

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

Financial statements  
for the year ended 31 December 2019  
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 2019; 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 2019, 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 3 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  
11 February 2020

# SCG Ceramics Public Company Limited and its Subsidiary

## Statement of financial position

As at 31 December 2019

Assets	Note	Consolidated		Separate	
		financial statement		financial statement	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	5	631,409	424,433	259,976	119,857
Trade and other current receivables	4,6	1,163,240	1,370,557	1,162,944	1,367,143
Inventories	7	2,844,358	2,898,357	2,535,182	2,544,046
Land development for sale	8	486,406	581,582	486,406	581,582
Other current assets		-	4,596	-	4,596
<b>Total current assets</b>		<b>5,125,413</b>	<b>5,279,525</b>	<b>4,444,508</b>	<b>4,617,224</b>
<b>Non-current assets</b>					
Other long-term investment	9	16,605	16,605	16,605	16,605
Investment in subsidiary	10	-	-	758,919	758,919
Other non-current receivables		128,066	144,088	128,066	144,088
Investment property	11	402,123	402,830	399,911	400,580
Property, plant and equipment	12	5,322,614	5,570,222	4,844,309	5,113,986
Goodwill		25,350	25,350	-	-
Other intangible assets	13	118,112	114,627	117,489	113,562
Deferred tax assets	14	231,555	138,964	205,537	119,681
Other non-current assets		25,521	33,230	25,521	33,230
<b>Total non-current assets</b>		<b>6,269,946</b>	<b>6,445,916</b>	<b>6,496,357</b>	<b>6,700,651</b>
<b>Total assets</b>		<b>11,395,359</b>	<b>11,725,441</b>	<b>10,940,865</b>	<b>11,317,875</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 2019

	Note	Consolidated		Separate	
		financial statement		financial statement	
Liabilities and shareholders' equity		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Current liabilities</b>					
Short-term borrowings					
from financial institutions		160,000	865,000	160,000	865,000
Trade and other current payables	4,16	1,416,853	1,505,898	1,470,998	1,543,740
Current income tax payable		19,622	3,445	13,630	-
Current provisions					
for employee benefits		166,365	23,010	165,658	22,508
<b>Total current liabilities</b>		<b>1,762,840</b>	<b>2,397,353</b>	<b>1,810,286</b>	<b>2,431,248</b>
<b>Non-current liabilities</b>					
Non-current provisions					
for employee benefits	17	586,630	399,957	501,208	343,519
Other non-current provisions		13,427	16,430	3,989	6,276
Other non-current liabilities		278	2,386	278	2,386
<b>Total non-current liabilities</b>		<b>600,335</b>	<b>418,773</b>	<b>505,475</b>	<b>352,181</b>
<b>Total liabilities</b>		<b>2,363,175</b>	<b>2,816,126</b>	<b>2,315,761</b>	<b>2,783,429</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 2019

	Note	Consolidated		Separate	
		financial statement		financial statement	
Liabilities and shareholders' equity		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<b>Shareholders' equity</b>					
Share capital					
<i>Authorized share capital</i>					
- Ordinary share	18	<u>5,962,621</u>	<u>5,962,621</u>	<u>5,962,621</u>	<u>5,962,621</u>
<i>Issued and paid share capital</i>					
- Ordinary share	18	5,962,621	5,962,621	5,962,621	5,962,621
Share premium on ordinary shares	19	1,133,594	1,133,594	1,133,594	1,133,594
Surplus on business combinations					
under common control	1,19	211,060	211,060	274,225	274,225
Retained earnings					
<i>Appropriated</i>					
Legal reserve	19	214,264	206,907	214,264	206,907
<i>Unappropriated</i>					
		<u>983,604</u>	<u>883,288</u>	<u>1,040,400</u>	<u>957,099</u>
<b>Total equity attributable to owners of the parent</b>		<b>8,505,143</b>	<b>8,397,470</b>	<b>8,625,104</b>	<b>8,534,446</b>
Non-controlling interests	20	<u>527,041</u>	<u>511,845</u>	-	-
<b>Total shareholders' equity</b>		<b>9,032,184</b>	<b>8,909,315</b>	<b>8,625,104</b>	<b>8,534,446</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,395,359</b>	<b>11,725,441</b>	<b>10,940,865</b>	<b>11,317,875</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 2019

	Note	Consolidated financial statement		Separate financial statement	
		2019	2018	2019	For the period 1 August 2018 to 31 December 2018
<i>(in thousand Baht)</i>					
Revenue from sales of goods	4	10,871,226	11,513,150	10,870,198	4,486,255
Revenue from sales of land		202,930	43,362	202,930	19,500
Cost of sales of goods	4,7	(8,045,891)	(8,414,187)	(8,360,225)	(3,358,333)
Cost of sales of land		(96,439)	(17,282)	(96,439)	(4,842)
<b>Gross profit</b>		<b>2,931,826</b>	<b>3,125,043</b>	<b>2,616,464</b>	<b>1,142,580</b>
Other income	4	217,661	233,273	215,554	90,786
<b>Profit before expenses</b>		<b>3,149,487</b>	<b>3,358,316</b>	<b>2,832,018</b>	<b>1,233,366</b>
Distribution costs	22	(1,887,048)	(2,046,946)	(1,712,734)	(738,239)
Administrative expenses	23	(1,024,332)	(1,177,925)	(927,699)	(338,997)
<b>Total expenses</b>		<b>(2,911,380)</b>	<b>(3,224,871)</b>	<b>(2,640,433)</b>	<b>(1,077,236)</b>
<b>Profit from operations</b>		<b>238,107</b>	<b>133,445</b>	<b>191,585</b>	<b>156,130</b>
Finance costs		(5,173)	(25,201)	(5,173)	(7,214)
<b>Profit before income tax</b>		<b>232,934</b>	<b>108,244</b>	<b>186,412</b>	<b>148,916</b>
Tax expense	25	(46,128)	(82,750)	(39,271)	(21,289)
<b>Profit for the year</b>		<b>186,806</b>	<b>25,494</b>	<b>147,141</b>	<b>127,627</b>
Profit (loss) attributable to					
<b>Owners of the parent</b>		<b>168,173</b>	<b>(3,583)</b>	<b>147,141</b>	<b>127,627</b>
Company in the Group					
before business restructuring		-	13,540	-	-
Non-controlling interests		18,633	15,537	-	-
		186,806	25,494	147,141	127,627
<b>Basic earnings (loss) per share (in Baht)</b>					
<b>Attributable to owners of the parent</b>	27	<b>0.03</b>	<b>(0.001)</b>	<b>0.02</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 2019

		Consolidated financial statement		Separate financial statement	
	Note	2019	2018	2019	For the period 1 August 2018 to 31 December 2018
		<i>(in thousand Baht)</i>			
<b>Profit for the year</b>		<b>186,806</b>	<b>25,494</b>	<b>147,141</b>	<b>127,627</b>
<b>Other comprehensive income</b>					
<i>Components of other comprehensive income that will be reclassified to profit or loss</i>					
Reversal of remeasuring investments held as available for sale		-	(90)	-	-
<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>		<b>-</b>	<b>(90)</b>	<b>-</b>	<b>-</b>
<i>Components of other comprehensive income that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gain (losses)	17	(79,921)	8,405	(70,604)	8,579
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	25	15,984	(1,681)	14,121	(1,715)
<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>		<b>(63,937)</b>	<b>6,724</b>	<b>(56,483)</b>	<b>6,864</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(63,937)</b>	<b>6,634</b>	<b>(56,483)</b>	<b>6,864</b>
<b>Total comprehensive income for the year</b>		<b>122,869</b>	<b>32,128</b>	<b>90,658</b>	<b>134,491</b>
Total comprehensive income attributable to					
<b>Owners of the parent</b>		<b>107,673</b>	<b>2,048</b>	<b>90,658</b>	<b>134,491</b>
Company in the Group before business restructuring		-	13,540	-	-
Non-controlling interests		15,196	16,540	-	-
		122,869	32,128	90,658	134,491

