amortization	596,061,846	665,100,262	215,702,558
Doubtful and bad debts expenses	20,891	395,077	-
Loss on allowance for decline in value and slow-moving of inventories	15,962,609	24,462,076	3,246,504
Employee mutual separation plan expense	8,059,239	-	-
Provisions for employee benefit	64,086,463	40,938,952	30,733,908
Loss on impairment and written-off of assets not used in operations	20,494,910	26,020,000	15,838,166
Loss on sales of investment	28,366	-	-
Loss on sales, impairment and written-off of property, plant and equipment	7,632,238	11,130,976	(925,577)
Unrealised loss (gain) on exchange	(1,932,997)	(1,433,358)	3,520,016
Finance costs	25,200,003	36,648,620	7,214,368
Interest income	(4,351,849)	(5,278,731)	(228,265)
Cash flows generated from operations			
before changes in operating assets and liabilities	839,506,109	1,511,907,648	424,017,746
<i>Decrease (increase) in operating assets</i>			
Trade and other current receivables	221,092,065	106,343,844	352,431,444
Inventories	46,807,420	143,021,024	15,057,058
Land developed held for sales	15,454,809	61,980,906	4,274,629
Refundable value-added tax			
Other current assets	2,953,346	14,731,624	2,204,610
Other non-current assets	(7,209,030)	8,084,894	(24,206,214)
Net decrease in operating assets	279,098,610	334,162,292	349,761,527
<i>Increase (decrease) in operating liabilities</i>			
Trade and other current payables	(5,487,833)	(234,059,677)	(62,329,572)
Employee mutual separation plan expense	-	-	(245,451,057)
Provisions for employee benefit	(88,697,886)	(37,917,721)	(29,456,468)
Other non-current liabilities	63,689	(1,970,618)	2,099,354
Net decrease in operating liabilities	(94,122,030)	(273,948,016)	(335,137,743)

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

SCG Ceramics Public Company Limited and its Subsidiary

Statement of cash flows

	Consolidated		Separate
	financial statements		financial statements
	For the year ended		For the period
	31 December		1 August 2018
	2018	2017	(the date of amalgamation to 31 December 2018)
	<i>(in Baht)</i>		
Net cash flows generated from operations	1,024,482,689	1,572,121,924	438,641,530
Income tax paid	(87,861,784)	(71,715,891)	(45,121,956)
Net cash flows provided by operating activities	936,620,905	1,500,406,033	393,519,574
<i>Cash flows from investing activities</i>			
Acquisition of property, plant and equipment and investment properties	(485,032,192)	(727,786,720)	(117,983,227)
Proceeds from sales of property, plant and equipment	5,412,908	5,131,119	2,172,330
Proceeds from sales of investment properties			
Acquisition of intangible assets	(35,279,526)	(1,076,876)	(9,389,793)
Acquisition of investments	(758,918,880)	(8,000)	-
Proceeds from sales of investments	240,491,069	-	-
Proceeds from short-term loans	119,136,338	-	-
Payments of short-term loans	-	(20,822,271)	-
Dividends received from shareholders before amalgamation	32,332,500	-	-
Interest received	4,355,167	5,278,789	228,265
Net cash flows used in investing activities	(877,502,616)	(739,283,959)	(124,972,425)
<i>Cash flows from financing activities</i>			
Proceeds from (payment of) bank overdrafts and short-term borrowings from financial institutions	862,091,855	(11,651,630)	(757,000,338)
Payment of short-term borrowings	(844,393,903)	(97,253,951)	-
Net increase (decrease) in borrowings	17,697,952	(108,905,581)	(757,000,338)
Dividends paid			
Dividends paid to owners of the parent	(477,663,530)	(237,401,450)	-
Dividend paid to shareholders before amalgamation	(32,332,500)	(21,556,000)	-
Dividends paid to non-controlling interests	(27,667,500)	(18,444,000)	-
Total dividends paid	(537,663,530)	(277,401,450)	-
Interest paid	(26,441,428)	(36,648,620)	(7,000,752)
Net cash flows used in financing activities	(546,407,006)	(422,955,651)	(764,001,090)
Net increase (decrease) in cash and cash equivalents	(487,288,717)	338,166,423	(495,453,941)
Cash and cash equivalents at beginning of the period	911,722,111	573,555,688	615,310,788
Cash and cash equivalents at end of the period	424,433,394	911,722,111	119,856,847
<i>Supplementary information for cash flows</i>			
Non-cash transactions			
Payables from purchase of property, plant and equipment	33,807,153	54,426,237	28,156,968

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

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The 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 12 February 2019.

1 Amalgamation and general information

SCG Ceramics Public Company Limited, the "Company", is incorporated in Thailand and has its registered offices at:

- Head office - 1 Siam Cement Road, Bangsue, Bangkok 10800 Thailand
- Factory - 61 Moo 1 Nong Khae Industrial Estate, Tambon Kokyae, Amphur Nongkhae, Saraburi 18230 Thailand
 - 33/1 Moo 2, Suvannasom road, Tambon Kokyae, Amphur Nongkhae, Saraburi 18230 Thailand
 - 40 Moo 2, Rim Klang Rapeepat road, Tambon Nhnog Piing, Amphur Nongkhae, Saraburi 18140 Thailand
 - 33/2 Moo 2, Rim Klang Rapeepat road, Tambon Nhnog Piing, Amphur Nongkhae, Saraburi 18140 Thailand

The principal activity is engaged in manufacturing and sales of ceramic floor tiles and wall tiles and industrial estate development.

The immediate and ultimate parent companies during the financial year were Cementhai Ceramic Co., Ltd. and The Siam Cement Public Company Limited, respectively. Both were incorporated in Thailand.

Details of the Company's subsidiary as at 31 December were as follows:

Name of the entity	Type of business	Country of incorporation /nationality	Ownership interest (%)	
			2018	2017
Sosuco Ceramic Co., Ltd.	manufacturing and sales of ceramic tiles	Thailand	53.89	53.89*

*Regarding of amalgamation under common control, the consolidated financial statements are prepared on a basis in accordance with the pooling of interest method. The amalgamation is considered as amalgamation under common control, the Company has presented the consolidated financial statement as if the amalgamation had been taken place since 1 January 2017.

SCG Ceramics Public Company Limited "the Company" has established from amalgamation of 5 subsidiaries under The Siam Cement Public Company Limited which manufacture and sales of ceramic tiles in order to restructure for synergy and efficiency. The amalgamation is expected to serve an expansion of ceramic industry both domestic and export. The Company was registered in Thailand and was listed on the Stock Exchange of Thailand on 1 August 2018 (amalgamation date).

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The amalgamated companies are as follows;

Name of the entity	Type of business	Country of incorporation /nationality	Ownership interest	
			31 July 2018	31 December 2017 (%)
Thai Ceramic Co., Ltd.	Manufacturing and sales of ceramic tiles	Thailand	100	100
Gemago Co., Ltd.	Retails and Whole-sales of ceramic floor tiles and wall tiles and tiles' related products	Thailand	100	100
The Siam Ceramic Group Industries Co., Ltd.	Manufacturing and sales of ceramic tiles	Thailand	100	100
Sosuco and Group (2008) Co., Ltd.	Trading of ceramic floor tiles and wall tiles both domestic and export	Thailand	100*	90*
Thai-German Ceramic Industry Public Company Limited	Manufacturing and sales of ceramic floor tiles and wall tiles and industrial estate development.	Thailand	74.71	74.71

*In quarter 1 of 2018, the immediate company had purchased another 10% of non-controlling interests which made ownership interest of the immediate company be 100%.

