

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

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

## **Independent auditor's report**

### **To the Board of Directors of SCG Ceramics Public Company Limited**

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 2020; the consolidated and separate income statement and statement of comprehensive income; the consolidated and separate statements of changes in shareholders' equity and cash flows for the year then ended 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 2020, their consolidated financial performance and cash flows and the separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated 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 matters.

Valuation of inventories	
Refer to Notes 4 and 7 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
I focused on this area because inventories account is a significant balance and the Group's and the Company's market is 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 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.

### *Other Information*

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

My opinion on the consolidated and separate 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 the consolidated and separate 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 and the Company'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  
16 February 2021

# SCG Ceramics Public Company Limited and its Subsidiary

## Statement of financial position

As at 31 December 2020

Assets	Note	Consolidated		Separate	
		financial statement	financial statement	financial statement	financial statement
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	6	731,232	631,409	370,763	259,976
Trade and other current receivables	5,27	1,103,839	1,154,020	1,103,175	1,153,724
Inventories	7	2,628,830	2,853,578	2,419,908	2,544,402
Land development for sale		486,406	486,406	486,406	486,406
<b>Total current assets</b>		<b>4,950,307</b>	<b>5,125,413</b>	<b>4,380,252</b>	<b>4,444,508</b>
<b>Non-current assets</b>					
Long-term investment in other company		16,605	16,605	16,605	16,605
Investment in subsidiary	8	-	-	1,333,935	758,919
Other non-current receivables		109,644	128,066	109,644	128,066
Investment property	9	401,997	402,123	399,785	399,911
Property, plant and equipment	10	5,071,246	5,322,614	4,600,062	4,844,309
Goodwill		25,350	25,350	-	-
Other intangible assets	12	101,373	118,112	101,037	117,489
Deferred tax assets	13	212,916	231,555	185,848	205,537
Other non-current assets		23,097	25,521	23,097	25,521
<b>Total non-current assets</b>		<b>5,962,228</b>	<b>6,269,946</b>	<b>6,770,013</b>	<b>6,496,357</b>
<b>Total assets</b>		<b>10,912,535</b>	<b>11,395,359</b>	<b>11,150,265</b>	<b>10,940,865</b>

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 2020

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statement</b>		<b>financial statement</b>	
<b>Liabilities and shareholders' equity</b>		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
<b><i>Current liabilities</i></b>					
Short-term borrowings					
from financial institutions	<i>14</i>	-	160,000	-	160,000
Trade and other current payables	<i>5,16</i>	1,231,937	1,416,853	1,299,515	1,470,998
Current portion of lease liabilities		75,029	-	67,723	-
Corporate income tax payable		46,976	19,622	38,302	13,630
Current provisions					
for employee benefits		90,370	166,365	69,192	165,658
<b>Total current liabilities</b>		<b>1,444,312</b>	<b>1,762,840</b>	<b>1,474,732</b>	<b>1,810,286</b>
<b><i>Non-current liabilities</i></b>					
Lease liabilities		64,535	-	49,140	-
Non-current provisions					
for employee benefits	<i>17</i>	578,622	586,630	501,611	501,208
Other non-current provisions		12,442	13,427	3,694	3,989
Other non-current liabilities		654	278	654	278
<b>Total non-current liabilities</b>		<b>656,253</b>	<b>600,335</b>	<b>555,099</b>	<b>505,475</b>
<b>Total liabilities</b>		<b>2,100,565</b>	<b>2,363,175</b>	<b>2,029,831</b>	<b>2,315,761</b>

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 2020

Liabilities and shareholders' equity	Note	Consolidated		Separate	
		financial statement	financial statement	financial statement	financial statement
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
<b>Shareholders' equity</b>					
Share capital					
<i>Authorized share capital</i>					
		<i>(5,962,621 thousand ordinary shares, par value at Baht 1 per share)</i>			
		<b>5,962,621</b>	<b>5,962,621</b>	<b>5,962,621</b>	<b>5,962,621</b>
<i>Issued and paid share capital</i>					
		<i>(5,962,621 thousand ordinary shares, par value at Baht 1 per share)</i>			
		5,962,621	5,962,621	5,962,621	5,962,621
Share premium on ordinary shares	18	1,133,594	1,133,594	1,133,594	1,133,594
Surplus on business combinations under common control	18	211,060	211,060	274,225	274,225
Retained earnings					
<i>Appropriated</i>					
Legal reserve	18	242,610	214,264	242,610	214,264
<i>Unappropriated</i>					
		1,305,942	983,604	1,507,384	1,040,400
Other components of shareholders' equity	8	(43,857)	-	-	-
<b>Total equity attributable to owners of the parent</b>		<b>8,811,970</b>	<b>8,505,143</b>	<b>9,120,434</b>	<b>8,625,104</b>
Non-controlling interests	19	-	527,041	-	-
<b>Total shareholders' equity</b>		<b>8,811,970</b>	<b>9,032,184</b>	<b>9,120,434</b>	<b>8,625,104</b>
<b>Total liabilities and shareholders' equity</b>		<b>10,912,535</b>	<b>11,395,359</b>	<b>11,150,265</b>	<b>10,940,865</b>

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

## SCG Ceramics Public Company Limited and its Subsidiary

### Income statement

For the year ended 31 December 2020

		Consolidated		Separate	
		financial statement		financial statement	
	Note	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Revenue from sales of goods	5	9,950,976	10,871,226	9,950,466	10,870,198
Revenue from sales of land		-	202,930	-	202,930
Cost of sales of goods	5,7	(7,164,577)	(8,045,891)	(7,482,557)	(8,360,225)
Cost of sales of land		-	(96,439)	-	(96,439)
<b>Gross profit</b>		<b>2,786,399</b>	<b>2,931,826</b>	<b>2,467,909</b>	<b>2,616,464</b>
Other income	5	213,855	217,661	417,892	215,554
<b>Profit before expenses</b>		<b>3,000,254</b>	<b>3,149,487</b>	<b>2,885,801</b>	<b>2,832,018</b>
Distribution costs	21	(1,688,467)	(1,887,048)	(1,533,647)	(1,712,734)
Administrative expenses	22	(784,433)	(1,024,332)	(694,468)	(927,699)
<b>Total expenses</b>		<b>(2,472,900)</b>	<b>(2,911,380)</b>	<b>(2,228,115)</b>	<b>(2,640,433)</b>
<b>Profit from operations</b>		<b>527,354</b>	<b>238,107</b>	<b>657,686</b>	<b>191,585</b>
Finance costs		(7,403)	(5,173)	(6,567)	(5,173)
<b>Profit before income tax</b>		<b>519,951</b>	<b>232,934</b>	<b>651,119</b>	<b>186,412</b>
Tax expense	24	(95,643)	(46,128)	(84,206)	(39,271)
<b>Profit for the year</b>		<b>424,308</b>	<b>186,806</b>	<b>566,913</b>	<b>147,141</b>
Profit attributable to					
<b>Owners of the parent</b>		<b>420,190</b>	<b>168,173</b>	<b>566,913</b>	<b>147,141</b>
Non-controlling interests		4,118	18,633	-	-
		424,308	186,806	566,913	147,141
<b>Basic earnings per share (in Baht)</b>					
<b>Attributable to owners of the parent</b>		<b>0.07</b>	<b>0.03</b>	<b>0.10</b>	<b>0.02</b>

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



## SCG Ceramics Public Company Limited and its Subsidiary

### Statement of comprehensive income

For the year ended 31 December 2020

	Note	Consolidated financial statement		Separate financial statement	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
<b>Profit for the year</b>		<b>424,308</b>	<b>186,806</b>	<b>566,913</b>	<b>147,141</b>
<b>Other comprehensive income</b>					
<i>Components of other comprehensive income that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gain (losses)	17	6,304	(79,921)	3,707	(70,604)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	24	(1,261)	15,984	(741)	14,121
<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>		<b>5,043</b>	<b>(63,937)</b>	<b>2,966</b>	<b>(56,483)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>5,043</b>	<b>(63,937)</b>	<b>2,966</b>	<b>(56,483)</b>
<b>Total comprehensive income for the year</b>		<b>429,351</b>	<b>122,869</b>	<b>569,879</b>	<b>90,658</b>
Total comprehensive income attributable to					
<b>Owners of the parent</b>		<b>425,233</b>	<b>107,673</b>	<b>569,879</b>	<b>90,658</b>
Non-controlling interests		4,118	15,196	-	-
		<b>429,351</b>	<b>122,869</b>	<b>569,879</b>	<b>90,658</b>

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

## SCG Ceramics Public Company Limited and its Subsidiary

### Statement of changes in shareholders' equity

For the year ended 31 December 2020

<b>Consolidated financial statement</b>								
			Surplus on business combinations	<i>Retained earnings</i>		Total equity		
	Issued and paid share capital	Share premium on ordinary shares	under common control	Appropriated Legal reserve	Unappropriated	attributable to owners of the parent	Non- controlling interests	Total shareholders' equity
<i>Note</i>								
<i>(in thousand Baht)</i>								
<b>Balance at 1 January 2019</b>	<b>5,962,621</b>	<b>1,133,594</b>	<b>211,060</b>	<b>206,907</b>	<b>883,288</b>	<b>8,397,470</b>	<b>511,845</b>	<b>8,909,315</b>
<b>Comprehensive income for the year</b>								
Profit or loss	-	-	-	-	168,173	168,173	18,633	186,806
Other comprehensive income	-	-	-	-	(60,500)	(60,500)	(3,437)	(63,937)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,673</b>	<b>107,673</b>	<b>15,196</b>	<b>122,869</b>
Transfer to legal reserve	-	-	-	7,357	(7,357)	-	-	-
<b>Balance at 31 December 2019</b>	<b>5,962,621</b>	<b>1,133,594</b>	<b>211,060</b>	<b>214,264</b>	<b>983,604</b>	<b>8,505,143</b>	<b>527,041</b>	<b>9,032,184</b>