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 2019

<b>Consolidated financial statement</b>													
<i>Other components of shareholders' equity</i>													
<i>Other</i>													
<i>comprehensive</i>													
<i>income</i>													
<i>Total other</i>													
<i>components</i>													
<i>of</i>													
<i>shareholders'</i>													
<i>equity</i>													
<i>Total equity</i>													
<i>attributable to</i>													
<i>owners of</i>													
<i>the parent</i>													
<i>Shareholders'</i>													
<i>equity</i>													
<i>before</i>													
<i>amalgamation</i>													
<i>Non-</i>													
<i>controlling</i>													
<i>interests</i>													
<i>Total</i>													
<i>shareholders'</i>													
<i>equity</i>													
<i>(in thousand Baht)</i>													
<b>Balance at 1 January 2018</b>	<b>5,962,621</b>	<b>(51,744)</b>	<b>1,133,594</b>	<b>-</b>	<b>200,150</b>	<b>1,356,571</b>	<b>90</b>	<b>90</b>	<b>8,601,282</b>	<b>776,668</b>	<b>522,973</b>	<b>9,900,923</b>	
<b>Transactions with owners, recorded directly in shareholders' equity</b>													
<i>Contributions by and distributions to owners of the parent</i>													
Dividends	28	-	-	-	-	(477,664)	-	-	(477,664)	(32,332)	(27,668)	(537,664)	
<i>Total contributions by and distributions to owners of the parent</i>		-	-	-	-	(477,664)	-	-	(477,664)	(32,332)	(27,668)	(537,664)	
<i>Changes in ownership interests in subsidiaries</i>													
Amalgamation	1	-	51,744	-	211,060	-	9,000	-	-	271,804	(757,876)	-	(486,072)
<i>Total changes in ownership interests in subsidiaries</i>		-	51,744	-	211,060	-	9,000	-	-	271,804	(757,876)	-	(486,072)
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		-	51,744	-	211,060	-	(468,664)	-	-	(205,860)	(790,208)	(27,668)	(1,023,736)
<b>Comprehensive income for the year</b>													
Profit or loss		-	-	-	-	(3,583)	-	-	(3,583)	13,540	15,537	25,494	
Other comprehensive income		-	-	-	-	5,721	(90)	(90)	5,631	-	1,003	6,634	
<b>Total comprehensive income for the year</b>		-	-	-	-	2,138	(90)	(90)	2,048	13,540	16,540	32,128	
Transfer to legal reserve	19	-	-	-	6,757	(6,757)	-	-	-	-	-	-	
<b>Balance at 31 December 2018</b>		<b>5,962,621</b>	<b>-</b>	<b>1,133,594</b>	<b>211,060</b>	<b>206,907</b>	<b>883,288</b>	<b>-</b>	<b>-</b>	<b>8,397,470</b>	<b>-</b>	<b>511,845</b>	<b>8,909,315</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 2019**

	<b>Consolidated financial statement</b>								
	<i>Note</i>	Issued and paid share capital	Share premium on ordinary shares	Surplus on business combinations under common control	<i>Retained earnings</i>		Total equity attributable to owners of the parent	Non- controlling interests	Total shareholders' equity
					Appropriated	Unappropriated			
					Legal reserve				
<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	<i>19</i>	-	-	-	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 2019

	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 2018</b>		-	-	-	-	-	-
<b>Transactions with owners, recorded directly in shareholders' equity</b>							
<i>Contributions by and distributions to owners of the parent</i>							
Amalgamation	1	5,962,621	1,133,594	274,225	200,526	828,989	8,399,955
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		<b>5,962,621</b>	<b>1,133,594</b>	<b>274,225</b>	<b>200,526</b>	<b>828,989</b>	<b>8,399,955</b>
<b>Comprehensive income for the year</b>							
Profit or loss		-	-	-	-	127,627	127,627
Other comprehensive income		-	-	-	-	6,864	6,864
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134,491</b>	<b>134,491</b>
Transfer to legal reserve	19	-	-	-	6,381	(6,381)	-
<b>Balance at 31 December 2018</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>

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 2019

	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>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>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	<i>19</i>	-	-	-	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 cash flows

For the year ended 31 December 2019

	Consolidated		Separate	
	financial statement		financial statement	
	2019	2018	2019	For the period 1 August 2018 to 31 December 2018
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	186,806	25,494	147,141	127,627
<b><i>Adjustments for</i></b>				
Tax expense	46,128	82,750	39,271	21,289
Depreciation and amortization	592,410	596,062	523,575	215,703
Allowance for doubtful accounts	8,527	21	8,527	-
Loss for decline in value of inventories	15,378	22,927	15,954	3,247
Employee mutual separation plan expenses	115,900	204,557	115,900	-
Employee benefit expense	195,419	64,019	170,677	30,734
Unrealized loss (gain) on foreign currency exchange	(1,488)	(1,933)	(1,483)	3,520
Interest income	(1,779)	(4,352)	(497)	(228)
Interest expense	4,559	25,200	4,559	7,214
Loss on impairment of assets	29,887	23,635	29,887	-
Loss on sales of assets and others	497	4,521	1,688	14,912
<b>Cash flows generated from operations</b>				
<b>before changes in operating assets and liabilities</b>	<b>1,192,244</b>	<b>1,042,901</b>	<b>1,055,199</b>	<b>424,018</b>
<b><i>Decrease (increase) in operating assets</i></b>				
Trade and other current receivables	199,198	221,092	196,081	352,431
Inventories	36,172	39,844	(9,539)	15,057
Land development for sale	95,176	15,455	95,176	4,275
Other assets	15,836	(4,256)	15,836	(22,001)
<b>Net increase in operating assets</b>	<b>346,382</b>	<b>272,135</b>	<b>297,554</b>	<b>349,762</b>
<b><i>Increase (decrease) in operating liabilities</i></b>				
Trade and other current payables	(80,581)	11,695	(61,032)	(62,329)
Provisions for employee benefits	(61,269)	(302,312)	(61,268)	(274,908)
Other liabilities	(5,111)	64	(4,396)	2,099
<b>Net increase (decrease) in operating liabilities</b>	<b>(146,961)</b>	<b>(290,553)</b>	<b>(126,696)</b>	<b>(335,138)</b>
<b>Net cash flows generated from operations</b>	<b>1,391,665</b>	<b>1,024,483</b>	<b>1,226,057</b>	<b>438,642</b>
Income tax paid	(102,541)	(87,862)	(93,361)	(45,122)
<b>Net cash flows provided by operating activities</b>	<b>1,289,124</b>	<b>936,621</b>	<b>1,132,696</b>	<b>393,520</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 2019

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	For the period 1 August 2018 to 31 December 2018
	<i>(in thousand Baht)</i>			
<b>Cash flows from investing activities</b>				
Proceeds from sales of investment	-	240,491	-	-
Acquisition of investment	-	(758,919)	-	-
Proceeds from sales of property, plant and equipment	3,600	5,413	2,408	2,172
Acquisition of property, plant and equipment	(362,186)	(485,032)	(270,159)	(117,983)
Acquisition of intangible assets	(13,387)	(35,279)	(13,369)	(9,390)
Proceeds from repayment of short-term loans	-	119,136	-	-
Dividends received from shareholders before amalgamation	-	32,332	-	-
Interest received	1,692	4,355	410	228
<b>Net cash flows used in investing activities</b>	<b>(370,281)</b>	<b>(877,503)</b>	<b>(280,710)</b>	<b>(124,973)</b>
<b>Cash flows from financing activities</b>				
<b>Proceeds from (payments of) borrowings</b>				
Bank overdrafts and short-term borrowings from financial institutions	(705,000)	862,092	(705,000)	(757,000)
Short-term borrowings from related party	-	(844,394)	-	-
<b>Net increase (decrease) in borrowings</b>	<b>(705,000)</b>	<b>17,698</b>	<b>(705,000)</b>	<b>(757,000)</b>
<b>Dividends paid</b>				
Dividends paid to owners of the parent	-	(477,664)	-	-
Dividends paid to shareholders before amalgamation	-	(32,332)	-	-
Dividends paid to non-controlling interests	-	(27,668)	-	-
<b>Total dividends paid</b>	<b>-</b>	<b>(537,664)</b>	<b>-</b>	<b>-</b>
Interest paid	(6,867)	(26,441)	(6,867)	(7,001)
<b>Net cash flows used in financing activities</b>	<b>(711,867)</b>	<b>(546,407)</b>	<b>(711,867)</b>	<b>(764,001)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>206,976</b>	<b>(487,289)</b>	<b>140,119</b>	<b>(495,454)</b>
Cash and cash equivalents at beginning of the year	424,433	911,722	119,857	615,311
<b>Cash and cash equivalents at end of the year</b>	<b>631,409</b>	<b>424,433</b>	<b>259,976</b>	<b>119,857</b>
<b>Supplementary information for cash flows</b>				
<b>Non-cash transactions</b>				
Account payables from purchase of assets	28,972	33,807	24,018	28,157

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

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**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 11 February 2020.