The amalgamation was considered to be an amalgamation under common control of subsidiaries under The Siam Cement Public Company Limited. The consolidated financial statements are prepared on a basis in accordance with the pooling of interest method and the amalgamation is considered as amalgamation under common control. Under the accounting standards, the consolidated financial statements was presented as if the amalgamation had been taken place since 1 January 2017, even though, the relationship between the Company and its subsidiary is legally official afterwards, for the benefits of comparison. The Group has recognized assets and liabilities of the amalgamated companies at the book values presented in ultimate parent's consolidation financial statement of each company before the amalgamation including goodwill.

Significant transactions related to the restructure and amalgamation are as follows;

Restructure

- On 11 May 2018, Thai Ceramic Co., Ltd. acquired 53.9% of ordinary shares of Sosuco Ceramic Co., Ltd. from Cementhai Ceramic Co., Ltd. amounting to Baht 759 million resulting in discount on amalgamation under common control in the consolidated financial statements amounting to Baht 140 million.
- On 27 June 2018, Cementhai Ceramic Co., Ltd. acquired 9.8% of ordinary shares of The Siam Ceramic Group Industries Co., Ltd. which was ordinary shares held before the amalgamation amounting to Baht 52 million (presented as deducted transaction in the equity of consolidated financial statement for the year ended 31 December 2017) from Thai Ceramic Co., Ltd. amounting to Baht 241 million resulting in premium on amalgamation under common control in the consolidated financial statements and separate financial statements amounting to Baht 189 million.

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Amalgamation

- On 1 August 2018, the Company was established from amalgamation. Under the accounting standards, the Company is required to present the consolidated financial statements in order to reflect the economic substance of the companies under common control throughout the period as if the amalgamation had been taken place since 1 January 2017, resulting in shareholders' equity before amalgamation as at 1 January 2017 increased by Baht 747 million which comprises of retrospective adjustment before amalgamation as follows;

1. Shareholders' equity of Sosuco Ceramic Co., Ltd. as at 1 January 2017 in the proportion of 53.9% amounting to Baht 584 million which comprises of

- 1.1 Share capital of Baht 431 million
- 1.2 Legal reserve of Baht 43 million
- 1.3 Retained earnings of Baht 110 million

2. Difference between book value of the ultimate parent's consolidation financial statements of each company before the amalgamation and book value of their financial statements as at 1 January 2017 resulting in shareholders' equity before amalgamation increased by Baht 163 million and retained earnings in the consolidated financial statements and separated financial statements decreased by Baht 123 million and 67 million, respectively, details as below;

	Thai-German Ceramic Industry PCL. <i>(effect on separated financial statement)</i>	Sosuco Ceramic Co., Ltd. (Subsidiary)	Total <i>(effect on consolidated financial statements)</i> <i>(in thousand Baht)</i>
Book value of shareholders' equity of each company presented in ultimate parent's consolidation financial statement before the amalgamation	956,586	175,961	1,132,547
Book value of shareholders' equity of each company	1,023,400	231,792	1,255,192
Difference from adjustments resulting in			
- Premium on amalgamation under common control /Premium on shareholders' equity before amalgamation increased	(85,450)	(77,172)	(162,622)
- Assets used in operation increased	18,636	21,341	39,977
Retained earnings decreased	(66,814)	(55,831)	(122,645)

The amalgamation resulted in premium on amalgamation under common control in the separated financial statements increased by Baht 85 million and premium on shareholders' equity before amalgamation in the consolidated financial statements increased by Baht 163 million. Moreover, assets used in operation in separated financial statements and consolidated financial statements increased amounted to Baht 19 million and 40 million, respectively and retained earnings in separated financial statements and consolidated financial statements decreased amounted to Baht 67 million and 123 million, respectively.

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Therefore, the restructure and the amalgamation resulted in premium on amalgamation under common control in consolidation financial statements and separated financial statements increased by Baht 211 million and 274 million, respectively.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2018. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group and the Company.

In addition to the above new and revised TFRSs, the FAP has issued a number of new and revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2019 and 2020 and have not been adopted in the preparation of these consolidated and separate financial statements because they are not yet effective. The new and revised TFRSs are disclosed in note 33.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for defined benefit obligations in the statements of financial position. Defined benefit obligations are measured at the present value of non-current provisions for defined benefit plans.

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Group’s/Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgments

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

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

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

Note 15	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
Note 18	Measurement of non-current provisions for defined benefit plans - key actuarial assumptions

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Measurement of fair values

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

The Group and the Company have an established framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which these valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group and the Company 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 entity 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. derived from 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 and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 11 Investment properties

3 Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the "Group").

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Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Subsidiary

Subsidiary is entity 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.

(b) Foreign currencies

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Derivative financial instruments

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables and payables, long-term receivables, loans, investments, borrowings and debentures.

The Group and the Company operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Group and the Company 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.

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(c) 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.

(d) Trade and other receivables

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

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

Bad debts recovered are recognized in other income in profit or loss.

(e) Inventories

Inventories are measured at the lower of cost and net realisable 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.

(f) Land developed held for sales

Land developed held for sales is stated at cost which consists of cost of land, cost of development and direct related project cost less accumulated impairment losses.

(g) Investments

Investments in equity securities

Equity securities which are not marketable are stated at cost less any accumulated impairment losses.

Investment in subsidiary

Investment in subsidiary in the separate financial statements of the Company is accounted for using the cost method.

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(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are 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 properties includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment properties to a working condition for its intended use and capitalized borrowing costs of a qualifying asset.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each properties. The estimated useful lives are as follows:

Buildings and structures	10 - 30 years
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Reclassification to property, plant and equipment

When the use of an investment properties change that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(i) Property, plant and equipment

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and 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. Purchased 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 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.

Leased assets

Leases in terms of which the Group and the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is 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.

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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 the Company, 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.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 - 20	years
Buildings and building improvements	3 - 40	years
Machinery and equipment	2 - 20	years
Furniture and fixtures	2 - 40	years
Vehicles	4 - 10	years

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

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

(j) *Deferred mining costs*

Deferred mining costs are stated at cost less accumulated amortization and accumulated impairment losses. It is amortized according to quantity of reimbursement.

(k) *Intangible assets*

Intangible assets that are acquired by the Group and the Company, 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 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, 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.

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The estimated useful lives are as follows:

Software licenses	2 - 10 years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Impairment

The carrying amounts of the Group and the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is 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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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

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 accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.

(m) Trade and other payables

Trade and other payables are stated at cost.

(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 and the Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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The calculation of defined benefit obligations is performed annually 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 and the Company determine 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 and the Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group and the Company'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.

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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group and the Company have 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 cost.

(p) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates allowed by the entity.

Sale of goods and rendering of services

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Revenue from rendering of services is recognized as services are provided.

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Revenue from industrial estate development

Revenue is recognized in profit or loss when the right of land has been transferred.

Revenue from solar roof installation

Revenue from solar roof installation is recognized when services are provided based on the percentage of completion.

Interest income

Interest income is recognized in profit or loss as it accrues.

(q) Expenses

Operating leases

Payments made under operating leases 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 lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, 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.

Mutual separation plan expense

The Group and the Company offered certain qualifiable employees the option to take early retirement from the Group and the Company. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group and the Company record expenses on early retirement upon mutual acceptance.

(r) Income tax

Income tax expense for the year comprises current tax and deferred tax. Current tax 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 substantively 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 reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Group and the Company 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 and the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group and the Company believe 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 Company 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 subsidiary 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.

(s) ***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.