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

## SCG Ceramics Public Company Limited and its Subsidiary

### Statement of changes in shareholders' equity

For the year ended 31 December 2020

#### Consolidated financial statement

	Note	Other components of shareholders' equity									
		Issued and paid share capital	Share premium on ordinary shares	Surplus on business combinations under common control	Retained earnings		Changes in other components from shareholders	Total other components of shareholders' equity	Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
				Appropriated Legal reserve	Unappropriated						
		(in thousand Baht)									
<b>Balance at 31 December 2019 - as reported</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>211,060</b>	<b>214,264</b>	<b>983,604</b>	-	-	<b>8,505,143</b>	<b>527,041</b>	<b>9,032,184</b>
Impact of changes in accounting policies	3	-	-	-	-	(2,997)	-	-	(2,997)	-	(2,997)
<b>Balance at 1 January 2020</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>211,060</b>	<b>214,264</b>	<b>980,607</b>	-	-	<b>8,502,146</b>	<b>527,041</b>	<b>9,029,187</b>
<b>Transactions with owners, recorded directly in shareholders' equity</b>											
<i>Contributions by and distributions to owners of the parent</i>											
Dividends	26	-	-	-	-	(71,552)	-	-	(71,552)	-	(71,552)
<b>Total contributions by and distributions to owners of the parent</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(71,552)</b>	<b>-</b>	<b>-</b>	<b>(71,552)</b>	<b>-</b>	<b>(71,552)</b>
<i>Changes in ownership interests in subsidiary</i>											
Changes that do not result in a loss of control	8	-	-	-	-	-	(43,857)	(43,857)	(43,857)	(531,159)	(575,016)
<b>Total changes in ownership interests in subsidiary</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43,857)</b>	<b>(43,857)</b>	<b>(43,857)</b>	<b>(531,159)</b>	<b>(575,016)</b>
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(71,552)</b>	<b>(43,857)</b>	<b>(43,857)</b>	<b>(115,409)</b>	<b>(531,159)</b>	<b>(646,568)</b>
<b>Comprehensive income for the year</b>											
Profit or loss		-	-	-	-	420,190	-	-	420,190	4,118	424,308
Other comprehensive income	18	-	-	-	-	5,043	-	-	5,043	-	5,043
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>425,233</b>	<b>-</b>	<b>-</b>	<b>425,233</b>	<b>4,118</b>	<b>429,351</b>
Transfer to legal reserve		-	-	-	28,346	(28,346)	-	-	-	-	-
<b>Balance at 31 December 2020</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>211,060</b>	<b>242,610</b>	<b>1,305,942</b>	<b>(43,857)</b>	<b>(43,857)</b>	<b>8,811,970</b>	<b>-</b>	<b>8,811,970</b>

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

## SCG Ceramics Public Company Limited and its Subsidiary

### Statement of changes in shareholders' equity

For the year ended 31 December 2020

	Note	Separate financial statement				Total shareholders' equity	
		Issued and paid share capital	Share premium on ordinary shares	Surplus on business combinations under common control	Retained earnings		
					Appropriated Legal reserve		Unappropriated
<i>(in thousand Baht)</i>							
<b>Balance at 1 January 2019</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>274,225</b>	<b>206,907</b>	<b>957,099</b>	<b>8,534,446</b>
<b>Comprehensive income for the year</b>							
Profit or loss		-	-	-	-	147,141	147,141
Other comprehensive income		-	-	-	-	(56,483)	(56,483)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,658</b>	<b>90,658</b>
Transfer to legal reserve	18	-	-	-	7,357	(7,357)	-
<b>Balance at 31 December 2019</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>274,225</b>	<b>214,264</b>	<b>1,040,400</b>	<b>8,625,104</b>

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

# SCG Ceramics Public Company Limited and its Subsidiary

## Statement of changes in shareholders' equity

For the year ended 31 December 2020

	Note	Separate financial statement					Total shareholders' equity
		Issued and paid share capital	Share premium on ordinary shares	Surplus on business combinations under common control	Retained earnings		
					Appropriated Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>							
<b>Balance at 31 December 2019 - as reported</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>274,225</b>	<b>214,264</b>	<b>1,040,400</b>	<b>8,625,104</b>
Impact of changes in accounting policies	3	-	-	-	-	(2,997)	(2,997)
<b>Balance at 1 January 2020</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>274,225</b>	<b>214,264</b>	<b>1,037,403</b>	<b>8,622,107</b>
<b>Transactions with owners, recorded directly in shareholders' equity</b>							
<i>Contributions by and distributions to owners of the parent</i>							
Dividends	26	-	-	-	-	(71,552)	(71,552)
<i>Total contributions by and distributions to owners of the parent</i>		-	-	-	-	(71,552)	(71,552)
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		-	-	-	-	(71,552)	(71,552)
<b>Comprehensive income for the year</b>							
Profit or loss		-	-	-	-	566,913	566,913
Other comprehensive income		-	-	-	-	2,966	2,966
<b>Total comprehensive income for the year</b>		-	-	-	-	<b>569,879</b>	<b>569,879</b>
Transfer to legal reserve	18	-	-	-	28,346	(28,346)	-
<b>Balance at 31 December 2020</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>274,225</b>	<b>242,610</b>	<b>1,507,384</b>	<b>9,120,434</b>

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

# SCG Ceramics Public Company Limited and its Subsidiary

## Statement of cash flows

For the year ended 31 December 2020

	Consolidated		Separate	
	financial statement	financial statement	financial statement	financial statement
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	424,308	186,806	566,913	147,141
<b><i>Adjustments for</i></b>				
Tax expense	95,643	46,128	84,206	39,271
Depreciation and amortization	694,631	592,410	614,455	523,575
(Reversal) loss on impairment of trade receivables	(6,258)	8,527	(6,258)	8,527
Loss on inventories devaluation	1,045	15,378	3,179	15,954
Provisions for employee benefit expenses	52,883	186,791	46,276	162,252
Loss (gain) on foreign currency exchange	3,684	(1,488)	3,683	(1,483)
Dividend income	-	-	(200,000)	-
Interest income	(2,592)	(1,779)	(1,312)	(497)
Interest expense	7,398	4,559	6,562	4,559
Loss on impairment of assets	25,443	29,887	25,443	29,887
Loss on sales of assets	2,485	497	3,044	1,688
<b>Cash flows generated from operations</b>				
<b>before changes in operating assets and liabilities</b>	<b>1,298,670</b>	<b>1,067,716</b>	<b>1,146,191</b>	<b>930,874</b>
<b><i>Decrease (increase) in operating assets</i></b>				
Trade and other current receivables	52,516	199,198	52,819	196,081
Inventories	223,354	36,172	120,966	(9,539)
Land development for sale	-	95,176	-	95,176
Other assets	22,692	15,836	22,692	15,836
<b>Net decrease in operating assets</b>	<b>298,562</b>	<b>346,382</b>	<b>196,477</b>	<b>297,554</b>
<b><i>Increase (decrease) in operating liabilities</i></b>				
Trade and other current payables	(181,271)	(80,637)	(167,626)	(65,958)
Provisions for employee benefits	(130,582)	63,315	(138,632)	67,983
Other liabilities	(609)	(5,111)	81	(4,396)
<b>Net (decrease) in operating liabilities</b>	<b>(312,462)</b>	<b>(22,433)</b>	<b>(306,177)</b>	<b>(2,371)</b>
<b>Net cash flows generated from operations</b>	<b>1,284,770</b>	<b>1,391,665</b>	<b>1,036,491</b>	<b>1,226,057</b>
Income tax paid	(50,943)	(102,541)	(40,619)	(93,361)
<b>Net cash flows provided by operating activities</b>	<b>1,233,827</b>	<b>1,289,124</b>	<b>995,872</b>	<b>1,132,696</b>

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

# SCG Ceramics Public Company Limited and its Subsidiary

## Statement of cash flows

For the year ended 31 December 2020

	Consolidated		Separate	
	financial statement	financial statement	financial statement	financial statement
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Acquisition of non-controlling interests	-	-	(574,860)	-
Proceeds from sales of property, plant and equipment	6,139	3,600	5,580	2,408
Acquisition of property, plant and equipment	(202,518)	(362,186)	(161,486)	(270,159)
Acquisition of intangible assets	(9,446)	(13,387)	(9,446)	(13,369)
Dividends received	-	-	200,000	-
Interest received	2,675	1,692	1,395	410
<b>Net cash flows used in investing activities</b>	<b>(203,150)</b>	<b>(370,281)</b>	<b>(538,817)</b>	<b>(280,710)</b>
<b><i>Cash flows from financing activities</i></b>				
Payments of changes in ownership interests in subsidiaries that do not result in a loss of control	(574,860)	-	-	-
<b>Payments of borrowings</b>				
Short-term borrowings from financial institutions	(160,000)	(705,000)	(160,000)	(705,000)
Payments of lease liabilities	(116,223)	-	(107,329)	-
<b>Net decrease in borrowings</b>	<b>(276,223)</b>	<b>(705,000)</b>	<b>(267,329)</b>	<b>(705,000)</b>
<b>Dividends paid</b>				
Dividends paid	(71,552)	-	(71,552)	-
<b>Total dividends paid</b>	<b>(71,552)</b>	<b>-</b>	<b>(71,552)</b>	<b>-</b>
Interest paid	(8,219)	(6,867)	(7,387)	(6,867)
<b>Net cash flows used in financing activities</b>	<b>(930,854)</b>	<b>(711,867)</b>	<b>(346,268)</b>	<b>(711,867)</b>
<b>Net increase in cash and cash equivalents</b>	<b>99,823</b>	<b>206,976</b>	<b>110,787</b>	<b>140,119</b>
Cash and cash equivalents at beginning of the year	631,409	424,433	259,976	119,857
<b>Cash and cash equivalents at end of the year</b>	<b>731,232</b>	<b>631,409</b>	<b>370,763</b>	<b>259,976</b>
<b><i>Supplementary information for cash flows</i></b>				
<b>Non-cash transactions at end of the year</b>				
Account payables from purchase of assets	19,459	28,972	13,634	24,018

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

**SCG Ceramics Public Company Limited and its Subsidiary**  
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages, and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 16 February 2021.