**1 General information**

SCG Ceramics Public Company Limited, (the "Company"), is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 1 August 2018 (amalgamation date). Its registered offices 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.

The Company has established from amalgamation of 5 subsidiaries under The Siam Cement Public Company Limited which manufacture and sales of ceramic tiles in order to restructure for synergy and efficiency. The amalgamation is expected to serve an expansion of ceramic industry both domestic and export.

The amalgamated companies are as follows;

<b>Name of the entity</b>	<b>Country of incorporation</b>	<b>Type of business</b>
Thai-German Ceramic Industry Public Company Limited	Thailand	Manufacturing and sales of ceramic floor tiles and wall tiles and industrial estate development.
Thai Ceramic Co., Ltd.	Thailand	Manufacturing and sales of ceramic tiles
The Siam Ceramic Group Industries Co., Ltd.	Thailand	Manufacturing and sales of ceramic tiles
Sosuco and Group (2008) Co., Ltd.	Thailand	Trading of ceramic floor tiles and wall tiles both domestic and export
Gemago Co., Ltd.	Thailand	Retails and whole-sales of ceramic floor tiles and wall tiles and tiles' related products

**SCG Ceramics Public Company Limited and its Subsidiary**  
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Details of the Company's subsidiary as at 31 December were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2019	2018
Sosuco Ceramic Co., Ltd.	Manufacturing and sales of ceramic tiles	Thailand	53.89	53.89

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

During 2018, The Group had significant transactions related to the restructure and amalgamation are as follows;

*Restructure*

On 11 May 2018, Thai Ceramic Co., Ltd. acquired 53.9% of ordinary shares of Sosuco Ceramic Co., Ltd. from Cementhai Ceramic Co., Ltd. amounting to Baht 759 million resulting in discount on business combinations under common control in the consolidated financial statements amounting to Baht 140 million.

On 27 June 2018, Thai Ceramic Co., Ltd. divested all of its 9.8% stake in The Siam Ceramic Group Industries Co., Ltd. to Cementhai Ceramic Co., Ltd. amounting to Baht 241 million which was ordinary shares held before the amalgamation amounting to Baht 52 million (presented as deducted transaction in the equity of consolidated financial statement for the year ended 2017) resulting in surplus on business combinations under common control in the consolidated financial statements and separate financial statements amounting to Baht 189 million.

*Amalgamation*

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

- Shareholders' equity of Sosuco Ceramic Co., Ltd. as at 1 January 2017 in the proportion of 53.9% amounting to Baht 584 million which comprises of
  - Share capital of Baht 431 million
  - Legal reserve of Baht 43 million
  - Retained earnings of Baht 110 million

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

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

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

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

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

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in no material impact on the Group’s accounting policies, calculation method, financial performance and position.

The Group has initially applied TFRS 15 Revenue from Contracts with Customers (“TFRS 15”) since 1 January 2019. TFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognized. It replaced TAS 18 Revenue (“TAS 18”), TAS 11 Construction Contracts (“TAS 11”) and related interpretations.

Under TFRS 15, the Group recognizes revenue 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 to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. The Group has a timing of revenue recognition mainly from sales of goods which is recognized at a point in time.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRSs that are relevant to the Group’s operations are disclosed in note 33.

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

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

The preparation of financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of 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.

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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

Note 5, 6, 7, 8, 9, 10, 11, 12 and 13	Measurement of the recoverable amounts of each asset and cash-generating units
Note 9, 10, 11, 12 and 13	Impairment test : key assumptions underlying recoverable amounts
Note 14 and 25	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;
Note 17	Measurement of non-current provisions for defined benefit plans - key actuarial assumptions
Note 30	Recognition and measurement of provisions and contingent liabilities

*Measurement of fair values*

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.

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

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

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

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

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

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

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

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

Note 11	Investment properties
Note 29	Financial instruments

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**3 Significant accounting policies**

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

**(a) Basis of consolidation**

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

*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.

*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.

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**(c) Trade and other receivables and contract assets**

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

A receivable and a contract asset are measured at value less allowance for doubtful accounts and impairment losses which are assessed on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(d) Inventories**

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

Cost is calculated using the following formula:

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

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

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

**(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 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.

**SCG Ceramics Public Company Limited and its Subsidiary**  
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Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment properties includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment properties to a working condition for its intended use and capitalized borrowing costs of a qualifying asset.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each 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 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.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and 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.

*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



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

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and 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.

*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.

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**For the year ended 31 December 2019**

The estimated useful lives are as follows:

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

**(k) Impairment**

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

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

**(l) Trade and other payables**

Trade and other payables are stated at cost.

**(m) Contract liabilities**

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

**(n) Employee benefits**

*Defined contribution plans*

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

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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 annually by a qualified actuary using the projected unit credit method which is based on actuarial valuation method.

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

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

**(o) Provisions**

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

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**(p) 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.

*Revenue from industrial estate development*

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

*Interest income*

Interest income is recognized in profit or loss using the effective interest method.

**(q) Expenses**

*Operating leases*

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of lease.

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

*Finance costs*

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, dividends on preference shares classified as liabilities.

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

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*Mutual separation plan expense*

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

**(r) Income tax**

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

*Current tax*

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

*Deferred tax*

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Group 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.

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

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profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for subsidiary in the Group. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(s) 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 reporting date are translated to the functional currency at the foreign exchange 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.

**(t) Derivative financial instruments**

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

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

**(u) Business segment reporting**

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

**4 Related parties**

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

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

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<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
SCG Building Materials Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Ceramic Roof Tile Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Fibre-Cement Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Fibre Cement Group 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
SCG Cement-Building Materials 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
SCG Cement 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 (Ta Luang) 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
Siam Sanitary Ware Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Sanitary Ware Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Sanitary Fittings Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Quality Construction Products Public Company Limited	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
SCG Distribution 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
Nexter Retail Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Logistics Management Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG International USA Inc.	USA	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
Mariwasa-Siam Ceramics, Inc.	Philippines	A subsidiary of The Siam Cement Public Company Limited
PT Kokoh Inti Arebama Tbk	Indonesia	A subsidiary of The Siam Cement Public Company Limited

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<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
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 Surya Siam Keramik	Indonesia	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
Thai Polyethylene Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Texplore Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Thai Containers Group 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 Containers Khonkaen 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 Learning Excellence Co., Ltd.	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
Siam Global House Public Company Limited	Thailand	An associate of The Siam Cement Public Company Limited
Global House (Cambodia) Company Limited	Cambodia	An associate of The Siam Cement Public Company Limited
IT One Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited

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

	<b>Pricing policies</b>
Purchases of goods	Market price
Service fee	Market price
Sales of goods	Market price
Other income	Market price
Dividends	Announced rate



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

	Consolidated financial statement		Separate financial statement for the period 1 Aug-31 Dec 2018	
	2019	2018 <i>(in thousand Baht)</i>	2019	2018
<i>Ultimate parent</i>				
Service fee	104,791	135,141	99,045	35,588
Sales of goods	4	973	-	973
<i>Parent</i>				
Service fee	42,848	120,244	34,459	22,383
Other income	13,741	15,937	13,741	3,256
<i>Subsidiary</i>				
Purchases of goods	-	-	1,390,424	196,764
Service fee	-	-	3,781	1,566
Other income	-	-	4,148	592
<i>Other related parties</i>				
Purchases of goods	476,329	519,140	435,335	195,412
Service fee	322,474	425,654	317,184	142,643
Sale of goods	647,549	1,050,112	647,549	399,892
Other income	51,204	32,756	51,204	16,918