4 Related parties

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

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Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
The Siam Cement Public Company Limited	Thailand	Ultimate parent company
Cementhai Ceramic Co., Ltd.	Thailand	Immediate parent company
Sosuco Ceramic Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Building Materials Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Ceramic Roof Tile Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Fibre-Cement Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Mariwasa-Siam Ceramics, Inc.	Philippines	A subsidiary of The Siam Cement Public Company Limited
PT Kokoh Inti Arebama Tbk	Indonesia	A subsidiary of The Siam Cement Public Company Limited
PT Keramika Indonesia Assosiasi, Tbk.	Indonesia	A subsidiary of The Siam Cement Public Company Limited
PT KIA Keramik Mas	Indonesia	A subsidiary of The Siam Cement Public Company Limited
PT Surya Siam Keramik	Indonesia	A subsidiary of The Siam Cement Public Company Limited
Thai Containers Group Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Cement-Building Materials Company Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Concrete Products and Aggregate Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Cement Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Cement (Ta Luang) Co.,Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Cement (Kaeng Khoi) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG-Sekisui Sales Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Prime Trading, Import and Export One Member Limited Liability Company	Vietnam	A subsidiary of The Siam Cement Public Company Limited
SCG Experience Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Sanitary Ware Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Sanitary Fittings Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Logistics Management Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Texplore Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Noritake SCG Plaster Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Siam Global House Public Company Limited	Thailand	An associate of The Siam Cement Public Company Limited
Global House (Cambodia) Company Limited	Cambodia	An associate of The Siam Cement Public Company Limited
IT One Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited

The pricing policies for particular types of transactions are explained further below:

	Pricing policies
Sales of goods	Market price
Other income	Market price
Purchases of goods	Market price
Other expenses	Contractual price
Dividends	Announced rate

Significant transactions with related parties for the years ended 31 December 2018 and 2017 and for the period 1 August 2018 (the date of amalgamation) to 31 December 2018 were as follows:

	Consolidated financial statements		Separate financial statements
	for the years ended 31 December		for the period 1 August 2018 (the date of amalgamation) to 31 December 2018
	2018	2017	
	<i>(in thousand Baht)</i>		
<i>Ultimate parent</i>			
Sale of goods	447	748	447
Service expenses	121,377	231,176	32,158
<i>Parent</i>			
Sale of goods	-	80	-
Service expenses	121,957	244,181	22,390
Dividends	443,316	223,109	-
<i>Other related parties</i>			
Sale of goods	1,050,638	935,196	400,681
Purchases	498,360	507,335	191,049
Service expenses	401,140	379,445	147,502
Other income	69,203	34,340	41,399
Other expenses	33,241	-	10,172

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

Trade receivables

	Consolidated financial statements		Separate financial statements
	2018	2017	2018
	<i>(in thousand Baht)</i>		
Ultimate parent			
- The Siam Cement Public Company Limited	-	75	-
Parent			
- Cementhai Ceramic Co., Ltd.	-	27	-
Other related parties			
- Siam Global House Public Company Limited	46,370	5,995	46,370
- SCG Experience Co., Ltd.	9,206	13,677	9,206
- Global House (Cambodia) Company Limited	6,446	-	6,446
- Mariwasa-Siam Ceramics, Inc.	5,124	22,309	5,124
- SCG Cement-Building Materials Company Limited	903	5,808	903
- PT Kokoh Inti Arebama Tbk	645	44,338	645
- PT Surya Siam Keramik	-	3,354	-
- Others	3,819	5,198	3,819
Total	72,513	100,781	72,513

Other current receivables

	Consolidated financial statements		Separate financial statements
	2018	2017	2018
	<i>(in thousand Baht)</i>		
Ultimate parent			
- The Siam Cement Public Company Limited	12	59	12
Parent			
- Cementhai Ceramic Co., Ltd.	4,251	8,575	4,251
Other related parties			
- SCG-Sekisui Sales Co., Ltd.	1,623	59	1,623
- Siam Sanitary Ware Industry Co., Ltd.	1,355	1,602	1,355
- The Siam Sanitary Fittings Co., Ltd.	667	515	667
- SCG Cement-Building Materials Company Limited	639	3	639
- The Concrete Products and Aggregate Co., Ltd	508	116	508
- Thai Ceramic Roof Tile Co., Ltd.	257	79	247
- SCG Experience Co., Ltd.	234	266	234
- PT KIA Keramik Mas	215	1,424	215
- The Siam Fibre-Cement Co., Ltd.	96	204	96
- Others	868	2,483	2,248
Total	10,725	15,385	12,095

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Short-term loans

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Parent		
- Cementshai Ceramic Co., Ltd.	-	119,136

Movements for the year ended 31 December on loans to related parties were as follows:

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	119,136	98,314
Increase (decrease)	(119,136)	20,822
At 31 December	-	119,136

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Trade payables

	Consolidated financial statements		Separate financial statements
	2018	2017	2018
	<i>(in thousand Baht)</i>		
Other related parties			
- Sosuco Ceramic Co., Ltd.	-	-	174,156
- SCG Logistics Management Co., Ltd.	38,532	36,911	38,157
- Prime Trading, Import and Export One Member Limited Liability Company	22,793	25,116	22,793
- Thai Containers Group Co., Ltd.	11,572	15,679	6,467
- Noritake SCG Plaster Co., Ltd.	4,209	2,900	4,209
- The Siam Cement (Kaeng Khoi) Co., Ltd.	3,339	-	3,339
- SCG Cement Co., Ltd.	3,266	3,554	3,266
- PT Keramika Indonesia Assosiasi, Tbk.	2,134	2,367	2,134
- Others	3,871	2,833	3,872
Total	89,716	89,360	258,393

Other current payables

	Consolidated financial statements		Separate financial statements
	2018	2017	2018
	<i>(in thousand Baht)</i>		
Ultimate parent			
- The Siam Cement Public Company Limited Parent	19,330	44,622	15,601
- Cementsai Ceramic Co., Ltd.	14,537	26,473	12,257
Other related parties			
- Texplora Co., Ltd.	9,004	-	9,004
- SCG Cement-Building Materials Company Limited	8,509	19,635	7,854
- IT One Co., Ltd.	5,568	3,397	5,366
- SCG Cement Co., Ltd.	2,385	5	2,003
- The Siam Cement (Ta Luang) Co., Ltd.	2,132	1,528	2,132
- SCG Experience Co., Ltd.	1,189	1,218	1,189
- Others	3,958	1,099	4,588
Total	66,612	97,977	59,994

Short-term borrowings from related parties

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Parent		
- Cementsai Ceramic Co., Ltd.	-	844,394

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Movements for the year ended 31 December on short-term borrowings from related parties were as follows:

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	844,394	941,648
Decrease	(844,394)	(97,254)
At 31 December	-	844,394

Key management compensation

	Consolidated financial statements for year ended 31 December		Separate financial statements for the period 1 August 2018 (the date of amalgamation) to 31 December 2018
	2018	2017	
	<i>(in thousand Baht)</i>		
Short-term employee benefits	48,288	71,162	23,713
Long-term employee benefits	2	3	1
Post-employment benefits	6,724	4,036	4,645
Total	55,014	75,201	28,359

Management benefit expenses comprise of the remuneration paid to the directors of SCG Ceramics Public Company Limited and its subsidiary under the articles of the Group and the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements
	2018	2017	2018
	<i>(in thousand Baht)</i>		
Cash on hand	1,262	2,732	1,162
Cash at banks - current accounts	26,040	67,940	25,964
Cash at banks - savings accounts	397,131	841,050	92,731
Total	424,433	911,722	119,857