## **1 General information**

SCG Ceramics Public Company Limited, (the "Company"), is incorporated in Thailand. The Company's registered office were 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, Suvannasorn road, Tambon Kokyae, Amphur Nongkhae, Saraburi 18230, Thailand  
- 40 Moo 2, Rim Klong Rapeepat road, Tambon Nong Pling, Amphur Nongkhae, Saraburi 18140, Thailand  
- 33/2 Moo 2, Rim Klong Rapeepat road, Tambon Nong Pling, Amphur Nongkhae, Saraburi 18140, Thailand

The Company and its subsidiary (the "Group") principal activities are engaged in manufacturing and sales of ceramic floor tiles and wall tiles and industrial estate development.

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

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

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

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

### **(b) Functional and presentation currency**

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

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*(c) 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 the Group's accounting policies. Actual results may differ from these estimates.

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

(1) Judgments

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

- Note 4(k) and 11    Leases:
- whether an arrangement contains a lease;
  - whether reasonably certain to exercise extension options;

(2) Assumptions and estimation uncertainties

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

- Note 4(k)        Determining the incremental borrowing rate to measure lease liabilities;
- Note 7            Measurement of the recoverable amounts of inventories.
- Note 13          Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 17          Measurement of defined benefit obligations: key actuarial assumptions;
- Note 27          Measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- Note 27          Determining the fair value of financial instruments on the basis of significant unobservable inputs.
- Note 28          Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

*Impact of COVID-19 Outbreak*

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

*(a) Impairment of assets*

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

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*(b) Fair value measurement*

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

*(c) Lease modifications*

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

**3 Changes in accounting policies**

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

*(a) TFRS - Financial instruments standards*

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

(1) Classification - Financial assets

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

The classification - Financial assets under TFRS 9 has no material effect on trade receivables. However, the Group recognized derivatives as FVTPL. At the initial date of the first time adoption, the Group adjusted the cumulative effects to retained earnings on 1 January 2020 decreased Baht 3 million in consolidated financial statement and separate financial statement with no restatement of comparative information. In addition, the Group has long-term investments in other company recognized at cost less any impairment losses, the Group classified them as FVOCI under TFRS 9 which has no material effect on the financial statements of the Group.

(2) Measurement at amortized cost

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

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(3) Classification - Financial liabilities

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

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

(4) Hedge accounting

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

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

(5) Impairment - Financial assets

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

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

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

	Unappropriated Retained earnings	
	Consolidated financial statement	Separate financial statement
	<i>(in thousand Baht)</i>	
<b>At 31 December 2019 - as reported</b>	<b>983,604</b>	<b>1,040,400</b>
<i>Increase (decrease) due to:</i>		
Classification of financial instruments	(2,997)	(2,997)
<b>At 1 January 2020 - restated</b>	<b>980,607</b>	<b>1,037,403</b>

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***(b) TFRS 16 Leases***

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

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

The Group made an assessment of TFRS 16 adoption. On 1 January 2020, the Group recognized the increase in right-of-use assets amounting to Baht 229 million which was presented in property, plant and equipment in consolidated statements of financial position while the prepaid rental expenses decrease amounting to Baht 9 million which affect to increase in lease liabilities amounting to Baht 220 million and the Company recognized the increase in right-of-use assets amounting to Baht 189 million which was presented in property, plant and equipment in separate statements of financial position while the prepaid rental expenses decrease amounting to Baht 9 million which affect to increase in lease liabilities amounting to Baht 180 million. The nature of expenses related to those leases will change as the Group will recognize depreciation of right-of-use assets and interest expenses on lease liabilities. The operating lease commitment as at 31 December 2019 was discounted using the incremental borrowing rate and used of exemption for short-term lease and low-value items lease assets, combined with finance lease liabilities; therefore, the Group has recognized lease liabilities as at 1 January 2020 amounting to Baht 220 million and Baht 180 million in consolidated and separate financial statements. Incremental borrowing rates were 1.83% to 3.13% per annum.

**4 Significant accounting policies**

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

***(a) Basis of consolidation***

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

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated 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.

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*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) 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.

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

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

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

**(d) Inventories**

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

Cost is calculated using the following formula:

Finished goods	-	at standard cost which approximates actual production cost
Merchandise	-	at average cost
Goods in process	-	at standard cost
Raw materials, spare parts, stores supplies and others	-	at average cost

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

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**(e) Land development for sale**

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

**(f) 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.

**(g) Investment properties**

Investment properties are properties which properties that are held as right-of-use assets, as well as properties that are owned by the Group. Investment properties are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment 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.

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

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

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.

**(h) Property, plant and equipment**

*Owned assets*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of

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operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

*Reclassification to investment property*

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

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, or other amount substituted for cost, less its residual value.

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

Land improvements	5 - 20	years
Buildings and structures	3 - 40	years
Machinery and equipment	2 - 20	years
Furniture, fixtures and office equipment	2 - 20	years
Transportation and equipment	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.

**(i) *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.

**(j) *Intangible assets***

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



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*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.

The estimated useful lives are as follows:

Software licenses	2 - 10 years
-------------------	--------------

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

**(k) Leases**

**Accounting policies applicable from 1 January 2020**

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

*As a lessee*

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

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

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

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

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

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

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

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

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

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

As a lessee, leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Assets held under other leases were classified as operating leases and lease payments are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**(l) *Impairment of financial assets***

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

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

***Measurement of ECLs***

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

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ECLs are measured on either of the following bases:

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

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

Loss allowances for all other financial instruments, the Group recognizes ECLs equal to 12-month ECLs unless there has been credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

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

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

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

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

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

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

*Write-off*

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

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

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

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

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

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*Calculation of recoverable amount*

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

*Reversal of impairment*

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

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

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

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use or 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 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.

**(n) Trade and other payables**

Trade and other payables are stated at cost.

**(o) Contract liabilities**

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

**(p) Employee benefits**

*Defined contribution plans*

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

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*Defined benefit plans*

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

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

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

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

*Termination benefits*

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

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(q) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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**(r) Fair value measurement**

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised 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 (Stock Exchange) for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. observation 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 categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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**(s) Revenue**

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

*Sale of goods and rendering of services*

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

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

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

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

*Revenue from industrial estate development*

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

*Interest income and dividend income*

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

**(t) Interest**

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

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

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

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**(u) Expenses**

*Finance costs*

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

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

*Early retirement expense*

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

**(v) Income tax**

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

*Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

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

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the 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.



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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.

**(w) Foreign currencies**

*Foreign currency transactions*

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

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

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

**(x) Financial instruments**

*Accounting policies applicable from 1 January 2020*

*(1) Recognition and initial measurement*

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

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

*(2) Classification and subsequent measurement*

*Financial assets - classification*

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

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

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

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

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

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

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

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

*Financial assets - business model assessment*

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

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

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

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

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

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*Financial assets - subsequent measurement and gains and losses*

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

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

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

*(3) Derecognition*

*Financial assets*

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

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

*Financial liabilities*

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

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

*(4) Offsetting*

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

*(5) Derivatives*

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

*(6) Hedging*

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

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

*Investments in other debt and equity securities*

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

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

Debt instruments and marketable equity instruments, other than held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and recognized change of fair value to other comprehensive income. Where investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

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

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting date.

*Disposal of investments*

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

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

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*Derivatives*

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

**(y) 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.

**5 Related parties**

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

Relationships with related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
The Siam Cement Public Company Limited	Thailand	Ultimate parent company
Cementhai Ceramics Co., Ltd.	Thailand	Immediate parent company
Sosuco Ceramic Co., Ltd.	Thailand	A subsidiary of SCG Ceramics Public Company Limited
SCG Building Materials Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Roofing 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
SCG Landscape Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Fiberglass Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Sanitary Ware 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
Siam Sanitary Ware Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Saraburirat Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Fibre Cement Group Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Sanitary Ware Industry (Nongkae) 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
Quality Construction Products Public Company Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited

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<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
Panel World Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Nexter Living 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
The Siam Cement (Thung Song) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
ECO Plant Services Co., Ltd.	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
The Siam Refractory Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCI Eco Services Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Polyethylene Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Nawaplastic Industries Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Accounting Services Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Learning Excellence Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Bangsue Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Legal Counsel Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Distribution 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
Nexter Digital Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
BetterBe Marketplace Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Nexter Retail Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Experience Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG International Corporation Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG International Middle East Dmcc	United Arab Emirates	A subsidiary of The Siam Cement Public Company Limited
SCG International India Private Limited	India	A subsidiary of The Siam Cement Public Company Limited

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
SCG International Hong Kong Limited	China	A subsidiary of The Siam Cement Public Company Limited
SCG International China (Guangzhou) Co., Ltd.	China	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 Serpih Mas	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 Kokoh Inti Arebama Tbk.	Indonesia	A subsidiary of The Siam Cement Public Company Limited
Myanmar CBM Services Co., Ltd.	Myanmar	A subsidiary of The Siam Cement Public Company Limited
Mariwasa-Siam Ceramics, Inc.	Philippines	A subsidiary of The Siam Cement Public Company Limited
Kampot Cement Co., Ltd.	Cambodia	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
Prime International Import - Export and Service Trading Company Limited	Vietnam	A subsidiary of The Siam Cement Public Company Limited
Prime Group Joint Stock Company	Vietnam	A subsidiary of The Siam Cement Public Company Limited
SCG Logistics Management Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Skills Development Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Yamato Express Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Containers Group Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Kraft Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Paper Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Containers Khonkaen Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCGP Excellence Training Center Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Paper Energy Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Cane Paper Public Company Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited
Sekisui-SCG Industry Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Noritake SCG Plaster Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
IT One Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
Siam Global House Public Company Limited	Thailand	An associate of The Siam Cement Public Company Limited
Siam Yamato Steel Co., Ltd.	Thailand	Other related parties of The Siam Cement Public Company Limited