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

*Trade receivables*

	Consolidated financial statement		Separate financial statement	
	2019	2018 <i>(in thousand Baht)</i>	2019	2018
<i>Other related parties</i>				
Siam Global House Public Company Limited	39,375	46,370	39,375	46,370
Mariwasa-Siam Ceramics, Inc.	12,830	5,124	12,830	5,124
SCG Distribution Co., Ltd.	4,800	-	4,800	-
Sekisui-SCG Industry Co., Ltd.	1,878	489	1,878	489
SCG Cement-Building Materials Co., Ltd.	808	903	808	903
Prime International Import - Export and Service Trading Company Limited	723	-	723	-
SCG-Sekisui Sales Co., Ltd.	576	560	576	560
PT Kokoh Inti Arebama Tbk	309	645	309	645
SCG Experience Co., Ltd.	-	9,206	-	9,206
Global House (Cambodia) Company Limited	-	6,446	-	6,446
Others	879	2,770	879	2,770
<b>Total</b>	<b>62,178</b>	<b>72,513</b>	<b>62,178</b>	<b>72,513</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
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*Other current receivables*

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	21,239	19,334	21,239	19,334
<i>Parent</i>				
Cementhai Ceramic Co., Ltd.	4,682	5,157	4,682	5,157
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	2,556	1,380
<i>Other related parties</i>				
Thai Containers Group Co., Ltd.	10,529	-	10,529	-
SCG Cement-Building Materials Co., Ltd.	9,463	648	9,463	648
Mariwasa-Siam Ceramics, Inc.	8,843	440	8,843	440
SCG Paper Energy Co., Ltd.	8,034	-	8,034	-
Thai Containers Khonkaen Co., Ltd.	4,937	-	4,937	-
Thai Ceramic Roof Tile Co., Ltd.	927	257	927	247
SCG Logistics Management Co., Ltd.	887	-	887	-
Siam Sanitary Ware Industry Co., Ltd.	875	12,649	875	12,649
PT Keramika Indonesia Assosiasi, Tbk.	419	-	419	-
Siam Fibre Cement Group Co., Ltd.	405	-	405	-
The Siam Cement (Ta Luang) Co., Ltd.	360	79	360	79
PT KIA Keramik Mas	335	215	335	215
The Siam Sanitary Fittings Co., Ltd.	312	667	312	667
The Concrete Products and Aggregate Co., Ltd.	152	523	152	523
SCG-Sekisui Sales Co., Ltd.	59	1,623	59	1,623
Others	899	1,583	899	1,583
<b>Total</b>	<b>73,357</b>	<b>43,175</b>	<b>75,913</b>	<b>44,545</b>

*Short-term loans*

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

	Consolidated financial statement	
	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	-	119,136
Decrease	-	(119,136)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

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

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	192,683	174,156
<i>Other related parties</i>				
SCG Logistics Management Co., Ltd.	35,770	38,532	35,482	38,157
Prime International Import-Export and Service Trading Company Limited	19,514	-	19,514	-
Thai Containers Group Co., Ltd.	14,637	11,572	9,283	6,467
Noritake SCG Plaster Co., Ltd.	3,988	4,209	3,988	4,209
SCG Cement Co., Ltd.	3,189	3,266	3,189	3,266
The Siam Cement (Kaeng Khoi) Co., Ltd.	2,589	3,339	2,589	3,339
Siam Sanitary Ware Industry Co., Ltd.	2,326	-	2,326	-
SCG Cement-Building Materials Co., Ltd.	1,662	435	1,662	435
PT KIA Serpih Mas	1,496	2,708	1,496	2,708
PT Keramika Indonesia Assosiasi, Tbk.	857	2,134	857	2,134
Prime Trading, Import and Export One Member Limited Liability Company	-	22,793	-	22,793
Others	1,468	728	1,468	729
<b>Total</b>	<b>87,496</b>	<b>89,716</b>	<b>274,537</b>	<b>258,393</b>

*Other current payables*

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Ultimate parent</i>				
The Siam Cement Public Company Limited	49,430	19,330	49,390	15,601
<i>Parent</i>				
Cementthai Ceramic Co., Ltd.	8,528	14,537	7,638	12,257
<i>Subsidiary</i>				
Sosuco Ceramic Co., Ltd.	-	-	634	639

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	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
SCG Cement-Building Materials Co., Ltd.	15,038	8,509	14,042	7,854
IT One Co., Ltd.	3,536	5,568	3,320	5,366
SCG Experience Co., Ltd.	2,467	1,189	2,467	1,189
Mariwasa-Siam Ceramics, Inc.	2,366	-	2,366	-
SCG Logistics Management Co., Ltd.	1,339	-	1,339	-
SCG Building Materials Co., Ltd.	918	474	918	474
SCG Legal Counsel Limited	431	435	431	434
Siam Sanitary Ware Industry Co., Ltd.	325	76	325	76
SCG Cement Co., Ltd.	138	2,385	138	2,003
Texplore Co., Ltd.	-	9,004	-	9,004
The Siam Cement (Ta Luang) Co., Ltd.	-	2,132	-	2,132
Others	1,051	2,973	1,051	2,965
<b>Total</b>	<b>85,567</b>	<b>66,612</b>	<b>84,059</b>	<b>59,994</b>

*Short-term borrowings*

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

	Consolidated financial statement	
	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	-	844,394
Decrease	-	(844,394)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

*The Board of Directors and key management compensation*

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	for the period 1 Aug-31 Dec 2018
	<i>(in thousand Baht)</i>			
<i>For the year ended 31 December</i>				
Short-term employee benefits	37,408	45,455	37,408	22,704
Post-employment benefits	4,354	5,482	4,354	1,577
<b>Total</b>	<b>41,762</b>	<b>50,937</b>	<b>41,762</b>	<b>24,281</b>

Management benefit expenses comprise of 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.

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**5 Cash and cash equivalents**

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash at banks - savings accounts	608,737	397,131	237,481	92,731
Cash at banks - current accounts	20,324	26,040	20,248	25,964
Cash on hand and others	2,348	1,262	2,247	1,162
<b>Total</b>	<b>631,409</b>	<b>424,433</b>	<b>259,976</b>	<b>119,857</b>

**6 Trade and other current receivables**

	Note	Consolidated		Separate	
		financial statement		financial statement	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Trade receivables</b>					
Related parties	4	<b>62,178</b>	<b>72,513</b>	<b>62,178</b>	<b>72,513</b>
Other companies		978,490	1,170,233	978,490	1,170,103
Less allowance for doubtful accounts		(13,614)	(6,786)	(13,614)	(6,786)
<b>Net</b>		<b>964,876</b>	<b>1,163,447</b>	<b>964,876</b>	<b>1,163,317</b>
		<b>1,027,054</b>	<b>1,235,960</b>	<b>1,027,054</b>	<b>1,235,830</b>
<b>Other current receivables</b>					
Related parties	4	<b>73,357</b>	<b>43,175</b>	<b>75,913</b>	<b>44,545</b>
Other companies					
Prepaid expenses		31,189	52,612	28,820	48,688
Other and utility receivables		20,578	19,889	20,562	19,823
Revenue department receivables		28	5,824	28	5,824
Others		11,034	13,097	10,567	12,433
		<b>62,829</b>	<b>91,422</b>	<b>59,977</b>	<b>86,768</b>
		<b>136,186</b>	<b>134,597</b>	<b>135,890</b>	<b>131,313</b>
<b>Total</b>		<b>1,163,240</b>	<b>1,370,557</b>	<b>1,162,944</b>	<b>1,367,143</b>

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	Consolidated financial statement		Separate financial statement for the period 1 Aug-31 Dec 2018	
	2019	2018	2019	2018
<b><i>For the year ended 31 December</i></b>				
Doubtful debts expenses	(13,446)	-	(13,446)	-
Bad debts recovery	6,618	2,697	6,618	2,686
Bad debts written off	(1,719)	-	(1,719)	-