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6 Trade and other current receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements
		2018	2017	2018
		<i>(in thousand Baht)</i>		
<i>Trade receivables</i>				
Related parties	4	72,513	100,781	72,513
Other companies		1,170,233	1,351,970	1,170,103
<i>Less</i> allowance for doubtful accounts		(6,786)	(11,182)	(6,786)
Net		1,163,447	1,340,788	1,163,317
		1,235,960	1,441,569	1,235,830
<i>Other current receivables</i>				
Related parties	4	10,725	15,385	12,095
Other companies				
- Prepaid expenses		54,421	66,087	50,498
- Other and utility receivables		20,375	31,485	20,309
- Solar roof project receivable		11,924	-	11,924
- Revenue department receivables		5,824	5,884	5,824
- Others		12,909	14,323	12,245
		105,453	117,779	100,800
		116,178	133,164	112,894
Total trade and other current receivables		1,352,138	1,574,733	1,348,724
				Separate financial statements
				for the period
				1 August 2018
				(the date of
				amalgamation) to
				31 December 2018
		2018	2017	
		<i>(in thousand Baht)</i>		
Doubtful debts		-	(157)	-
Bad debts written off		1,699	18	-
Bad debts recovery		2,697	22	2,686
Total		4,396	(117)	2,686

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Aging analyses for trade receivables were as follows:

	<i>Note</i>	Consolidated financial statements 2018	2017 <i>(in thousand Baht)</i>	Separate financial statements 2018
Trade receivables				
Related parties				
Within credit terms		68,548	83,248	68,548
Overdue:				
Less than 3 months		3,965	17,316	3,965
Over 3 - 6 months		-	217	-
	4	<u>72,513</u>	<u>100,781</u>	<u>72,513</u>
Other parties				
Within credit terms		1,096,842	1,267,957	1,096,842
Overdue:				
Less than 3 months		52,469	60,742	52,469
Over 3 - 6 months		11,902	11,241	11,772
Over 6 - 12 months		5,475	11,394	5,475
Over 12 months		3,545	636	3,545
		<u>1,170,233</u>	<u>1,351,970</u>	<u>1,170,103</u>
Less allowance for doubtful accounts		(6,786)	(11,182)	(6,786)
Net		<u>1,163,447</u>	<u>1,340,788</u>	<u>1,163,317</u>
Total		<u>1,235,960</u>	<u>1,441,569</u>	<u>1,235,830</u>

The normal credit terms granted by the Company range from 30 days to 120 days.

7 Inventories

	2018	2017 <i>(in thousand Baht)</i>	2018
Finished goods	2,253,761	2,236,904	1,951,758
Goods in process	139,752	145,011	125,625
Raw materials	264,283	330,061	246,667
Spare parts, supplies and others	239,354	266,467	215,158
Raw materials, spare parts and supplies in transit	<u>154,044</u>	<u>119,556</u>	<u>151,155</u>
Total	<u>3,051,194</u>	<u>3,097,999</u>	<u>2,690,363</u>
Less allowance for decline in value and slow-moving of finished goods	(106,244)	(115,712)	(103,208)
allowance for slow-moving of raw materials ,spare parts and supplies	<u>(46,593)</u>	<u>(21,160)</u>	<u>(43,109)</u>
Net	<u>2,898,357</u>	<u>2,961,127</u>	<u>2,544,046</u>

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	Consolidated financial statements		Separate financial statements
	2018	2017	2018
	<i>(in thousand Baht)</i>		
Cost of inventories recognized as an expense in cost of sales:			
Cost of sales	8,375,645	8,995,367	3,326,572
Less write-down to net realizable value	(26,856)	(25,759)	(3,939)
Add reversal of write-down	10,893	1,297	69
Total	<u>8,359,682</u>	<u>8,970,905</u>	<u>3,322,702</u>
Changes in inventories of finished goods and goods in process	11,598	283,879	(87,412)
Raw materials and supplies used	(92,891)	11,511	(45,579)

8 Land developed held for sales

	Consolidated financial statements		Separate financial statements
	2018	2017	2018
	<i>(in thousand Baht)</i>		
Land developed held for sales	581,582	597,037	581,582
Less allowance for decline in value	-	-	-
Net	<u>581,582</u>	<u>597,037</u>	<u>581,582</u>

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9 Other long-term investment

	Consolidated financial statements											
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)		<i>(in thousand Baht)</i>									
Pattaya Grand Village Co., Ltd.	4.91	4.91	990,000	990,000	48,600	48,600	31,995	31,995	16,605	16,605	-	-
Others					-	269	-	-	-	269	-	-
Total									16,605	16,874	-	-

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10 Investments in subsidiary

Investments in subsidiary as at 31 December 2018, and dividend income for the period 1 August 2018 (the date of amalgamation) to 31 December 2018 were as follows:

		Separate financial statements		Dividend income
	Ownership interest	Paid-up capital	Cost method	For the period
	2018	2018	2018	1 August 2018
	(%)		(in thousand Baht)	(the date of
				amalgamation)
				to 31 December 2018
Sosuco Ceramic Co., Ltd.	53.89	800,000	758,919	-
Total			758,919	-

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11 Investment properties

	Consolidated financial statements		
	Land	Buildings and structures (in thousand Baht)	Total
Cost			
At 1 January 2017	500,406	74,531	574,937
Additions	-	-	-
At 31 December 2017	500,406	74,531	574,937
Transfer to property, plant and equipment	(3,159)	-	(3,159)
At 31 December 2018	497,247	74,531	571,778
Accumulated depreciation			
At 1 January 2017	97,031	69,537	166,568
Depreciation charge for the year	-	668	668
At 31 December 2017	97,031	70,205	167,236
Depreciation charge for the year	-	668	668
Adjustment	-	1,044	1,044
At 31 December 2018	97,031	71,917	168,948
Carrying amount			
At 31 December 2017	403,375	4,110	407,701
At 31 December 2018	400,216	2,614	402,830
	Separate financial statements		
	Land	Buildings and structures (in thousand Baht)	Total
Cost			
At 1 August 2018	485,436	73,235	558,671
Additions	-	-	-
At 31 December 2018	485,436	73,235	558,671
Accumulated depreciation			
At 1 August 2018	87,432	70,379	157,811
Depreciation charge for the year	-	280	280
At 31 December 2018	87,432	70,659	158,091
Carrying amount			
At 31 December 2018	398,004	2,576	400,580

The Group and the Company determined fair value of investment properties as at 31 December 2018 at open market values on an existing use basis. The fair value was Baht 1,049 million (31 December 2017: Baht 1,135 million) and Baht 1,032 million, respectively.

The fair value measurement for land has been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is market approach.

The fair value measurement for buildings and structures have been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is income approach.

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12 Property, plant and equipment

	Consolidated financial statements							Total
	Land	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture and fixtures	Vehicles	Construction in progress	
	<i>(in thousand Baht)</i>							
Cost								
At 1 January 2017	1,076,052	383,221	3,543,171	17,399,454	333,771	54,301	185,343	22,974,322
Additions	-	12,102	32,234	309,043	26,732	167	339,119	719,397
Disposals/written off	-	-	(1,277)	(115,836)	(5,511)	(2,154)	-	(124,778)
Transfer in/(out)	4,057	16,200	40,847	54,303	5,952	-	(121,359)	-
Transfer to intangible assets	-	-	-	-	-	-	(305)	(305)
Transfer to asset not used in operation	-	-	(708)	(73,035)	(279)	-	-	(74,022)
At 31 December 2017	1,080,109	411,523	3,614,267	17,573,929	359,665	52,323	402,798	23,494,614
Additions	-	543	33,820	83,211	10,349	99	337,040	465,062
Disposals/written-off	-	(3,188)	(17,332)	(859,505)	(45,938)	(3,958)	-	(929,921)
Transfer in/(out)	-	11,350	29,480	276,783	35,725	-	(353,338)	-
Transfer from investment properties	3,159	-	-	-	-	-	-	3,159
Transfer to intangible assets	-	-	-	-	-	-	(29,398)	(29,398)
Transfer to asset not used in operation	(3,309)	(18,138)	(103,071)	(512,181)	(7,889)	(2,331)	-	(646,919)
At 31 December 2018	1,079,959	402,090	3,557,164	16,562,237	351,912	46,133	357,102	22,356,597