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

	<b>Pricing policies</b>
Purchases	Market price
Service fee	Market price
Revenue from sales	Market price
Other income	Market price
Dividends income	Upon declaration

Significant transactions with related parties for the years ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
Service fee	91,315	104,791	86,025	99,045
Revenue from sales	446	4	446	-
<i>Parent</i>				
Service fee	48,746	42,848	44,424	34,459
Other income	10,495	13,741	10,495	13,741
<i>Subsidiary</i>				
Purchases	-	-	1,298,179	1,390,424
Service fee	-	-	6,728	3,781
Dividends income	-	-	200,000	-
Other income	-	-	6,671	4,148
<i>Other related parties</i>				
Purchases	596,935	476,329	564,117	435,335
Service fee	357,724	322,474	326,324	317,184
Revenue from sales	354,269	647,549	354,269	647,549
Other income	48,497	51,204	48,497	51,204



**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Trade receivables</i>				
Ultimate parent	29	-	29	-
Other related parties	59,897	62,178	59,897	62,178
<b>Total</b>	<b>59,926</b>	<b>62,178</b>	<b>59,926</b>	<b>62,178</b>
<i>Other current receivables</i>				
Ultimate parent	19,933	21,239	19,933	21,239
Parent	3,034	4,682	3,034	4,682
Subsidiary	-	-	2,361	2,556
Other related parties	16,144	38,264	16,144	38,264
<b>Total</b>	<b>39,111</b>	<b>64,185</b>	<b>41,472</b>	<b>66,741</b>
<i>Trade payables</i>				
Subsidiary	-	-	180,801	192,683
Other related parties	171,562	87,496	163,069	81,854
<b>Total</b>	<b>171,562</b>	<b>87,496</b>	<b>343,870</b>	<b>274,537</b>
<i>Other current payables</i>				
Ultimate parent	17,616	49,430	16,908	49,390
Parent	9,984	8,528	9,807	7,638
Subsidiary	-	-	1,416	634
Other related parties	27,237	27,609	26,266	26,397
<b>Total</b>	<b>54,837</b>	<b>85,567</b>	<b>54,397</b>	<b>84,059</b>

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>For the year ended 31 December</i></b>				
Short-term employee benefits	38,832	37,408	38,832	37,408
Post-employment benefits	3,011	4,354	3,011	4,354
<b>Total</b>	<b>41,843</b>	<b>41,762</b>	<b>41,843</b>	<b>41,762</b>

The Board of Directors and key management compensation comprises the remuneration paid to the directors of SCG Ceramics Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**6 Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cash at banks - savings accounts	679,706	608,737	319,385	237,481
Cash at banks - current accounts	49,134	20,324	49,086	20,248
Cash on hand and others	2,392	2,348	2,292	2,247
<b>Total</b>	<b>731,232</b>	<b>631,409</b>	<b>370,763</b>	<b>259,976</b>

**7 Inventories**

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Finished goods	2,240,167	2,396,086	2,085,337	2,142,576
Goods in process	86,056	116,968	72,854	103,155
Raw materials	233,259	236,511	212,246	215,573
Spare parts, stores, supplies and others	212,707	227,633	189,989	202,689
Finish goods, raw materials and spare parts in transit	148,323	157,712	145,744	153,851
<b>Total</b>	<b>2,920,512</b>	<b>3,134,910</b>	<b>2,706,170</b>	<b>2,817,844</b>
<i>Less allowance for decline in value</i>	<i>(291,682)</i>	<i>(281,332)</i>	<i>(286,262)</i>	<i>(273,442)</i>
<b>Net</b>	<b>2,628,830</b>	<b>2,853,578</b>	<b>2,419,908</b>	<b>2,544,402</b>
Cost of inventories recognized as an expense in cost of sales	7,155,272	7,935,862	7,472,916	8,251,565
Write-down to net realizable value	97,556	136,040	97,556	130,422
Reversal of write-down	(88,251)	(26,011)	(87,915)	(21,762)
Changes in inventories of finished goods and goods in process	186,831	(110,321)	87,540	(159,128)
Raw materials and supplies used	(1,991,713)	(2,433,241)	(1,635,514)	(2,402,203)

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**8 Investment in subsidiary**

	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2020	2019	2020	2019	2020	2019	2020	2019
	(%)				<i>(in thousand Baht)</i>			
Sosuco Ceramic Co., Ltd.	100.00	53.89	800,000	800,000	<u>1,333,935</u>	<u>758,919</u>	200,000	-

In March 2020, the Company purchased additional ordinary shares of Sosuco Ceramic Co., Ltd. (“SSC”), totaling 3,686 shares or representing 46.11% amounting to Baht 575 million. As a result, the Company’s ownership increased from 53.89% to 100%.

The following summarized the effect of the change in the Group’s ownership.

	<i>(in thousand Baht)</i>
Carrying amount of non-controlling interests acquired	531,159
Less consideration paid to non-controlling interests	<u>(575,016)</u>
<b>Decrease in other components of shareholders’ equity</b>	<b><u>(43,857)</u></b>

At the Board of Directors’ Meeting of Sosuco Ceramic Co., Ltd. held on 14 September 2020, the directors approved to pay the 2020 interim dividend at the rate of Baht 25,000 per share to the shareholders entitled to receive dividends totaling approximately Baht 200 million and payment was made on 25 September 2020.

**9 Investment properties**

	Consolidated financial statements		
	Land	Buildings and structures	Total
	<i>(in thousand Baht)</i>		
<b><i>Cost</i></b>			
At 1 January 2019	409,815	74,531	484,346
Transfer to property, plant and equipment	-	-	-
<b>At 31 December 2019</b>	<b>409,815</b>	<b>74,531</b>	<b>484,346</b>
Additions	-	767	767
<b>At 31 December 2020</b>	<b>409,815</b>	<b>75,298</b>	<b>485,113</b>
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>			
At 1 January 2019	9,599	71,917	81,516
Depreciation charge for the year	-	707	707
<b>At 31 December 2019</b>	<b>9,599</b>	<b>72,624</b>	<b>82,223</b>
Depreciation charge for the year	-	893	893
<b>At 31 December 2020</b>	<b>9,599</b>	<b>73,517</b>	<b>83,116</b>
<b><i>Carrying amount</i></b>			
<b>At 31 December 2019</b>	<b>400,216</b>	<b>1,907</b>	<b>402,123</b>
<b>At 31 December 2020</b>	<b>400,216</b>	<b>1,781</b>	<b>401,997</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Separate financial statements		
	Land	Buildings and structures <i>(in thousand Baht)</i>	Total
<b><i>Cost</i></b>			
At 1 January 2019	398,004	73,235	471,239
Additions	-	-	-
<b>At 31 December 2019</b>	<b>398,004</b>	<b>73,235</b>	<b>471,239</b>
Additions	-	767	767
<b>At 31 December 2020</b>	<b>398,004</b>	<b>74,002</b>	<b>472,006</b>
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>			
At 1 January 2019	-	70,659	70,659
Depreciation charge for the year	-	669	669
<b>At 31 December 2019</b>	<b>-</b>	<b>71,328</b>	<b>71,328</b>
Depreciation charge for the year	-	893	893
<b>At 31 December 2020</b>	<b>-</b>	<b>72,221</b>	<b>72,221</b>
<b><i>Carrying amount</i></b>			
<b>At 31 December 2019</b>	<b>398,004</b>	<b>1,907</b>	<b>399,911</b>
<b>At 31 December 2020</b>	<b>398,004</b>	<b>1,781</b>	<b>399,785</b>

The Group determined fair value of investment properties in consolidated and separate financial statements as at 31 December 2020 at open market values on an existing use basis. The fair value was Baht 1,049 million (2019: Baht 1,049 million) and Baht 1,032 million (2019: 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.

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**10 Property, plant and equipment**