Aging analyses for trade receivables were as follows:

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Trade receivables</i></b>				
<b>Related parties</b>				
Within credit terms	59,215	68,548	59,215	68,548
Overdue:				
Less than 3 months	2,963	3,965	2,963	3,965
<b>Total</b>	<b>62,178</b>	<b>72,513</b>	<b>62,178</b>	<b>72,513</b>
<b>Other companies</b>				
Within credit terms	900,053	1,096,842	900,053	1,096,842
Overdue:				
Less than 3 months	66,373	46,116	66,373	46,116
3 - 6 months	1,725	18,255	1,725	18,125
Over 6 - 12 months	2,085	5,475	2,085	5,475
Over 12 months	8,254	3,545	8,254	3,545
	978,490	1,170,233	978,490	1,170,103
<i>Less</i> allowance for doubtful accounts	(13,614)	(6,786)	(13,614)	(6,786)
<b>Net</b>	<b>964,876</b>	<b>1,163,447</b>	<b>964,876</b>	<b>1,163,317</b>
<b>Total</b>	<b>1,027,054</b>	<b>1,235,960</b>	<b>1,027,054</b>	<b>1,235,830</b>

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

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**7 Inventories**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Finished goods	2,396,086	2,253,761	2,142,576	1,951,758
Goods in process	107,748	139,752	93,935	125,625
Raw materials	236,511	264,283	215,573	246,667
Spare parts, supplies and others	227,633	239,353	202,689	215,158
Finish goods, raw materials, spare parts and supplies in transit	157,712	154,044	153,851	151,155
<b>Total</b>	<b>3,125,690</b>	<b>3,051,193</b>	<b>2,808,624</b>	<b>2,690,363</b>
<i>Less</i> allowance for decline in value and slow-moving of finished goods	(281,332)	(152,836)	(273,442)	(146,317)
<b>Net</b>	<b>2,844,358</b>	<b>2,898,357</b>	<b>2,535,182</b>	<b>2,544,046</b>

	Consolidated financial statements		Separate financial statements for the period 1 Aug-31 Dec	
	2019	2018	2019	2018
Cost of inventories recognized as an expense in cost of sales	7,935,862	8,398,224	8,251,565	3,354,463
Write-down to net realizable value	136,040	26,856	130,422	3,939
Reversal of write-down	(26,011)	(10,893)	(21,762)	(69)
Changes in inventories of finished goods and goods in process	(110,321)	(11,598)	(159,128)	87,412
Raw materials and supplies used	(2,433,241)	(2,437,496)	(2,402,203)	(784,081)

**8 Land development for sale**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Land development for sale	486,406	581,582	486,406	581,582
<i>Less</i> allowance for decline in value	-	-	-	-
<b>Net</b>	<b>486,406</b>	<b>581,582</b>	<b>486,406</b>	<b>581,582</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**9 Other long-term investment**

	Ownership interest		Paid-up capital		Cost method		Accumulated impairment losses		Net		Dividend income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)						<i>(in thousand Baht)</i>					
Pattaya Grand Village Co., Ltd.	4.91	4.91	990,000	990,000	48,600	48,600	31,995	31,995	<b>16,605</b>	<b>16,605</b>	-	-

**10 Investment in subsidiary**

	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2019	2018	2019	2018	2019	2018	2019	2018
	(%)				<i>(in thousand Baht)</i>			
Sosuco Ceramic Co., Ltd.	53.89	53.89	800,000	800,000	<b>758,919</b>	<b>758,919</b>	-	-

**11 Investment properties**

	Consolidated financial statements		
	Land	Buildings and structures	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2018	412,974	74,531	487,505
Transfer to property, plant and equipment	(3,159)	-	(3,159)
<b>At 31 December 2018 and 2019</b>	<b>409,815</b>	<b>74,531</b>	<b>484,346</b>
<b>Accumulated depreciation and impairment losses</b>			
At 1 January 2018	9,599	70,205	79,804
Depreciation charge for the year	-	668	668
Adjustment	-	1,044	1,044
<b>At 31 December 2018</b>	<b>9,599</b>	<b>71,917</b>	<b>81,516</b>
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>
<b>Carrying amount</b>			
<b>At 31 December 2018</b>	<b>400,216</b>	<b>2,614</b>	<b>402,830</b>
<b>At 31 December 2019</b>	<b>400,216</b>	<b>1,907</b>	<b>402,123</b>



**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Separate financial statements		
	Land	Buildings and structures <i>(in thousand Baht)</i>	Total
<b><i>Cost</i></b>			
At 1 August 2018	398,004	73,235	471,239
Additions	-	-	-
<b>At 31 December 2018 and 2019</b>	<b>398,004</b>	<b>73,235</b>	<b>471,239</b>
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>			
At 1 August 2018	-	70,379	70,379
Depreciation charge for the year	-	280	280
<b>At 31 December 2018</b>	<b>-</b>	<b>70,659</b>	<b>70,659</b>
Depreciation charge for the year	-	669	669
<b>At 31 December 2019</b>	<b>-</b>	<b>71,328</b>	<b>71,328</b>
<b><i>Carrying amount</i></b>			
<b>At 31 December 2018</b>	<b>398,004</b>	<b>2,576</b>	<b>400,580</b>
<b>At 31 December 2019</b>	<b>398,004</b>	<b>1,907</b>	<b>399,911</b>

The Group determined fair value of investment properties in consolidated and separate financial statement as at 31 December 2019 at open market values on an existing use basis. The fair value was Baht 1,049 million (2018: Baht 1,049 million) and Baht 1,032 million (2018: 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 2019**

**12 Property, plant and equipment**

	Consolidated financial statements						Total
	Land and land improvements	Building and structure	Machinery and equipment	Furniture fixtures and office equipment	Transportation and equipment	Construction in progress	
	<i>(in thousand Baht)</i>						
<b>Cost</b>							
At 1 January 2018	1,491,632	3,614,267	17,573,929	359,665	52,323	402,798	23,494,614
Additions	543	33,820	83,211	10,349	99	337,040	465,062
Disposals/written off	(3,188)	(17,332)	(859,505)	(45,938)	(3,958)	-	(929,921)
Transfer in/(out)	11,350	29,480	276,783	35,725	-	(382,736)	(29,398)
Transfer from investment properties	3,159	-	-	-	-	-	3,159
Transfer to other non-current assets	(21,447)	(103,071)	(512,181)	(7,889)	(2,331)	-	(646,919)
<b>At 31 December 2018</b>	<b>1,482,049</b>	<b>3,557,164</b>	<b>16,562,237</b>	<b>351,912</b>	<b>46,133</b>	<b>357,102</b>	<b>22,356,597</b>
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</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>

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Consolidated financial statements						
	Land and land improvements	Building and structure	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 2018	234,308	2,361,573	14,819,873	282,156	48,182	-	17,746,092
Depreciation charge for the year	23,152	79,553	446,880	29,681	1,473	-	580,739
Disposals/written off	(594)	(12,161)	(855,043)	(44,968)	(4,113)	-	(916,879)
Transfer to other non-current assets	(17,756)	(87,884)	(508,677)	(6,929)	(2,331)	-	(623,577)
<b>At 31 December 2018</b>	<b>239,110</b>	<b>2,341,081</b>	<b>13,903,033</b>	<b>259,940</b>	<b>43,211</b>	<b>-</b>	<b>16,786,375</b>
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>
<b><i>Carrying amount</i></b>							
At 31 December 2018	1,242,939	1,216,083	2,659,204	91,972	2,922	357,102	5,570,222
At 31 December 2019	1,229,241	1,177,125	2,640,688	91,680	2,752	181,128	5,322,614

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Land and land improvements	Building and structure	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 August 2018	1,346,571	2,887,345	14,766,723	283,404	51,526	377,851	19,713,420	
Additions	330	5,471	5,356	7,010	62	97,566	115,795	
Disposals/written off	(62)	(4,935)	(414,148)	(2,385)	(3,125)	-	(424,655)	
Transfer in/(out)	1,708	10,455	103,382	421	-	(122,272)	(6,306)	
Transfer to other non-current assets	(5,368)	(95,517)	(405,903)	(2,544)	(2,331)	-	(511,663)	
<b>At 31 December 2018</b>	<b>1,343,179</b>	<b>2,802,819</b>	<b>14,055,410</b>	<b>285,906</b>	<b>46,132</b>	<b>353,145</b>	<b>18,886,591</b>	
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</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>	