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	Consolidated financial statements							Total
	Land	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture and fixtures	Vehicles	Construction in progress	
	<i>(in thousand Baht)</i>							
<i>Accumulated depreciation and accumulated impairment losses</i>								
At 1 January 2017	-	210,304	2,263,343	14,489,767	257,502	47,558	-	17,268,474
Depreciation charge for the year	-	23,909	92,489	492,793	30,115	1,963	-	641,269
Impairment losses	-	95	7,073	3,547	-	155	-	10,870
Disposals/written off	-	-	(1,094)	(115,298)	(5,365)	(1,494)	-	(123,251)
Transfer to asset not used in operation	-	-	(238)	(50,936)	(96)	-	-	(51,270)
At 31 December 2017	-	234,308	2,361,573	14,763,857	282,835	48,182	-	17,746,092
Depreciation charge for the year	-	23,152	79,553	446,880	29,681	1,473	-	580,739
Disposals/written off	-	(594)	(12,161)	(855,043)	(44,968)	(4,113)	-	(916,879)
Transfer to asset not used in operation	-	(17,756)	(87,884)	(508,677)	(6,929)	(2,331)	-	(623,577)
At 31 December 2018	-	239,110	2,341,081	13,903,033	259,940	43,211	-	16,786,375
<i>Carrying amount</i>								
At 31 December 2017	1,080,109	117,517	1,380,628	2,685,388	77,941	4,141	402,798	5,748,522
At 31 December 2018	1,079,959	162,980	1,216,083	2,659,204	91,972	2,922	357,102	5,570,222

The gross carrying amount of fully depreciated property, plant and equipment that is still in use as at 31 December 2018 amounted to Baht 13,136 million (31 December 2017: Baht 14,046 million).

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	Land	Land improvements	Buildings and building improvements	Separate financial statements Machinery and equipment <i>(in thousand Baht)</i>	Furniture and fixtures	Vehicles	Construction in progress	Total
Cost								
At 1 August 2018	944,466	402,105	2,887,345	14,766,723	283,404	51,526	377,851	19,713,420
Additions	-	331	5,471	5,356	7,010	62	97,566	115,796
Disposals/written off	-	(62)	(4,935)	(414,148)	(2,385)	(3,125)	-	(424,655)
Transfer in/(out)	-	1,708	10,455	103,382	421	-	(115,966)	-
Transfer to asset not used in operation	(3,309)	(2,059)	(95,517)	(405,903)	(2,544)	(2,331)	-	(511,663)
Transfer to intangible assets	-	-	-	-	-	-	(6,306)	(6,306)
At 31 December 2018	941,157	402,023	2,802,819	14,055,410	285,906	46,132	353,145	18,886,592
Accumulated depreciation and accumulated impairment losses								
At 1 August 2018	-	231,984	1,751,251	12,255,395	196,286	48,240	-	14,483,156
Depreciation charge for the year	-	9,247	29,266	155,010	11,027	582	-	205,132
Disposals/written off	-	(62)	(4,395)	(414,169)	(1,679)	(3,280)	-	(423,585)
Transfer to asset not used in operation	-	(2,059)	(81,224)	(404,887)	(1,597)	(2,331)	-	(492,098)
At 31 December 2018	-	239,110	1,694,898	11,591,349	204,037	43,211	-	13,772,605
Carrying amount								
At 31 December 2018	941,157	162,913	1,107,921	2,464,061	81,869	2,921	353,145	5,113,987

The gross carrying amount of fully depreciated property, plant and equipment that is still in use as at 31 December 2018 amounted to Baht 10,492 million.

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13 Assets not used in operations

	Consolidated financial statements			Total
	Tile Machines	Generator	Other Machines and others <i>(in thousand Baht)</i>	
Cost				
At 1 January 2017	119,979	331,332	-	451,311
Disposals	(23,585)	(304,476)	-	(328,061)
Transfer from property, plant and equipment	-	-	74,022	74,022
At 31 December 2017	96,394	26,856	74,022	197,272
Written off	(20,535)	-	(16,673)	(37,208)
Transfer from property, plant and equipment	505,723	-	141,196	646,919
At 31 December 2018	581,582	26,856	198,545	806,983
Accumulated depreciation and accumulated impairment losses				
At 1 January 2017	108,035	318,770	-	426,805
Impairment losses	8,105	-	17,915	26,020
Depreciation charge for the year	918	7,152	263	8,333
Disposals	(22,855)	(304,476)	-	(327,331)
Transfer from property, plant and equipment	-	-	51,270	51,270
At 31 December 2017	94,203	21,446	69,448	185,097
Impairment losses	356	-	2,079	2,435
Depreciation charge for the year	198	5,349	984	6,531
Written off	(8,790)	-	(10,358)	(19,148)
Transfer from property, plant and equipment	490,622	-	132,955	623,577
Adjustment	-	(5,400)	-	(5,400)
At 31 December 2018	576,589	21,395	195,108	793,092
Carrying amount				
At 31 December 2017	2,191	5,410	4,574	12,175
At 31 December 2018	4,993	5,461	3,437	13,891

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	Tile Machines	Separate financial statements		Total
		Generator (in thousand Baht)	Other machines and others	
Cost				
At 1 August 2018	75,860	26,856	192,604	295,320
Transfer from property, plant and equipment	505,723	-	5,940	511,663
At 31 December 2018	<u>581,583</u>	<u>26,856</u>	<u>198,544</u>	<u>806,983</u>
Accumulated depreciation and accumulated impairment losses				
At 1 August 2018	74,325	19,148	188,989	282,462
Impairment losses	11,573	-	4,265	15,838
Depreciation charge for the year	69	2,247	378	2,694
Transfer from property, plant and equipment	490,623	-	1,475	492,098
At 31 December 2018	<u>576,590</u>	<u>21,395</u>	<u>195,107</u>	<u>793,092</u>
Carrying amount				
At 31 December 2018	4,993	5,461	3,437	13,891

The Group and the Company revalues the assets not used in operations as at 31 December 2018 at open market values on an existing use basis. The appraised value was Baht 34 million (2017: Baht 21 million) and Baht 34 million, respectively.

The fair value measurement for assets not used in operations have been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is replacement cost.

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14 Other intangible assets

	Consolidated financial statements			
	Software licenses	Other intangible assets (in thousand Baht)	Development cost	Total
Cost				
At 1 January 2017	179,465	17,587	-	197,052
Addition	1,563	1,022	-	2,585
Transfer from property, plant and equipment	-	305	-	305
At 31 December 2017	181,028	18,914	-	199,942
Addition	34,122	354	804	35,280
Disposals/written off	(11,135)	-	-	(11,135)
Transfer in /(out)	5,316	(5,316)	-	-
Transfer from property, plant and equipment	1,642	21,450	6,306	29,398
At 31 December 2018	210,973	35,402	7,110	253,485
Accumulated amortization				
At 1 January 2017	116,900	5,703	-	122,603
Amortization charge for the year	11,833	2,996	-	14,829
At 31 December 2017	128,733	8,699	-	137,432
Amortization charge for the year	11,420	1,061	-	12,481
Disposals/written off	(11,054)	-	-	(11,054)
At 31 December 2018	129,099	9,760	-	138,859
Carrying amount				
At 31 December 2017	52,295	10,215	-	62,510
At 31 December 2018	81,874	25,642	7,110	114,626
	Separate financial statements			
	Software licenses	Other intangible assets (in thousand Baht)	Development cost	Total
Cost				
At 1 August 2018	167,372	35,357	30,647	233,376
Addition	-	5,361	4,029	9,390
Transfer in /(out)	39,188	(5,316)	(33,872)	-
Transfer from property, plant and equipment	-	-	6,306	6,306
At 31 December 2018	206,560	35,402	7,110	249,072
Accumulated amortization				
At 1 August 2018	121,038	6,876	-	127,914
Amortization charge for the year	4,712	2,884	-	7,596
At 31 December 2018	125,750	9,760	-	135,510
Carrying amount				
At 31 December 2018	80,810	25,642	7,110	113,562