	Consolidated financial statements						Total
	Land and land improvements	Buildings and structures	Machinery and equipment <i>(in thousand Baht)</i>	Furniture fixtures and office equipment	Transportation and equipment	Construction in progress	
<b>Cost</b>							
At 1 January 2019	1,482,049	3,557,164	16,562,237	351,912	46,133	357,102	22,356,597
Additions	369	35,144	142,208	20,872	1,262	160,247	360,102
Disposals/written off	-	(3,603)	(44,579)	(9,627)	(595)	-	(58,404)
Transfer in (out)	4,856	(101,821)	407,573	10,696	42	(336,221)	(14,875)
Transfer to other non-current assets	21,447	(123,880)	(1,682,175)	(2,481)	(1,986)	-	(1,789,075)
<b>At 31 December 2019 and 1 January 2020</b>	<b>1,508,721</b>	<b>3,363,004</b>	<b>15,385,264</b>	<b>371,372</b>	<b>44,856</b>	<b>181,128</b>	<b>20,854,345</b>
Recognition of right-of-use asset on initial application of TFRS 16 <i>(see note 3(b))</i>	16,214	50,997	33,419	1,894	127,237	-	229,761
<b>At 1 January 2020 - as adjusted</b>	<b>1,524,935</b>	<b>3,414,001</b>	<b>15,418,683</b>	<b>373,266</b>	<b>172,093</b>	<b>181,128</b>	<b>21,084,106</b>
Additions	9,496	9,848	84,079	14,932	55,033	99,510	272,898
Disposals/written off	(143)	(9,556)	(62,128)	(17,519)	(39,702)	(3,647)	(132,695)
Transfer in (out)	3,682	11,433	75,061	2,571	141	(92,888)	-
Transfer to other non-current assets	-	(38,393)	(489,677)	(477)	(3,474)	-	(532,021)
Transfer to other intangible assets	-	-	-	-	-	(2,411)	(2,411)
<b>At 31 December 2020</b>	<b>1,537,970</b>	<b>3,387,333</b>	<b>15,026,018</b>	<b>372,773</b>	<b>184,091</b>	<b>181,692</b>	<b>20,689,877</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Consolidated financial statements						
	Land and land improvements	Buildings and structures	Machinery and equipment	Furniture fixtures and office equipment	Transportation and equipment	Construction in progress	Total
	<i>(in thousand Baht)</i>						
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>							
At 1 January 2019	239,110	2,341,081	13,903,033	259,940	43,211	-	16,786,375
Depreciation charge for the year	22,693	85,458	424,020	28,389	1,457	-	562,017
Disposals/written off	-	(3,603)	(44,150)	(6,155)	(582)	-	(54,490)
Transfer in (out)	-	(132,469)	132,519	(50)	-	-	-
Transfer to other non-current assets	17,677	(104,588)	(1,670,846)	(2,432)	(1,982)	-	(1,762,171)
<b>At 31 December 2019</b>	<b>279,480</b>	<b>2,185,879</b>	<b>12,744,576</b>	<b>279,692</b>	<b>42,104</b>	<b>-</b>	<b>15,531,731</b>
Depreciation charge for the year	28,809	112,476	417,185	35,781	71,418	-	665,669
Disposals/written off	(143)	(2,835)	(43,882)	(12,950)	(15,554)	-	(75,364)
Transfer to other non-current assets	-	(34,522)	(464,932)	(477)	(3,474)	-	(503,405)
<b>At 31 December 2020</b>	<b>308,146</b>	<b>2,260,998</b>	<b>12,652,947</b>	<b>302,046</b>	<b>94,494</b>	<b>-</b>	<b>15,618,631</b>
<b><i>Carrying amount</i></b>							
<b>At 31 December 2019</b>							
Owned assets	<u>1,229,241</u>	<u>1,177,125</u>	<u>2,640,688</u>	<u>91,680</u>	<u>2,752</u>	<u>181,128</u>	<u>5,322,614</u>
<b>At 31 December 2020</b>							
Owned assets	1,219,693	1,102,220	2,351,941	66,849	1,917	181,692	4,924,312
Right-of-use assets	10,131	24,115	21,130	3,878	87,680	-	146,934
	<u>1,229,824</u>	<u>1,126,335</u>	<u>2,373,071</u>	<u>70,727</u>	<u>89,597</u>	<u>181,692</u>	<u>5,071,246</u>

In 2020, addition to the right-of-use assets of the Group Baht 147 million.

# SCG Ceramics Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 December 2020

	Land and land improvements	Buildings and structures	Separate financial statements				Construction in progress	Total
			Machinery and equipment	Furniture fixtures and office equipment	Transportation and equipment			
			<i>(in thousand Baht)</i>					
<b>Cost</b>								
At 1 January 2019	1,343,179	2,802,819	14,055,410	285,906	46,132	353,145	18,886,591	
Additions	369	31,197	77,016	20,492	1,262	139,221	269,557	
Disposals/written off	-	(1,067)	(6,870)	(9,310)	(595)	-	(17,842)	
Transfer in (out)	4,856	35,488	265,209	12,906	42	(333,376)	(14,875)	
Transfer to other non-current assets	21,447	(123,880)	(1,682,175)	(2,481)	(1,986)	-	(1,789,075)	
<b>At 31 December 2019 and 1 January 2020</b>	<b>1,369,851</b>	<b>2,744,557</b>	<b>12,708,590</b>	<b>307,513</b>	<b>44,855</b>	<b>158,990</b>	<b>17,334,356</b>	
Recognition of right-of-use asset on initial application of TFRS 16 <i>(see note 3(b))</i>	12,560	50,997	-	1,894	123,227	-	188,678	
<b>At 1 January 2020 - as adjusted</b>	<b>1,382,411</b>	<b>2,795,554</b>	<b>12,708,590</b>	<b>309,407</b>	<b>168,082</b>	<b>158,990</b>	<b>17,523,034</b>	
Additions	13,150	8,451	42,793	13,867	55,033	88,669	221,963	
Disposals/written off	(143)	(9,556)	(9,460)	(15,483)	(37,892)	(3,647)	(76,181)	
Transfer in (out)	3,682	11,425	53,263	2,571	141	(71,082)	-	
Transfer to other intangible assets	-	-	-	-	-	(2,411)	(2,411)	
Transfer to other non-current assets	-	(38,393)	(489,677)	(477)	(3,474)	-	(532,021)	
<b>At 31 December 2020</b>	<b>1,399,100</b>	<b>2,767,481</b>	<b>12,305,509</b>	<b>309,885</b>	<b>181,890</b>	<b>170,519</b>	<b>17,134,384</b>	

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Land and land improvements	Buildings and structures	Separate financial statements			Construction in progress	Total
			Machinery and equipment <i>(in thousand Baht)</i>	Furniture fixtures and office equipment	Transportation and equipment		
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>							
At 1 January 2019	239,110	1,694,898	11,591,349	204,037	43,211	-	13,772,605
Depreciation charge for the year	22,693	74,386	369,034	26,109	1,457	-	493,679
Disposals/written off	-	(1,067)	(6,579)	(5,838)	(582)	-	(14,066)
Transfer to other non-current assets	17,677	(104,588)	(1,670,846)	(2,432)	(1,982)	-	(1,762,171)
<b>At 31 December 2019</b>	<b>279,480</b>	<b>1,663,629</b>	<b>10,282,958</b>	<b>221,876</b>	<b>42,104</b>	-	<b>12,490,047</b>
Depreciation charge for the year	28,809	101,581	351,322	34,099	70,176	-	585,987
Disposals/written off	(143)	(2,835)	(9,188)	(10,914)	(15,227)	-	(38,307)
Transfer to other non-current assets	-	(34,522)	(464,932)	(477)	(3,474)	-	(503,405)
<b>At 31 December 2020</b>	<b>308,146</b>	<b>1,727,853</b>	<b>10,160,160</b>	<b>244,584</b>	<b>93,579</b>	-	<b>12,534,322</b>
<b><i>Carrying amount</i></b>							
<b>At 31 December 2019</b>							
Owned assets	<b>1,090,371</b>	<b>1,080,928</b>	<b>2,425,632</b>	<b>85,637</b>	<b>2,751</b>	<b>158,990</b>	<b>4,844,309</b>
<b>At 31 December 2020</b>							
Owned assets	1,083,745	1,015,513	2,145,349	61,423	1,916	170,519	4,478,465
Right-of-use assets	7,209	24,115	-	3,878	86,395	-	121,597
	<b>1,090,954</b>	<b>1,039,628</b>	<b>2,145,349</b>	<b>65,301</b>	<b>88,311</b>	<b>170,519</b>	<b>4,600,062</b>

In 2020, addition to the right-of-use assets of the Company Baht 122 million.



**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**11 Leases**

The Group leases a number of office equipment for 3 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>For the year ended 31 December</i></b>				
<b><i>Amounts recognized in profit or loss</i></b>				
Depreciation of right-of-use assets:				
- Buildings and land improvements	33,822	-	33,822	-
- Equipment	7,209	-	-	-
- Vehicles	68,869	-	67,628	-
- Others	4,370	-	4,370	-
Interest on lease liabilities	4,467	-	3,632	-
Lease expense	-	201,497	-	191,959

**12 Other intangible assets**

	Software licenses	Consolidated financial statements		Total
		Other intangible assets	Development cost	
	<i>(in thousand Baht)</i>			
<b><i>Cost</i></b>				
At 1 January 2019	210,973	35,402	7,110	253,485
Additions	2,625	7,588	3,173	13,386
Disposals/written off	(616)	-	-	(616)
Transfer in (out)	7,163	11,029	(3,317)	14,875
<b>At 31 December 2019</b>	<b>220,145</b>	<b>54,019</b>	<b>6,966</b>	<b>281,130</b>
Additions	866	1,232	7,350	9,448
Disposals/written off	(49)	-	-	(49)
Transfer in (out)	7,544	1,334	(6,467)	2,411
<b>At 31 December 2020</b>	<b>228,506</b>	<b>56,585</b>	<b>7,849</b>	<b>292,940</b>
<b><i>Accumulated amortization</i></b>				
At 1 January 2019	129,098	9,760	-	138,858
Amortization charge for the year	17,470	7,182	-	24,652
Disposals/written off	(492)	-	-	(492)
<b>At 31 December 2019</b>	<b>146,076</b>	<b>16,942</b>	<b>-</b>	<b>163,018</b>
Amortization charge for the year	18,798	9,800	-	28,598
Disposals/written off	(49)	-	-	(49)
<b>At 31 December 2020</b>	<b>164,825</b>	<b>26,742</b>	<b>-</b>	<b>191,567</b>
<b><i>Carrying amount</i></b>				
<b>At 31 December 2019</b>	<b>74,069</b>	<b>37,077</b>	<b>6,966</b>	<b>118,112</b>
<b>At 31 December 2020</b>	<b>63,681</b>	<b>29,843</b>	<b>7,849</b>	<b>101,373</b>