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**For the year ended 31 December 2019**

	Land and land improvements	Building and structure	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 August 2018	231,984	1,751,251	12,255,395	196,286	48,240	-	14,483,156
Depreciation charge for the year	9,247	29,266	155,010	11,027	582	-	205,132
Disposals/written off	(62)	(4,395)	(414,169)	(1,679)	(3,280)	-	(423,585)
Transfer to other non-current assets	(2,059)	(81,224)	(404,887)	(1,597)	(2,331)	-	(492,098)
<b>At 31 December 2018</b>	<b>239,110</b>	<b>1,694,898</b>	<b>11,591,349</b>	<b>204,037</b>	<b>43,211</b>	-	<b>13,772,605</b>
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>
<b><i>Carrying amount</i></b>							
At 31 December 2018	1,104,069	1,107,921	2,464,061	81,869	2,921	353,145	5,113,986
At 31 December 2019	1,090,371	1,080,928	2,425,632	85,637	2,751	158,990	4,844,309

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**13 Other intangible assets**

	Consolidated financial statements			
	Software licenses	Other intangible assets <i>(in thousand Baht)</i>	Development cost	Total
<b><i>Cost</i></b>				
At 1 January 2018	181,028	18,914	-	199,942
Addition	34,122	354	804	35,280
Disposals/written off	(11,135)	-	-	(11,135)
Transfer in /(out)	6,958	16,134	6,306	29,398
<b>At 31 December 2018</b>	<b>210,973</b>	<b>35,402</b>	<b>7,110</b>	<b>253,485</b>
Addition	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>
<b><i>Accumulated amortization</i></b>				
At 1 January 2018	128,733	8,699	-	137,432
Amortization charge for the year	11,420	1,061	-	12,481
Disposals/written off	(11,055)	-	-	(11,055)
<b>At 31 December 2018</b>	<b>129,098</b>	<b>9,760</b>	<b>-</b>	<b>138,858</b>
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>
<b><i>Carrying amount</i></b>				
<b>At 31 December 2018</b>	<b>81,875</b>	<b>25,642</b>	<b>7,110</b>	<b>114,627</b>
<b>At 31 December 2019</b>	<b>74,069</b>	<b>37,077</b>	<b>6,966</b>	<b>118,112</b>

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**For the year ended 31 December 2019**

	Software licenses	Separate financial statements Other intangible assets <i>(in thousand Baht)</i>	Development cost	Total
<b><i>Cost</i></b>				
At 1 August 2018	167,372	35,357	30,647	233,376
Addition	-	5,361	4,029	9,390
Transfer in /(out)	39,188	(5,316)	(27,566)	6,306
<b>At 31 December 2018</b>	<b>206,560</b>	<b>35,402</b>	<b>7,110</b>	<b>249,072</b>
Addition	2,607	7,588	3,173	13,368
Disposals/written off	(616)	-	-	(616)
Transfer 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>
<b><i>Accumulated amortization</i></b>				
At 1 August 2018	121,038	6,876	-	127,914
Amortization charge for the year	4,712	2,884	-	7,596
<b>At 31 December 2018</b>	<b>125,750</b>	<b>9,760</b>	<b>-</b>	<b>135,510</b>
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>
<b><i>Carrying amount</i></b>				
At 31 December 2018	80,810	25,642	7,110	113,562
At 31 December 2019	73,446	37,077	6,966	117,489

**SCG Ceramics Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
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**14 Deferred tax assets (deferred tax liabilities)**

Movements in total deferred tax assets for the year as follows:

	At 1 January 2018	Consolidated financial statements Credited (charged) to		At 31 December 2018
		profit or loss	other comprehensive income	
		(Note 25) (in thousand Baht)		
<b><i>Deferred tax assets</i></b>				
Allowance for inventories	27,024	3,543	-	30,567
Investment properties *	39,368	(100)	-	39,268
Property, plant and equipment	18,974	(897)	-	18,077
Provisions for employee benefits	89,572	(4,910)	(1,681)	82,981
Others	15,497	561	-	16,058
<b>Total</b>	<b>190,435</b>	<b>(1,803)</b>	<b>(1,681)</b>	<b>186,951</b>
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(22,626)	(25,361)	-	(47,987)
<b>Net</b>	<b>167,809</b>	<b>(27,164)</b>	<b>(1,681)</b>	<b>138,964</b>
		Credited (charged) to		
	At 1 January 2019	profit or loss	other comprehensive income	At 31 December 2019
		(Note 25) (in thousand Baht)		
<b><i>Deferred tax assets</i></b>				
Allowance for inventories	30,567	25,699	-	56,266
Investment properties *	39,268	(100)	-	39,168
Property, plant and equipment	18,077	1,555	-	19,632
Provisions for employee benefits	82,981	50,852	15,984	149,817
Others	16,058	10,678	-	26,736
<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>

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



**SCG Ceramics Public Company Limited and its Subsidiary**  
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	At 1 August 2018	Separate financial statement Credited (charged) to		At 31 December 2018
		profit or loss	other comprehensive income	
		(Note 25) (in thousand Baht)		
<b><i>Deferred tax assets</i></b>				
Allowance for inventories	28,440	823	-	29,263
Investment properties *	39,310	(42)	-	39,268
Property, plant and equipment	16,375	1,702	-	18,077
Provisions for employee benefits	72,703	606	(1,715)	71,594
Others	22,331	(12,865)	-	9,466
<b>Total</b>	<b>179,159</b>	<b>(9,776)</b>	<b>(1,715)</b>	<b>167,668</b>
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(37,519)	(10,468)	-	(47,987)
<b>Net</b>	<b>141,640</b>	<b>(20,244)</b>	<b>(1,715)</b>	<b>119,681</b>
		Separate financial statement Credited (charged) to		
	At 1 January 2019	profit or loss	other comprehensive income	At 31 December 2019
		(Note 25) (in thousand Baht)		
<b><i>Deferred tax assets</i></b>				
Allowance for 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>

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

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**For the year ended 31 December 2019**

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

	Consolidated financial statement			
	Bank overdraft and short-term borrowings from financial institutions		Short-term borrowings from related party	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Balance at 1 January	865,000	2,908	-	844,394
Changes from financing cash flows	(705,000)	862,092	-	(844,394)
<b>Balance at 31 December</b>	<b>160,000</b>	<b>865,000</b>	<b>-</b>	<b>-</b>

  

	Separate financial statement	
	Short-term borrowings from financial institutions	
	For the period 1 Aug-31 Dec	
	2019	2018
	<i>(in thousand Baht)</i>	
Balance at 1 January	865,000	1,622,000
Changes from financing cash flows	(705,000)	(757,000)
<b>Balance at 31 December</b>	<b>160,000</b>	<b>865,000</b>

As at 31 December 2019, the Company had promissory notes with two local banks amounted to Baht 160 million (2018: Baht 865 million) with interest rate from 1.37% to 1.45% per annum (2018: from 1.60% to 1.95% per annum).