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15 Deferred tax assets and deferred tax liabilities

Movements in total deferred tax assets for the year end 31 December 2018 and 2017 and for the period 1 August 2018 (the date of amalgamation) to 31 December 2018 were as follows:

	At 1 January 2017	Consolidated financial statements Credited (charged) to		At 31 December 2017
		profit or loss	other comprehensive income	
		(Note 26) (in thousand Baht)		
Deferred tax assets				
Allowance for inventories	22,482	4,542	-	27,024
Difference of investment properties book values*	39,467	(99)	-	39,368
Provisions for employee benefits Property, plant and equipment and assets not used in operations	87,128	837	1,607	89,572
Loss carry forward	21,130	(2,156)	-	18,974
Others	21,208	(21,208)	-	-
	17,664	(2,167)	-	15,497
Total	209,079	(20,251)	1,607	190,435
Deferred tax liabilities				
Property, plant and equipment	-	(22,626)	-	(22,626)
Net	(209,079)	(42,877)	1,607	167,809

*The difference between investment properties' book value of each company before the amalgamation in ultimate parent's consolidated financial statement and investment properties' book value in each company financial statement.

	At 1 January 2018	Credited (charged) to		At 31 December 2018
		profit or loss	other comprehensive income	
		(Note 26) (in thousand Baht)		
Deferred tax assets				
Allowance for inventories	27,024	3,543	-	30,567
Difference of investment properties book values*	39,368	(100)	-	39,268
Provisions for employee benefits Property, plant and equipment and assets not used in operations	89,572	(4,910)	(1,681)	82,981
Loss carry forward	18,974	(897)	-	18,077
Others	15,497	561	-	16,058
Total	190,435	(1,803)	(1,681)	186,951
Deferred tax liabilities				
Property, plant and equipment	(22,626)	(25,361)	-	(47,987)
Net	167,809	(27,164)	(1,681)	138,964

*The difference between investment properties' book value of each company before the amalgamation in ultimate parent's consolidated financial statement and investment properties' book value in each company financial statement.

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	At 1 August 2018	Separate financial statement Credited (charged) to		At 31 December 2018
		profit or loss	other comprehensive income	
		(Note 26) (in thousand Baht)		
Deferred tax assets				
Allowance for inventories	28,440	823	-	29,263
Difference of investment properties book values*	39,310	(42)	-	39,268
Provisions for employee benefits	72,704	606	(1,716)	71,594
Property, plant and equipment and assets not used in operations	16,375	1,702	-	18,077
Others	22,331	(12,865)	-	9,466
Total	179,160	(9,776)	(1,716)	167,668
Deferred tax liabilities				
Property, plant and equipment	(37,519)	(10,468)	-	(47,987)
Net	141,641	(20,244)	(1,716)	119,681

*The difference between investment properties' book value of each company before the amalgamation in ultimate parent's consolidated financial statement and investment properties' book value in each company financial statement.

16 Changes in liabilities arising from financing activities

Changes in significant liabilities arising from financing activities during the year 2018 and for the period 1 August 2018 (the date of amalgamation) to 31 December 2018 were as follows:

	Consolidated financial statements short-term borrowings (in thousand Baht)
Balance at 1 January 2018	847,302
Changes from financing cash flows	17,698
Balance at 31 December 2018	865,000
	Separate financial statements short-term borrowings (in thousand Baht)
Balance at 1 August 2018	1,622,000
Changes from financing cash flows	(757,000)
Balance at 31 December 2018	865,000

As at 31 December 2018, the Group and the Company have promissory notes with 2 local banks amounted to Baht 865 million (2017: Baht 847 million) and bears interest at the rate 1.60-1.95 % per annum (2017: 0.50-1.95 % per annum).

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17 Trade and other current payables

		Consolidated financial statements as at 31 December		Separate financial statements for the period 1 August 2018 (the date of amalgamation) to 31 December
	Note	2018	2017	2018
<i>(in thousand Baht)</i>				
Trade payables				
Other parties		709,094	557,155	646,028
Related parties	4	<u>89,716</u>	<u>89,360</u>	<u>258,393</u>
		<u>798,810</u>	<u>646,515</u>	<u>904,421</u>
Other current payables				
Accrued expenses		493,221	566,622	449,969
Other current payables - related parties	4	66,612	97,977	59,994
Revenue department payables		30,298	44,322	26,286
Construction payables		33,807	76,392	28,157
Employee payables		36,506	32,358	32,206
Deposit of land for sales		10,147	31,622	10,147
Others		<u>36,497</u>	<u>40,073</u>	<u>32,560</u>
Total		<u>707,088</u>	<u>889,366</u>	<u>639,319</u>
Total trade and other current payables		<u>1,505,898</u>	<u>1,535,881</u>	<u>1,543,740</u>

18 Non-current provisions for employee benefits

The Company operates defined benefits plans based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service.

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

Non-current provisions for employee benefits in statements of financial position as at 31 December

	Consolidated financial statement		Separate financial statement
	2018	2017	2018
<i>(in thousand Baht)</i>			
Post-employment benefits			
legal severance payments plan	389,028	419,454	332,660
Other long-term employee benefits	7,823	8,649	7,753
Other employee benefits	<u>3,106</u>	<u>5,651</u>	<u>3,106</u>
Total	<u>399,957</u>	<u>433,754</u>	<u>343,519</u>

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

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>For the year ended 31 December</i>		
Non-current provisions for defined benefit plans at 1 January	428,103	414,908
Included in profit or loss		
Current service costs	26,986	27,633
Interest on obligation	13,755	13,550
Non-current provisions for defined benefit plans transferred from related parties	5,752	-
Non-current provisions for defined benefit plans transferred from restructuring	15,527	-
Actuarial (gains) losses		
Other long-term benefits	1,287	(244)
Included in other comprehensive income		
Actuarial (gains) losses		
Post-employment benefits	(8,406)	9,220
Others		
Benefits paid	(86,153)	(36,964)
Non-current provisions for defined benefit plans at 31 December	<u>396,851</u>	<u>428,103</u>
	Separate financial statements	
	2018	
	<i>(in thousand Baht)</i>	
<i>For the period 1 August 2018 (the date of amalgamation) to 31 December 2018</i>		
Non-current provisions for defined benefit plans at 1 August		346,693
Included in profit or loss		
Current service costs		9,230
Interest on obligation		4,545
Non-current provisions for defined benefit plans transferred from restructuring		15,527
Actuarial losses		
Other long-term benefits		1,245
Included in other comprehensive income		
Actuarial gains		
Post-employment benefits		(8,579)
Others		
Benefits paid		(28,248)
Non-current provisions for defined benefit plans at 31 December		<u>340,413</u>

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

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>For the years ended 31 December</i>		
Demographic assumptions	-	-
Financial assumptions	(7,116)	-
Experience adjustment	(1,290)	9,220
Total	(8,406)	9,220
	Separate financial statements 2018	
	<i>(in thousand Baht)</i>	
<i>For the period 1 August 2018 (the date of amalgamation) to 31 December</i>		
Demographic assumptions	-	-
Financial assumptions	(7,116)	-
Experience adjustment	(1,463)	-
Total	(8,579)	

Actuarial assumptions

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

	Consolidated and separate financial statements 2018	Consolidated and separate financial statements 2017
	<i>(%)</i>	
Discount rate *	2.92 - 3.14	2.91 - 3.55
Salary increase rate	3.00 - 7.00	3.00 - 7.00
Employee turnover rate**	4.00 - 33.00	2.00 - 40.00
Mortality rate***	50.00 of TMO2017	25.00 of TMO2008

* 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
Reference from TMO2008: Thai Mortality Ordinary Table 2008

Sensitivity analysis

Reasonably possible changes as of 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.