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	Software licenses	Separate financial statements Other intangible assets <i>(in thousand Baht)</i>	Development cost	Total
<b>Cost</b>				
At 1 January 2019	206,560	35,402	7,110	249,072
Additions	2,607	7,588	3,173	13,368
Disposals/written off	(616)	-	-	(616)
Transfers in (out)	7,163	11,029	(3,317)	14,875
<b>At 31 December 2019</b>	<b>215,714</b>	<b>54,019</b>	<b>6,966</b>	<b>276,699</b>
Additions	866	1,232	7,350	9,448
Disposals/written off	(49)	-	-	(49)
Transfers in (out)	7,544	1,334	(6,467)	2,411
<b>At 31 December 2020</b>	<b>224,075</b>	<b>56,585</b>	<b>7,849</b>	<b>288,509</b>
<b>Accumulated amortization</b>				
At 1 January 2019	125,750	9,760	-	135,510
Amortization charge for the year	17,010	7,182	-	24,192
Disposals/written off	(492)	-	-	(492)
<b>At 31 December 2019</b>	<b>142,268</b>	<b>16,942</b>	<b>-</b>	<b>159,210</b>
Amortization charge for the year	18,511	9,800	-	28,311
Disposals/written off	(49)	-	-	(49)
<b>At 31 December 2020</b>	<b>160,730</b>	<b>26,742</b>	<b>-</b>	<b>187,472</b>
<b>Carrying amount</b>				
At 31 December 2019	73,446	37,077	6,966	117,489
At 31 December 2020	63,345	29,843	7,849	101,037

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**13 Deferred tax assets (deferred tax liabilities)**

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

	At 1 January 2019	Consolidated financial statements Credited (charged) to		At 31 December 2019
		profit or loss	other comprehensive income	
		(note 24) (in thousand Baht)		
<b><i>Deferred tax assets</i></b>				
Inventories	30,567	24,327	-	54,894
Investment properties	41,232	(100)	-	41,132
Property, plant and equipment	18,077	1,555	-	19,632
Provisions for employee benefits	82,981	50,852	15,984	149,817
Others	14,094	12,050	-	26,144
<b>Total</b>	<b>186,951</b>	<b>88,684</b>	<b>15,984</b>	<b>291,619</b>
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(47,987)	(12,077)	-	(60,064)
<b>Net</b>	<b>138,964</b>	<b>76,607</b>	<b>15,984</b>	<b>231,555</b>
		(note 24) (in thousand Baht)		
	At 1 January 2020	Consolidated financial statements Credited (charged) to		At 31 December 2020
		profit or loss	other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Inventories	54,894	6,084	-	60,978
Investment properties	41,132	(100)	-	41,032
Property, plant and equipment	19,632	1,433	-	21,065
Provisions for employee benefits	149,817	(15,026)	(1,261)	133,530
Others	26,144	(5,460)	-	20,684
<b>Total</b>	<b>291,619</b>	<b>(13,069)</b>	<b>(1,261)</b>	<b>277,289</b>
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(60,064)	(4,309)	-	(64,373)
<b>Net</b>	<b>231,555</b>	<b>(17,378)</b>	<b>(1,261)</b>	<b>212,916</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
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	At 1 January 2019	Separate financial statements Credited (charged) to		At 31 December 2019
		profit or loss	other comprehensive income	
		(note 24) (in thousand Baht)		
<b><i>Deferred tax assets</i></b>				
Inventories	29,263	25,425	-	54,688
Investment properties	39,268	(100)	-	39,168
Property, plant and equipment	18,077	1,555	-	19,632
Provisions for employee benefits	71,594	46,883	14,121	132,598
Others	9,466	10,049	-	19,515
<b>Total</b>	<b>167,668</b>	<b>83,812</b>	<b>14,121</b>	<b>265,601</b>
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(47,987)	(12,077)	-	(60,064)
<b>Net</b>	<b>119,681</b>	<b>71,735</b>	<b>14,121</b>	<b>205,537</b>
		(note 24) (in thousand Baht)		
	At 1 January 2020	profit or loss	other comprehensive income	At 31 December 2020
<b><i>Deferred tax assets</i></b>				
Inventories	54,688	2,564	-	57,252
Investment properties	39,168	(99)	-	39,069
Property, plant and equipment	19,632	1,433	-	21,065
Provisions for employee benefits	132,598	(17,965)	(741)	113,892
Others	19,515	(572)	-	18,943
<b>Total</b>	<b>265,601</b>	<b>(14,639)</b>	<b>(741)</b>	<b>250,221</b>
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(60,064)	(4,309)	-	(64,373)
<b>Net</b>	<b>205,537</b>	<b>(18,948)</b>	<b>(741)</b>	<b>185,848</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**14 Changes in liabilities arising from financing activities**

	Consolidated financial statements Lease liabilities <i>(in thousand Baht)</i>	Separate financial statements Lease liabilities
At 31 December 2019 - as reported	-	-
Impact of changes in accounting policies	220,741	179,658
<b>At 1 January 2020</b>	<b>220,741</b>	<b>179,658</b>
Changes from financing cash flows	(116,223)	(107,329)
Other non-cash movement	35,046	44,534
<b>At 31 December 2020</b>	<b>139,564</b>	<b>116,863</b>

	Consolidated and Separate financial statements Short-term borrowings from financial institutions 2020	2019
	<i>(in thousand Baht)</i>	
At 1 January	160,000	865,000
Changes from financing cash flows	(160,000)	(705,000)
<b>At 31 December</b>	<b>-</b>	<b>160,000</b>

As at 31 December 2020, the Company had no promissory notes with financial institute. (31 December 2019: Baht 160 million with interest rate from 1.37% to 1.45% per annum).

**15 Interest-bearing liabilities**

	Consolidated financial statements					
	2020			2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
<b>Current</b>						
Bank overdrafts and short-term borrowings from financial institutions	-	-	-	-	160,000	160,000
Current portion of lease liabilities	-	75,029	75,029	-	-	-
	<u>-</u>	<u>75,029</u>	<u>75,029</u>	<u>-</u>	<u>160,000</u>	<u>160,000</u>
<b>Non-current</b>						
Lease liabilities	-	64,535	64,535	-	-	-
<b>Total interest-bearing liabilities</b>	<u>-</u>	<u>139,564</u>	<u>139,564</u>	<u>-</u>	<u>160,000</u>	<u>160,000</u>

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	Separate financial statements					
	2020			2019		
	Secured	Unsecured	Total (in thousand Baht)	Secured	Unsecured	Total
<b>Current</b>						
Bank overdrafts and short-term borrowings from financial institutions	-	-	-	-	160,000	<b>160,000</b>
Current portion of lease liabilities	-	67,723	<b>67,723</b>	-	-	-
	-	<b>67,723</b>	<b>67,723</b>	-	<b>160,000</b>	<b>160,000</b>
<b>Non-current</b>						
Lease liabilities	-	49,140	<b>49,140</b>	-	-	-
<b>Total interest-bearing liabilities</b>	-	<b>116,863</b>	<b>116,863</b>	-	<b>160,000</b>	<b>160,000</b>

All of interest-bearing liabilities are in Thai Baht.

As at 31 December 2020, the Group has overdraft lines with several banks amounting to approximately Baht 100 million (2019: Baht 100 million).

**16 Trade and other current payables**

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
<b>Trade payables</b>					
Other parties		537,666	734,507	474,057	659,909
Related parties	5	171,562	87,496	343,870	274,537
		<b>709,228</b>	<b>822,003</b>	<b>817,927</b>	<b>934,446</b>
<b>Other current payables</b>					
Related parties	5	54,837	85,567	54,397	84,059
Other parties					
Accrued expenses		350,822	385,360	329,531	344,998
Suspense value added tax and withholding tax		43,658	35,304	38,732	31,192
Construction payables		17,332	28,971	11,507	24,018
Employee payables		15,377	28,664	15,348	28,561
Others		40,683	30,984	32,073	23,724
		<b>522,709</b>	<b>594,850</b>	<b>481,588</b>	<b>536,552</b>
<b>Total</b>		<b>1,231,937</b>	<b>1,416,853</b>	<b>1,299,515</b>	<b>1,470,998</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**17 Non-current provisions for employee benefits**

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

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payments plan	555,345	565,632	478,385	480,273
Other long-term employee benefits	22,316	19,184	22,265	19,121
<b>Total non-current provisions for defined benefit plans</b>	<b>577,661</b>	<b>584,816</b>	<b>500,650</b>	<b>499,394</b>
Other employee benefits	961	1,814	961	1,814
<b>Total</b>	<b>578,622</b>	<b>586,630</b>	<b>501,611</b>	<b>501,208</b>

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Non-current provisions for defined plans at 1 January	584,816	396,851	499,394	340,413
<b>Included in profit or loss</b>				
Current service costs	37,262	34,119	32,004	29,252
Interest on obligation	10,408	15,682	9,045	13,525
Actuarial losses	5,212	12,907	5,226	12,873
Past service cost from the amended severance pay of the Labor Law	-	124,083	-	106,602
	<b>637,698</b>	<b>583,642</b>	<b>545,669</b>	<b>502,665</b>
<b>Included in other comprehensive income</b>				
Actuarial losses (gains)	(6,304)	79,922	(3,707)	70,604
<b>Others</b>				
Benefits paid	(32,376)	(34,999)	(26,095)	(30,126)
Transfer to current provisions	(21,357)	(43,749)	(15,217)	(43,749)
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b>577,661</b>	<b>584,816</b>	<b>500,650</b>	<b>499,394</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
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On 5 April 2019, the Labor Protection Act has already been announced in Royal Gazette that become effective on 5 May 2019 to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. The Group and the Company recognized the effect of this change as the expense amounted to Baht 124 and Baht 107 million in consolidated income statement and separate income statement respectively, resulting in the decrease in net profit amounted to Baht 99 and Baht 85 million, respectively.