**16 Trade and other current payables**

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Trade payables</b>					
Other parties		734,507	709,094	659,909	646,028
Related parties	4	87,496	89,716	274,537	258,393
		<b>822,003</b>	<b>798,810</b>	<b>934,446</b>	<b>904,421</b>
<b>Other current payables</b>					
Other current payables - related parties	4	85,567	66,612	84,059	59,994
Accrued expenses		385,360	493,221	344,998	449,969
Suspense value added tax and withholding tax		35,304	30,298	31,192	26,286
Construction payables		28,971	33,807	24,018	28,157
Employee payables		28,664	36,506	28,561	32,206
Deposit of land for sales		-	10,147	-	10,147
Others		30,984	36,497	23,724	32,560
		<b>594,850</b>	<b>707,088</b>	<b>536,552</b>	<b>639,319</b>
<b>Total</b>		<b>1,416,853</b>	<b>1,505,898</b>	<b>1,470,998</b>	<b>1,543,740</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 statement		Separate financial statement	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Legal severance payments plan	565,632	389,028	480,273	332,660
Other long-term employee benefits	19,184	7,823	19,121	7,753
<b>Total non-current provisions for defined benefit plans</b>	<b>584,816</b>	<b>396,851</b>	<b>499,394</b>	<b>340,413</b>
Other employee benefits	1,814	3,106	1,814	3,106
<b>Total</b>	<b>586,630</b>	<b>399,957</b>	<b>501,208</b>	<b>343,519</b>

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

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	For the period 1 Aug-31 Dec 2018
	<i>(in thousand Baht)</i>			
Non-current provisions for defined plans at 1 January	396,851	428,103	340,413	346,693
<b>Included in profit or loss</b>				
Current service costs	34,119	26,986	29,252	9,230
Interest on obligation	15,682	13,755	13,525	4,545
Non-current provisions for defined benefit plans transferred from related party	-	5,752	-	-
Actuarial losses for defined benefit plans from restructuring	-	15,527	-	15,527
Actuarial losses other long-term benefits	12,907	1,287	12,873	1,245
Past service cost from the amended severance pay of the Labor Law	124,083	-	106,602	-
	<b>583,642</b>	<b>491,410</b>	<b>502,665</b>	<b>377,240</b>
<b>Included in other comprehensive income</b>				
Actuarial losses (gains) post-employment benefits	79,922	(8,406)	70,604	(8,579)
<b>Others</b>				
Benefits paid	(34,999)	(86,153)	(30,126)	(28,248)
Transfer to current provisions	(43,749)	-	(43,749)	-
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b>584,816</b>	<b>396,851</b>	<b>499,394</b>	<b>340,413</b>

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 for employee benefits amounted to Baht 124 and 107 million respectively, resulting in the decrease in net profit amounted to Baht 99 and Baht 85 million, respectively.

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

	Consolidated financial statements		Separate financial statements for the period 1 Aug-31 Dec 2018	
	2019	2018 (in thousand Baht)	2019	2018
<b><i>For the years ended 31 December</i></b>				
Demographic assumptions	(948)	-	(637)	-
Financial assumptions	34,530	(7,116)	30,484	(7,116)
Experience adjustment	46,340	(1,290)	40,757	(1,463)
<b>Total</b>	<b><u>79,922</u></b>	<b><u>(8,406)</u></b>	<b><u>70,604</u></b>	<b><u>(8,579)</u></b>

***Actuarial assumptions***

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

	2019	(%)	2018
Discount rate *	1.60 - 1.70		2.92 - 3.14
Salary increase rate	2.00 - 7.00		3.00 - 7.00
Employee turnover rate**	4.00 - 20.00		4.00 - 33.00
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 as of the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provisions for defined benefit plans by the amounts shown below.

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

	Consolidated financial statements		Separate financial statements for the period 1 Aug-31 Dec 2018	
	2019	2018 Increase (decrease) (in thousand Baht)	2019	2018
Discount rate				
0.5% increase	(32,526)	(20,831)	(28,595)	(18,086)
0.5% decrease	35,126	22,532	30,894	19,575
Salary increase rate				
1.0% increase	69,817	44,133	61,566	38,388
1.0% decrease	(61,285)	(38,608)	(54,001)	(33,544)
Employee turnover rate				
10.0% increase	(28,263)	(19,841)	(24,833)	(17,490)
10.0% decrease	29,982	21,228	26,352	18,737

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

**18 Share capital**

	Par Value (in Baht)	2019		2018	
		Number	Value (in thousand shares / thousand Baht)	Number	Value
<b>Authorised</b>					
At 1 December					
- ordinary shares	1	<u>5,962,621</u>	<u>5,962,621</u>	<u>5,962,621</u>	<u>5,962,621</u>
<b>At 31 December</b>					
- ordinary shares	1	<u><b>5,962,621</b></u>	<u><b>5,962,621</b></u>	<u><b>5,962,621</b></u>	<u><b>5,962,621</b></u>
<b>Issued and paid-up</b>					
At 1 December					
- ordinary shares	1	<u>5,962,621</u>	<u>5,962,621</u>	<u>5,962,621</u>	<u>5,962,621</u>
<b>At 31 December</b>					
- ordinary shares	1	<u><b>5,962,621</b></u>	<u><b>5,962,621</b></u>	<u><b>5,962,621</b></u>	<u><b>5,962,621</b></u>

**SCG Ceramics Public Company Limited and its Subsidiary**  
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**19 Reserves and premiums**

*Share premium*

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

*Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

*Premium on amalgamation under common control*

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

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**20 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.	
	2019	2018
	<i>(in thousand Baht)</i>	
<b><i>Non-controlling interests at 31 December</i></b>		
Non-controlling interest percentage	46.11 %	46.11%
Current assets	883,639	842,975
Non-current assets	511,401	482,563
Current liabilities	(148,427)	(142,280)
Non-current liabilities	(94,861)	(66,591)
<b>Net assets</b>	<b><u>1,151,752</u></b>	<b><u>1,116,667</u></b>
<b>Carrying amount of non-controlling interest</b>	<b><u>531,073</u></b>	<b><u>514,895</u></b>
<b><i>For the year ended 31 December</i></b>		
Revenue	1,391,452	1,295,657
Profit for the year	42,539	37,472
Other comprehensive income for the year	(7,454)	2,176
<b>Total comprehensive income for the year</b>	<b><u>35,085</u></b>	<b><u>39,648</u></b>
Profit for the year		
- Attributable to owners of the parent	22,924	6,604
- Attributable to company in the Group before business restructuring	-	13,590
- Attributable to non-controlling interest	19,615	17,278
	<b><u>42,539</u></b>	<b><u>37,472</u></b>
Other comprehensive income for the year		
- Attributable to owners of the parent	(4,017)	1,173
- Attributable to non-controlling interest	(3,437)	1,003
	<b><u>(7,454)</u></b>	<b><u>2,176</u></b>
Cash flows from operating activities	156,192	66,354
Cash flows from investing activities	(89,336)	(85,159)
Cash flows from financing activities	-	(60,000)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>66,856</u></b>	<b><u>(78,805)</u></b>
<b>Dividends to non-controlling interest</b>	<b><u>-</u></b>	<b><u>27,668</u></b>



**SCG Ceramics Public Company Limited and its Subsidiary**  
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**21 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.

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

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

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	2019	2018	2019	2018	2019	2018
<i>(in thousand Baht)</i>						
<b>Information from consolidated income statement</b>						
External revenue	10,871,226	11,513,150	202,930	43,362	11,074,156	11,556,512
Other income	80,955	94,949	136,706	138,324	217,661	233,273
Interest income	1,779	4,352	-	-	1,779	4,352
Finance cost	5,173	25,201	-	-	5,173	25,201
Depreciation and amortization	570,462	570,522	21,948	25,540	592,410	596,062
Profit (loss) before income tax	83,129	(1,851)	149,805	110,095	232,934	108,244
Tax expense	(13,714)	(60,731)	(32,414)	(22,019)	(46,128)	(82,750)
Profit (loss) for the period	<u>69,415</u>	<u>(62,582)</u>	<u>117,391</u>	<u>88,076</u>	<u>186,806</u>	<u>25,494</u>

	Manufacturing and sales of ceramic tiles		Industrial estate development and real estate		Total	
	2019	2018	2019	2018	2019	2018
<i>(in thousand Baht)</i>						
<b>Information from consolidated statement of financial position</b>						
Land development for sale	-	-	486,406	581,582	486,406	581,582
Segment assets	10,328,840	10,576,090	580,113	567,769	10,908,953	11,143,859

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**Geographical segment**

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

**Geographical segment information**

	2019	2018
	<i>(in thousand Baht)</i>	
<b>External revenue</b>		
Thailand	9,120,842	9,017,097
Other countries	1,953,314	2,539,415
<b>Total</b>	<b><u>11,074,156</u></b>	<b><u>11,556,512</u></b>

**Major customer**

Revenues from one major customer of the Group's manufacturing and sales of ceramic tiles segment represents approximately Baht 1,382 million for the year 2019 (2018: Baht 1,241 million) of the Group's total revenues.