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

	Consolidated financial statements		Separate financial statements
	2018	2017 Increase (decrease) <i>(in thousand Baht)</i>	2018
Discount rate			
0.5% increase	(20,831)	(21,979)	(18,086)
0.5% decrease	22,532	23,809	19,575
Salary increase rate			
1.0% increase	44,133	56,852	38,388
1.0% decrease	(38,608)	(48,896)	(33,544)
Employee turnover rate			
10.0% increase	(19,841)	(20,998)	(17,490)
10.0% decrease	21,228	22,440	18,737

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

On 13 December 2018, the National Legislative Assembly approved a bill the Labor Protection Act, that will become effective 30 days after its publication in the Government Gazette, to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. When the labor law come into force, the Group and the Company will recognize the increase in the non-current provisions for employee benefits approximately Baht 124 million and Baht 107 million, respectively resulting in the decrease in net profit approximately Baht 99 million and Baht 85 million, respectively.

19 Share capital

	Par Value <i>(in Baht)</i>	2018 Number <i>(in thousand shares / thousand Baht)</i>	2018 Value
<i>Authorised</i>			
At 1 August			
- ordinary shares	1	<u>5,962,621</u>	<u>5,962,621</u>
At 31 December			
- ordinary shares	1	<u>5,962,621</u>	<u>5,962,621</u>
<i>Issued and paid-up</i>			
At 1 August			
- ordinary shares	1	<u>5,962,621</u>	<u>5,962,621</u>
At 31 December			
- ordinary shares	1	<u>5,962,621</u>	<u>5,962,621</u>

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20 Reserves and premiums

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

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.

Premium on amalgamation under common control

Premium on amalgamation under common control recorded in shareholders’ equity is the difference between the carrying amounts of net assets of subsidiaries on the amalgamation date and amounts of consideration paid, and the difference between the carrying amounts of subsidiaries in consolidated financial statement and separate financial statements before the amalgamation and the carrying amounts of each subsidiary.

21 Non-controlling interests

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

	Sosuco Ceramic Co., Ltd.	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>Non-controlling interests at 31 December</i>		
Non-controlling interest percentage	46.11%	46.11%
Current assets	842,975	899,414
Non-current assets	482,563	485,759
Current liabilities	(142,280)	(180,585)
Non-current liabilities	(66,591)	(67,569)
Net assets	<u>1,116,667</u>	<u>1,137,019</u>
Carrying amount of non-controlling interest before elimination	514,895	524,279
Less eliminated transactions	(3,050)	13,929
Carrying amount of non-controlling interest after elimination	<u>511,845</u>	<u>538,208</u>
<i>For the year ended 31 December</i>		
Revenue	1,295,657	1,422,715
Profit for the year before elimination	37,472	66,602
Less eliminated transactions	(3,777)	(1,793)
Profit for the year after elimination	<u>33,695</u>	<u>64,809</u>
Profit for the year after elimination		
- Attributable to owners of the parent	4,618	34,926
- Attributable to Company in the Group before business restructuring	13,540	-
- Attributable to non-controlling interest	15,537	29,883
	<u>33,695</u>	<u>64,809</u>

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	Sosuco Ceramic Co., Ltd.	
	2018	2017
	<i>(in thousand Baht)</i>	
Cash flows from operating activities	66,354	140,683
Cash flows from investing activities	(85,159)	(61,677)
Cash flows from financing activities	(60,000)	(40,000)
Net increase (decrease) in cash and cash equivalents	<u>(78,805)</u>	<u>39,006</u>
Dividends to non-controlling interest	<u>27,668</u>	<u>18,444</u>

22 Business segment information

The Company has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

- Manufacturing and sales of ceramic tiles
- Industrial estate development and real estate

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information relating to business segments, in the Group's financial statements for the years ended 31 December was as follows:

	Consolidated financial statements					
	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>					
External revenue	11,513,150	12,754,136	43,361	223,004	11,556,551	12,977,140
Other income	94,949	116,167	138,324	97,398	233,273	213,565
Interest income	4,352	5,279	-	-	4,352	5,279
Interest expense	26,441	36,649	-	-	26,441	36,649
Depreciation and amortization	<u>573,616</u>	<u>636,920</u>	<u>25,540</u>	<u>27,823</u>	<u>599,156</u>	<u>664,743</u>
Profit (loss) before income tax expense	(1,851)	560,083	110,095	153,841	108,244	713,924
Income tax expense	(60,731)	(77,180)	(22,019)	(30,768)	(82,750)	(107,948)
Profit (loss) for the year	<u>(62,582)</u>	<u>482,903</u>	<u>88,076</u>	<u>123,073</u>	<u>25,494</u>	<u>605,976</u>
Land developed held for sales	-	-	581,582	597,038	581,582	597,038
Segment assets	10,576,090	11,592,748	567,769	591,641	11,143,859	12,184,389

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Geographical information

In presenting information on the basis of geographical information, revenue information is based on the geographical location of customers. However, the Group has no assets located in foreign countries.

Geographical information

	Consolidate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
External revenue		
Thailand	9,017,097	10,160,810
Other countries	2,539,414	2,816,330
Total	11,556,511	12,977,140

Major customer

Revenues from one major customer of the Group's manufacturing and sales of ceramic tiles segment represents approximately Baht 1,241 million for the year 2018 (2017: Baht 1,248 million) of the Group's total revenues.

23 Distribution costs

	Consolidated financial statements		Separate financial statements
	2018	2017	for the period 1 August 2018 (the date of amalgamation) to 31 December 2018
	<i>(in thousand Baht)</i>		
Freight	755,568	826,931	254,266
Sales promotion and advertising expenses	459,696	575,778	147,674
Salaries ,allowance and personnel expenses	395,273	424,236	164,767
Rental expenses	76,713	83,476	29,323
Outside wages	13,188	9,755	4,894
Communication expense	10,207	10,990	3,680
Others	88,990	163,248	36,133
Total	1,799,635	2,094,414	640,737

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24 Administrative expenses

	Consolidated financial statements		Separate financial statements for the period 1 August 2018 (the date of amalgamation) to 31 December 2018
	2018	2017	
	<i>(in thousand Baht)</i>		
Salary, welfare, personnel and management expenses	565,999	549,660	224,901
Mutual separation plan expenses	204,557	7,297	-
Professional and other fees	142,399	80,277	54,072
Intellectual property charge	69,141	43,273	35,876
Depreciation and amortization expenses	60,386	66,433	25,945
Impairment loss on assets	48,173	48,634	16,027
Rental expenses	50,333	33,074	28,534
Outside wages	43,406	58,427	9,587
Maintenance and supplies	28,936	35,472	12,998
Others	250,447	330,589	60,320
Total	<u>1,463,777</u>	<u>1,253,136</u>	<u>468,260</u>

25 Employee benefit expenses

	Consolidated financial statements		Separate financial statements for the period 1 August 2018 (the date of amalgamation) to 31 December 2018
	2018	2017	
	<i>(in thousand Baht)</i>		
Salaries and allowance	1,933,615	2,127,542	668,092
Benefits and others	235,756	237,843	100,557
Contribution to defined contribution plans	128,475	128,410	49,006
Contribution to defined benefit plans	63,093	43,644	31,102
Mutual separation plan expenses	204,557	7,297	-
Total	<u>2,565,496</u>	<u>2,544,736</u>	<u>848,757</u>

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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26 Income tax expense