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>For the years ended 31 December</i></b>				
Demographic assumptions	(925)	(948)	(844)	(637)
Financial assumptions	8,398	34,530	7,116	30,484
Experience adjustment	(13,777)	46,340	(9,979)	40,757
<b>Total</b>	<b><u>(6,304)</u></b>	<b><u>79,922</u></b>	<b><u>(3,707)</u></b>	<b><u>70,604</u></b>

***Actuarial assumptions***

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

	2020	2019
	(%)	
Discount rate *	1.40 - 1.44	1.60 - 1.70
Salary increase rate	1.00 - 7.00	2.00 - 7.00
Employee turnover rate **	4.00 - 19.00	4.00 - 20.00
Mortality rate ***	50.00 of TMO2017	50.00 of TMO2017

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

\*\* Upon the length of service

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



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***Sensitivity analysis***

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

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

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
	Increase (decrease)			
	<i>(in thousand Baht)</i>			
Discount rate				
0.5% increase	(30,584)	(32,526)	(26,719)	(28,595)
0.5% decrease	32,986	35,126	28,833	30,894
Salary increase rate				
1.0% increase	61,013	69,817	53,469	61,566
1.0% decrease	(53,956)	(61,285)	(47,244)	(54,001)
Employee turnover rate				
10.0% increase	(24,784)	(28,263)	(21,701)	(24,833)
10.0% decrease	26,205	29,982	22,953	26,352

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

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

***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.

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**19 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.	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>At 31 December</i>		
<i>Non-controlling interests</i>		
Non-controlling interest percentage	-	46.11 %
Current assets	767,841	883,639
Non-current assets	506,531	511,401
Current liabilities	(154,158)	(148,427)
Non-current liabilities	(104,117)	(94,861)
<b>Net assets</b>	<b><u>1,016,097</u></b>	<b><u>1,151,752</u></b>
<b>Carrying amount of non-controlling interest</b>	<b><u>-</u></b>	<b><u>531,073</u></b>
Sosuco Ceramic Co., Ltd.		
	For the period	
	1 Jan - 28 Feb	
	2020	2019
Revenue	215,763	1,391,452
Profit for the year	8,834	42,539
Other comprehensive income for the year	-	(7,454)
<b>Total comprehensive income for the year</b>	<b><u>8,834</u></b>	<b><u>35,085</u></b>
Profit for the year		
- Attributable to owners of the parent	4,761	22,924
- Attributable to non-controlling interest	4,073	19,615
	<b><u>8,834</u></b>	<b><u>42,539</u></b>
Other comprehensive income for the year		
- Attributable to owners of the parent	-	(4,017)
- Attributable to non-controlling interest	-	(3,437)
	<b><u>-</u></b>	<b><u>(7,454)</u></b>
Cash flows from operating activities	30,016	156,192
Cash flows from investing activities	(11,205)	(89,336)
Cash flows from financing activities	(1,777)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>17,034</u></b>	<b><u>66,856</u></b>

**20 Business segment information**

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

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

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The Group comprises the following main business segments:

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

Information regarding the results of each reportable segment use to evaluate performance and allocate resources for management. The Group measured performance 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 for the years ended 31 December was as follows:

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	2020	2019	2020	2019	2020	2019
<i>(in thousand Baht)</i>						
<b><i>Information from consolidated income statement</i></b>						
Revenue from external customers	9,950,976	10,871,226	-	202,930	9,950,976	11,074,156
Other income	65,193	79,176	146,070	136,706	211,263	215,882
Interest income	2,592	1,779	-	-	2,592	1,779
Finance cost	7,403	5,173	-	-	7,403	5,173
Depreciation and amortization	675,478	570,462	19,153	21,948	694,631	592,410
Profit before income tax	451,335	83,129	68,616	149,805	519,951	232,934
Tax expense	(86,617)	(13,714)	(9,026)	(32,414)	(95,643)	(46,128)
Profit for the year	<u>364,718</u>	<u>69,415</u>	<u>59,590</u>	<u>117,391</u>	<u>424,308</u>	<u>186,806</u>
	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	2020	2019	2020	2019	2020	2019
<i>(in thousand Baht)</i>						
<b><i>Information from consolidated statement of financial position</i></b>						
Land development for sale	-	-	486,406	486,406	486,406	486,406
Segment assets	9,855,129	10,328,840	571,000	580,113	10,426,129	10,908,953

***Geographical segment***

The Group has presented 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.

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***Geographical segment information***

	2020	2019
<b>Revenue from external customers</b>	<i>(in thousand Baht)</i>	
Thailand	8,100,058	9,120,842
Other countries	1,850,918	1,953,314
<b>Total</b>	<b><u>9,950,976</u></b>	<b><u>11,074,156</u></b>

***Major customer***

Revenues from one major customer of the Group's manufacturing and sales of ceramic tiles segment represents approximately Baht 1,177 million for the year 2020 (2019: Baht 1,382 million) of the Group's total revenues.

**21 Distribution costs**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Freight	692,305	772,031	578,421	642,566
Salary, welfare and personnel expenses	488,222	530,237	464,116	505,146
Sales promotion and advertising expenses	241,837	272,851	236,550	264,299
Depreciation and amortization expenses	135,734	63,466	125,395	55,710
Rental expenses	16,103	109,561	15,682	105,365
Outside wages	13,732	21,598	14,562	20,107
Communication expense	3,585	4,421	3,554	4,384
Others	96,949	112,883	95,367	115,157
<b>Total</b>	<b><u>1,688,467</u></b>	<b><u>1,887,048</u></b>	<b><u>1,533,647</u></b>	<b><u>1,712,734</u></b>

**22 Administrative expenses**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Salary, welfare and personnel expenses	342,296	385,335	304,963	342,324
IT fees	108,076	105,314	97,774	99,134
Professional and other fees	79,247	71,534	68,394	63,039
Mutual separation plan expenses	76,776	115,900	62,731	115,900
Depreciation and amortization expenses	47,876	51,175	43,906	47,937
Impairment loss on assets and loss for decline in value of inventories	28,973	48,851	31,665	50,042
Rental expenses	6,551	19,299	7,009	18,872
Maintenance and supplies	7,569	14,977	4,529	11,925
Outside wages	5,606	9,627	1,899	5,463
Past service cost from the amended severance pay of the Labor Law	-	124,083	-	106,602
Others	81,463	78,237	71,598	66,461
<b>Total</b>	<b><u>784,433</u></b>	<b><u>1,024,332</u></b>	<b><u>694,468</u></b>	<b><u>927,699</u></b>

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**23 Employee benefit expenses**

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Salaries and wages	1,704,494	1,857,308	1,476,541	1,616,953
Welfares and others	153,170	196,166	137,987	176,419
Contribution to defined contribution plans	116,668	126,326	104,539	114,030
Mutual separation plan expenses	76,776	115,900	62,731	115,900
Contribution to defined benefit plans	52,006	63,500	45,009	56,129
Past service cost from the amended severance pay of the Labor Law	-	124,083	-	106,602
<b>Total</b>	<b><u>2,103,114</u></b>	<b><u>2,483,283</u></b>	<b><u>1,826,807</u></b>	<b><u>2,186,033</u></b>

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

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

**24 Income tax**

*Income tax recognized in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
<b>Current tax</b>					
Current tax		80,098	111,022	67,098	99,293
Under (over) provided in prior years		<u>(1,833)</u>	<u>11,713</u>	<u>(1,840)</u>	<u>11,713</u>
		<b>78,265</b>	<b>122,735</b>	<b>65,258</b>	<b>111,006</b>
<b>Deferred tax</b>					
Movement in temporary differences	13	<u>17,378</u>	<u>(76,607)</u>	<u>18,948</u>	<u>(71,735)</u>
<b>Total</b>		<b><u>95,643</u></b>	<b><u>46,128</u></b>	<b><u>84,206</u></b>	<b><u>39,271</u></b>

*Income tax recognized in other comprehensive income*

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Actuarial losses	13	<u>(1,261)</u>	<u>15,984</u>	<u>(741)</u>	<u>14,121</u>

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*Reconciliation of effective tax rate*

For the years ended 31 December 2020 and 2019, the Group's effective tax rate is not equal to the statutory tax rate of 20% under the Revenue Code because income tax expense is calculated from accounting profit adjusted by non-deductible expenses, deducted income or expense exemption under the Revenue Code.

	Consolidated financial statements			
		2020		2019
	Rate		Rate	
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Profit before income tax expenses		519,951		232,934
Income tax using the Thai corporation tax rate	20	103,990	20	46,587
Expenses deductible at a greater amount		(11,592)		(10,988)
Expenses not deductible for tax purposes and others		(12,300)		75,423
<b>Current tax</b>		<b>80,098</b>		<b>111,022</b>
Under (over) provided in prior year		(1,833)		11,713
Movements in temporary differences		17,378		(76,607)
<b>Income tax expenses</b>	<b>18</b>	<b>95,643</b>	<b>20</b>	<b>46,128</b>
	Separate financial statements			
		2020		2019
	Rate		Rate	
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Profit before income tax expenses		651,119		186,412
Income tax using the Thai corporation tax rate	20	130,224	20	37,282
Income not subject to tax		(39,985)		-
Expenses deductible at a greater amount		(9,148)		(8,324)
Expenses not deductible for tax purposes and others		(13,993)		70,335
<b>Current tax</b>		<b>67,098</b>		<b>99,293</b>
Under (over) provided in prior year		(1,840)		11,713
Movements in temporary differences		18,948		(71,735)
<b>Income tax expenses</b>	<b>13</b>	<b>84,206</b>	<b>21</b>	<b>39,271</b>

**25 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 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 Company must comply with certain terms and conditions prescribed in the promotional certificate.

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The Company's revenue classified under promoted and non-promoted businesses for the years ended 31 December are as follows:

	Consolidated financial statements					
	Promoted Business	2020 Non-Promoted Business	Total	Promoted Business	2019 Non-Promoted Business	Total
	<i>(in thousand Baht)</i>					
Local	40,022	8,060,036	8,100,058	37,024	8,880,888	8,917,912
Export	44,976	1,805,942	1,850,918	37,819	1,915,495	1,953,314
<b>Total</b>	<b>84,998</b>	<b>9,865,978</b>	<b>9,950,976</b>	<b>74,843</b>	<b>10,796,383</b>	<b>10,871,226</b>

  

	Separate financial statements					
	Promoted Business	2020 Non-Promoted Business	Total	Promoted Business	2019 Non-Promoted Business	Total
	<i>(in thousand Baht)</i>					
Local	40,022	8,059,526	8,099,548	37,024	8,879,860	8,916,884
Export	44,976	1,805,942	1,850,918	37,819	1,915,495	1,953,314
<b>Total</b>	<b>84,998</b>	<b>9,865,468</b>	<b>9,950,466</b>	<b>74,843</b>	<b>10,795,355</b>	<b>10,870,198</b>

## 26 Dividends

On 19 March 2020, the meeting of the Board of Directors passed a resolution to postpone the 2020 Annual General Meeting of Shareholders of the Company which was scheduled on 27 March 2020 to 29 June 2020 due to the situation of the COVID-19 outbreak and approved the interim dividend payment from the Company's profit as of 31 December 2019 instead of the annual dividend payment which was planned to propose to this Annual General Meeting of Shareholders of the Company for their consideration. Therefore, the Board of Directors will not propose any other dividend payment for 2019.

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

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
2020				
Interim dividend 2019	19 March 2020	17 April 2020	0.012	71,552
<b>Total</b>			<b>0.012</b>	<b>71,552</b>

## 27 Financial instruments

### (a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at amortized cost if the carrying amount is a reasonable approximation of fair value.







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**Financial instruments measured at fair value**

These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels applicable to the Group's investments are defined as follows:

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

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

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

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

**(b) Financial risk management policies**

***Risk management framework***

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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**(b.1) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

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

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions with a minimum credit rating.

**(b.1.2) Trade accounts receivables and contract assets**

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

The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of four months.

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
<b>As at 31 December</b>					
<b>Trade receivables</b>					
Related parties	5	<b>59,926</b>	<b>62,178</b>	<b>59,926</b>	<b>62,178</b>
Other companies		935,178	978,490	935,178	978,490
Less allowance for expected credit loss		(105)	(13,614)	(105)	(13,614)
<b>Net</b>		<b>935,073</b>	<b>964,876</b>	<b>935,073</b>	<b>964,876</b>
		<b>994,999</b>	<b>1,027,054</b>	<b>994,999</b>	<b>1,027,054</b>
<b>For the years ended</b>					
<b>31 December</b>					
Expected credit loss		-	(15,165)	-	(15,165)
Reversal of expected credit loss		6,258	6,618	6,258	6,618

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	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>As at 31 December</b>				
<b>Trade receivables</b>				
<b>Related parties</b>				
Within credit terms	57,830	59,215	57,830	59,215
Overdue:				
Less than 1 month	2,096	2,963	2,096	2,963
<b>Total</b>	<b>59,926</b>	<b>62,178</b>	<b>59,926</b>	<b>62,178</b>
<b>Other companies</b>				
Within credit terms	879,519	900,053	879,519	900,053
Overdue:				
Less than 1 month	47,983	53,427	47,983	53,427
1 - 3 months	6,221	12,946	6,221	12,946
Over 3 - 12 months	1,350	3,810	1,350	3,810
Over 12 months	105	8,254	105	8,254
	935,178	978,490	935,178	978,490
Less allowance for expected credit loss	(105)	(13,614)	(105)	(13,614)
<b>Net</b>	<b>935,073</b>	<b>964,876</b>	<b>935,073</b>	<b>964,876</b>
<b>Total</b>	<b>994,999</b>	<b>1,027,054</b>	<b>994,999</b>	<b>1,027,054</b>

The normal credit term granted by the Group is 30 - 120 days.

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables

As at 31 December 2020, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 48 million (2019: Baht 47 million).

**(b.2) Liquidity risk**

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

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

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	Effective interest rates (% p.a.)	Consolidated financial statements		Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	
<b>Year 2020</b>				
<b>Current</b>				
Lease liabilities	1.83 - 3.13	76,841	-	76,841
<b>Non-current</b>				
Lease liabilities	1.83 - 3.13	-	67,152	67,152
<b>Total</b>		<b>76,841</b>	<b>67,152</b>	<b>143,993</b>
Less : deferred interest-lease liabilities				(4,429)
<b>Total</b>				<b>139,564</b>
<b>Year 2019</b>				
<b>Current</b>				
Short-term loans from financial institutions	1.37 - 1.45	160,000	-	160,000
<b>Total</b>		<b>160,000</b>	<b>-</b>	<b>160,000</b>
	Effective interest rates (% p.a.)	Separate financial statements		Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	
<b>Year 2020</b>				
<b>Current</b>				
Lease liabilities	1.83 - 3.13	69,705	-	69,705
<b>Non-current</b>				
Lease liabilities	1.83 - 3.13	-	50,447	50,447
<b>Total</b>		<b>69,705</b>	<b>50,447</b>	<b>120,152</b>
Less : deferred interest-lease liabilities				(3,289)
<b>Total</b>				<b>116,863</b>
<b>Year 2019</b>				
<b>Current</b>				
Short-term loans from financial institutions	1.37 - 1.45	160,000	-	160,000
<b>Total</b>		<b>160,000</b>	<b>-</b>	<b>160,000</b>

**(b.3) Market risk**

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

**(b.3.1) Foreign currency risk**

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

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The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

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

	Consolidated financial statements		
	USD	Others	Total
	<i>(in thousand Baht)</i>		
Trade accounts receivables	148,558	5,960	154,518
Trade payables	<u>(114,255)</u>	<u>(110,107)</u>	<u>(224,362)</u>
<b>Net statement of financial position exposure</b>	<b><u>34,303</u></b>	<b><u>(104,147)</u></b>	<b><u>(69,844)</u></b>
<b>Net forecast transaction exposure</b>	<b><u>34,303</u></b>	<b><u>(104,147)</u></b>	<b><u>(69,844)</u></b>
Forward exchange contracts			
Forward exchange selling contracts	(94,847)	(4,979)	(99,826)
Forward exchange purchase contracts	<u>181,954</u>	<u>27,469</u>	<u>209,423</u>
<b>Net exposure</b>	<b><u>121,410</u></b>	<b><u>(81,657)</u></b>	<b><u>39,753</u></b>
	Separate financial statements		
	USD	Others	Total
	<i>(in thousand Baht)</i>		
Trade accounts receivables	148,558	5,960	154,518
Trade payables	<u>(111,047)</u>	<u>(108,221)</u>	<u>(219,268)</u>
<b>Net statement of financial position exposure</b>	<b><u>37,511</u></b>	<b><u>(102,261)</u></b>	<b><u>(64,750)</u></b>
<b>Net forecast transaction exposure</b>	<b><u>37,511</u></b>	<b><u>(102,261)</u></b>	<b><u>(64,750)</u></b>
Forward exchange contracts			
Forward exchange selling contracts	(94,847)	(4,979)	(99,826)
Forward exchange purchase contracts	<u>181,954</u>	<u>27,469</u>	<u>209,423</u>
<b>Net exposure</b>	<b><u>124,618</u></b>	<b><u>(79,771)</u></b>	<b><u>44,847</u></b>

*Sensitivity analysis*

A reasonably possible strengthening (weakening) of the Euro or US dollar at 1% against all other currencies at 31 December 2020 would not have affected the measurement of financial instruments denominated in a foreign currency and not affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

As at 31 December 2019, the Company had foreign forward exchange contracts with several local banks for the purpose of hedging the exchange rate risk. Forward exchange purchase contracts of Baht 272 million, forward exchange selling contracts of Baht 85 million.

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(b.3.2) Interest rate risk

*Fair value sensitivity analysis for fixed-rate instruments*

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 1% in interest rates would not have significantly increased or decreased in equity. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

**28 Commitments and contingent liabilities**

As at 31 December 2020

- (a) The Company had letters of guarantee issued by banks to government, state enterprises, private sectors and others totaling approximately Baht 17 million (2019: Baht 26 million).
- (b) The Group had commitments for construction building and machinery totaling approximately Baht 13 million (2019: Baht 24 million).
- (c) The Group had entered into various lease agreements. The periods of these agreements are 3 years expiring in various dates up to November 2023. Under the terms of these agreements, the Group has to pay annual rental as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Within one year	1,334	79,379	1,156	68,393
After one year but within five years	795	65,745	762	59,940
<b>Total</b>	<b>2,129</b>	<b>145,124</b>	<b>1,918</b>	<b>128,333</b>

- (d) 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.

**29 Capital management**

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

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**30 Events after the reporting period**

- (a) At the Board of Directors' Meeting of the Company held on 26 January 2021, the directors approved to submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2020 at the rate of Baht 0.029 per share, totaling approximately Baht 173 million is scheduled for payment on 22 April 2021.
- (b) As disclosed in note 2 (c), the Group has elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of coronavirus pandemic (COVID-19). The guidance expired on 31 December 2020. The Group recognized impact on termination of temporary accounting relief measures since 1 January 2021 that has no material effect on the consolidated financial statement of the Group.

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

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

**32 Reclassification of accounts**

Certain accounts in the financial statements as at 31 December 2019 and the income statement for year ended 31 December 2019 have been reclassified to conform to the presentation in the 2020 financial statements were as follows:

	Consolidated financial statements		
	Before reclassification	Reclassification (in thousand Baht)	After reclassification
<b><i>Consolidated statement of financial position</i></b>			
<b><i>As at 31 December 2019</i></b>			
Trade and other current receivables	1,163,240	(9,220)	1,154,020
Inventories	2,844,358	9,220	2,853,578
	Separate financial statements		
	Before reclassification	Reclassification (in thousand Baht)	After reclassification
<b><i>Statement of financial position</i></b>			
<b><i>As at 31 December 2019</i></b>			
Trade and other current receivables	1,162,944	(9,220)	1,153,724
Inventories	2,535,182	9,220	2,544,402