Income tax recognized in profit or loss

	Note	Consolidated financial statements		Separate financial statements
		2018	2017	2018
		<i>(in thousand Baht)</i>		
Current tax				
Current tax		55,023	67,405	897
Under (over) provided in prior years		563	(2,335)	148
		<u>55,586</u>	<u>65,070</u>	<u>1,045</u>
Deferred tax				
Movement in temporary differences	15	27,164	42,877	20,244
Total		<u>82,750</u>	<u>107,947</u>	<u>21,289</u>

Income tax recognized in other comprehensive income

Actuarial losses	15	1,681	(1,607)	1,716
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Reconciliation of effective tax rate

		Consolidated financial statements			
		2018		2017	
	Rate (%)	<i>(in thousand Baht)</i>		Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expenses		<u>108,244</u>			<u>713,923</u>
Income tax using the Thai corporation tax rate	20	21,649	20	142,785	
Income not subject to tax		(3,520)		(941)	
Expenses deductible at a greater amount		(7,965)		(13,230)	
Expenses not deductible for tax purposes and others		(10,954)		(14,869)	
Effects from the difference between tax base and accounting base arising from restructure		37,755		-	
Tax losses before amalgamation (used)		<u>18,058</u>		<u>(46,338)</u>	
Current tax		55,023		67,405	
Under (over) provided in prior year		563		(2,335)	
Movements in temporary differences		27,164		42,877	
Income tax expenses		<u>82,750</u>		<u>107,947</u>	

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	Separate financial statements 2018	
	Rate (%)	(in thousand Baht)
Profit before income tax expense		148,916
Income tax using the Thai corporation tax rate	20	29,783
Expenses deductible at a greater amount		(2,649)
Expenses not deductible for tax purposes and others		(26,237)
Current tax		897
Under provided in prior year		148
Movements in temporary differences		20,244
Income tax expenses		21,289

27 Promotional privileges

By virtue of the provision of the Investment Promotion Act B.E. 2520, referred to the promotional certificates dated 7 July 2014, the Group and the Company were granted certain promotion privileges in the manufacturing and sales of ceramic tiles business include, among others, exemption from payment of corporate income tax on the net profit derived from the promoted activity for a period of seven (7) years from the start of commercial operations, and exemption of fifty percent from payment of import duty on imported machinery, etc.

As a promoted company, the Group and the Company must comply with certain terms and conditions prescribed in the promotional certificate.

The Group and the Company's revenue classified under promoted and non-promoted businesses for the years ended 31 December 2018 and 2017 and for the period 1 August 2018 (the date of amalgamation) to 31 December 2018 are as follows:

	Consolidated financial statements					
	2018			2017		
	Promoted Business	Non-Promoted Business	Total	Promoted Business	Non-Promoted Business	Total
	<i>(in thousand Baht)</i>					
Local	26,074	8,947,661	8,973,735	16,932	9,920,873	9,937,805
Export	73,406	2,466,009	2,539,415	135,919	2,680,412	2,816,331
Total	99,480	11,413,670	11,513,150	152,851	12,601,285	12,754,136

	Separate financial statements For the period 1 August 2018 (the date of amalgamation) to 31 December 2018		
	Promoted Business	Non-Promoted Business	Total
	<i>(in thousand Baht)</i>		
Local	12,835	3,607,196	3,620,031
Export	15,145	851,079	866,224
Total	27,980	4,458,275	4,486,255

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28 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2018 and 2017 and for the period 1 August 2018 (the date of amalgamation) to 31 December 2018 were based on the profit (loss) for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements for the year ended 31 December		Separate financial statements for the period 1 August 2018 (the date of amalgamation) to 31 December
	2018	2017	2018
	<i>(in thousand Baht/ thousand shares)</i>		
Profit (loss) for the year attributable to equity holders of the Company	(3,583)	541,167	127,627
Number of weighted ordinary shares outstanding	5,962,621	5,962,621	5,962,621
Basic earnings (loss) per share (in Baht)	0.00	0.09	0.02

29 Dividends

At the Annual General Meeting of the Shareholders of Sosuco and Group (2008) Co., Ltd. held on 26 March 2018, the shareholders approved the appropriation of dividends of Baht 18 per share, amounting to Baht 18 million. The dividends were paid to the shareholders on 19 April 2018.

At the Annual General Meeting of the Shareholders of Thai-German Ceramic Industry Public Company Limited held on 26 March 2018, the shareholders approved the appropriation of dividends of Baht 0.08 per share, amounting to Baht 136 million. The dividends were paid to the shareholders on 25 April 2018.

At the Annual General Meeting of the Shareholders of The Siam Ceramic Group Industries Co., Ltd. held on 26 March 2018, the shareholders approved the appropriation of dividends of Baht 3.74 per share, amounting to Baht 359 million. The dividends were paid to the shareholders on 25 April 2018.

At the Annual General Meeting of the Shareholders of Sosuco Ceramic Co., Ltd. held on 11 May 2018, the shareholders approved the appropriation of dividends of Baht 7,500 per share, amounting to Baht 60 million. The dividends were paid to the shareholders on 28 May 2018.

30 Financial instruments

Liquidity risk

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

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Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect this risk by assessing the credit of customers, defining the credit limit, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilization and reviewing collections. Fair value of receivables which is presented in the statement of financial position is the balances net of allowance for doubtful accounts.

Interest rate risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Group manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivables mature were as follows:

	Consolidated and separate financial statements			Total
	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	
Year 2018				
Current				
Short-term loans from financial institutions	1.60 - 1.95	865,000	-	865,000

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates as the Group has trade receivables and trade payables in foreign currencies. However, as at 31 December 2018 and 2017, the Group do not have significant foreign exchange risk because the Group uses derivative financial instruments which are forward exchange contracts to manage its risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors of the Company, and there are controls on operating procedures for compliance with the policy as disclosed in Note 31.

Fair values of financial assets and liabilities

The fair value of short-term loans from financial institutes are taken to approximate the carrying value due to the relatively short-term maturity of these financial instruments.

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	Contract amount Forward payable			
	Currency		Equivalent to Baht	
	2018	2017	2018	2017
	<i>(in thousand)</i>		<i>(in thousand Baht)</i>	
US Dollars	7,121	5,474	233,560	179,548
Euro	549	1,321	20,781	51,445
SGD	-	0.4	-	11
GBP	-	0.9	-	413
Yen	-	14,118	-	4,112
Total			254,341	235,529

The above contracts will be gradually due within April 2019 (2017: due within November 2018).

- (d) The Group had entered into various building and car lease agreements. The periods of these agreements are 3 to 5 years expiring in various dates up to December 2023. Under the terms of these agreements, the Group has to pay annual rental as follows:

	Consolidated financial statements		Separate financial statements
	2018	2017	2018
	<i>(in thousand Baht)</i>		
Within one year	109,871	91,757	95,423
After one year but within five years	97,760	110,437	75,057
Total	207,631	202,194	170,480

- (e) The Company has entered into a purchase agreement with a local company to purchase electricity and heat energy with a price which is calculated under the conditions as indicated in the agreement. This agreement shall be in effect for the period of fifteen (15) years commencing on June 2012.

32 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.

33 Thai Financial Reporting Standards (TFRS) that have been issued but is not yet effective

The new and revised TFRSs have been issued but are not yet effective and have not been applied in preparing these consolidated and separate financial statements. The new and revised TFRSs that may be relevant to the Group and the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2019 and 2020. The Group and the Company do not plan to early adopt these TFRSs.

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The Group and the Company have made assessment of potential impact on the consolidated and separate financial statements of the revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

The new TFRSs are set out below:

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* *TFRS - Financial instruments standards*

(a) TFRS 15 Revenue from Contracts with Customers

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

The Group and the Company have made an assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and there will be no material impact on the consolidated financial statements in the period of initial application.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

The Group has made an assessment of the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated financial statements.