**22 Distribution costs**

	Consolidated financial statements		Separate financial statements for the period 1 Aug-31 Dec 2018	
	2019	2018	2019	
	<i>(in thousand Baht)</i>			
Freight	772,031	755,568	642,566	254,266
Salaries ,allowance and personnel expenses	530,237	526,160	505,146	213,231
Sales promotion and advertising expenses	272,851	481,633	264,299	155,393
Rental expenses	109,561	104,413	105,365	46,820
Outside wages	21,598	28,753	20,107	10,277
Communication expense	4,421	9,131	4,384	3,890
Others	176,349	141,288	170,867	54,362
<b>Total</b>	<b><u>1,887,048</u></b>	<b><u>2,046,946</u></b>	<b><u>1,712,734</u></b>	<b><u>738,239</u></b>

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**23 Administrative expenses**

	Consolidated financial statements		Separate financial statements for the period 1 Aug-31 Dec 2018	
	2019	2018	2019	
	<i>(in thousand Baht)</i>			
Salary, welfare, personnel and management expenses	385,335	371,178	342,324	144,676
Past service cost from the amended severance pay of the Labor Law	124,083	-	106,602	-
Mutual separation plan expenses	115,900	204,557	115,900	-
IT fees	105,314	91,928	99,134	34,242
Professional and other fees	71,534	150,685	63,039	54,067
Depreciation and amortization expenses	51,175	40,362	47,937	13,177
Impairment loss on assets and loss for decline in value of inventories	48,851	46,282	50,042	16,027
Rental expenses	19,299	18,559	18,872	11,037
Maintenance and supplies	14,977	8,464	11,925	4,047
Outside wages	9,627	15,492	5,463	4,205
Others	78,237	230,418	66,461	57,519
<b>Total</b>	<b><u>1,024,332</u></b>	<b><u>1,177,925</u></b>	<b><u>927,699</u></b>	<b><u>338,997</u></b>

**24 Employee benefit expenses**

	Consolidated financial statements		Separate financial statements for the period 1 Aug-31 Dec 2018	
	2019	2018	2019	
	<i>(in thousand Baht)</i>			
Salaries and allowance	1,857,308	1,933,615	1,616,953	668,092
Benefits and others	196,166	235,756	176,419	100,557
Contribution to defined contribution plans	126,326	128,475	114,030	49,006
Contribution to defined benefit plans	63,500	63,093	56,129	31,102
Mutual separation plan expenses	115,900	204,557	115,900	-
Past service cost from the amended severance pay of the Labor Law	124,083	-	106,602	-
<b>Total</b>	<b><u>2,483,283</u></b>	<b><u>2,565,496</u></b>	<b><u>2,186,033</u></b>	<b><u>848,757</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

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**25 Income tax expense**

*Income tax recognized in profit or loss*

		Consolidated financial statements		Separate financial statements For the period 1 Aug-31 Dec 2018	
	Note	2019	2018	2019	
		<i>(in thousand Baht)</i>			
<b>Current tax</b>					
Current tax		111,022	55,023	99,293	897
Under provided in prior years		11,713	563	11,713	148
		<u>122,735</u>	<u>55,586</u>	<u>111,006</u>	<u>1,045</u>
<b>Deferred tax</b>					
Movement in temporary differences	14	(76,607)	27,164	(71,735)	20,244
<b>Total</b>		<u>46,128</u>	<u>82,750</u>	<u>39,271</u>	<u>21,289</u>

*Income tax recognized in other comprehensive income*

Actuarial losses	14	<u>15,984</u>	<u>1,681</u>	<u>14,121</u>	<u>1,715</u>
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*Reconciliation of effective tax rate*

For the years ended December 31, 2019 and 2018, the Group's effective tax rate is not equal to the statutory tax rate of 20% under the Revenue Code because income tax expense is calculated from accounting profit adjusted by non-deductible expenses, deducted income or expense exemption under the Revenue Code and utilized the tax losses carried forward from prior years and also had the exempted net profit from the promoted business.

		Consolidated financial statements			
		2019		2018	
	Rate (%)	<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>	
Profit before income tax expenses		232,934		108,244	
Income tax using the Thai corporation tax rate	20	46,587		21,649	
Income not subject to tax		-		(3,520)	
Expenses deductible at a greater amount		(10,988)		(7,965)	
Expenses not deductible for tax purposes and others		75,423		(10,954)	
Effects from the difference between tax base and accounting base arising from restructure		-		37,755	
Tax losses before amalgamation		-		18,058	
<b>Current tax</b>		<u>111,022</u>		<u>55,023</u>	
Under provided in prior year		11,713		563	
Movements in temporary differences		(76,607)		27,164	
<b>Income tax expenses</b>	<b>20</b>	<u>46,128</u>		<b>76</b>	<u>82,750</u>

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	Separate financial statements			
	2019		For the period 1 Aug-31 Dec 2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expenses		186,412		148,916
Income tax using the Thai corporation tax rate	20	37,282	20	29,783
Expenses deductible at a greater amount		(8,324)		(2,649)
Expenses not deductible for tax purposes and others		70,335		(26,237)
<b>Current tax</b>		<b>99,293</b>		<b>897</b>
Under provided in prior year		11,713		148
Movements in temporary differences		(71,735)		20,244
<b>Income tax expenses</b>	<b>21</b>	<b>39,271</b>	<b>14</b>	<b>21,289</b>

## 26 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.

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

	Consolidated financial statements					
	2019		Total (in thousand Baht)	2018		Total
Promoted Business	Non-Promoted Business	Promoted Business		Non-Promoted Business		
Local	37,024	8,880,888	8,917,912	26,074	8,947,661	8,973,735
Export	37,819	1,915,495	1,953,314	73,406	2,466,009	2,539,415
<b>Total</b>	<b>74,843</b>	<b>10,796,383</b>	<b>10,871,226</b>	<b>99,480</b>	<b>11,413,670</b>	<b>11,513,150</b>

  

	Separate financial statements					
	2019		For the period 1 Aug - 31 Dec 2018			
Promoted Business	Non-Promoted Business	Total (in thousand Baht)	Promoted Business	Non-Promoted Business	Total	
Local	37,024	8,879,860	8,916,884	12,835	3,607,196	3,620,031
Export	37,819	1,915,495	1,953,314	15,145	851,079	866,224
<b>Total</b>	<b>74,843</b>	<b>10,795,355</b>	<b>10,870,198</b>	<b>27,980</b>	<b>4,458,275</b>	<b>4,486,255</b>

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**27 Basic earnings (loss) per share**

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

	Consolidated financial statement		Separate financial statement for the period 1 Aug-31 Dec 2018	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) for the year attributable to owners of the parent	168,173	(3,583)	147,141	127,627
Weighted average number of ordinary shares outstanding	5,962,621	5,962,621	5,962,621	5,962,621
<b>Basic earnings (loss) per share (in Baht)</b>	<b>0.03</b>	<b>(0.001)</b>	<b>0.02</b>	<b>0.02</b>

**28 Dividends**

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

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

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

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

**29 Financial instruments**

*Liquidity risk*

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

*Credit risk*

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

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*Interest rate risk*

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

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

	Consolidated and separate financial statements			Total
	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	
<b>Year 2019</b>				
<b>Current</b>				
Short-term loans from financial institutions	1.37 - 1.45	160,000	-	160,000
<b>Year 2018</b>				
<b>Current</b>				
Short-term loans from financial institutions	1.60 - 1.95	865,000	-	865,000

*Foreign exchange risk*

Foreign exchange risk arises from the fluctuation of foreign exchange rates as the Group has trade receivables and trade payables in foreign currencies. However, as at 31 December 2019 and 2018, the Group do not have significant foreign exchange risk because the Group uses derivative financial instruments which are forward exchange contracts to manage its risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors of the Company, and there are controls on operating procedures for compliance with the policy as disclosed in Note 30.

*Fair values of financial assets and liabilities*

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

Financial assets and liabilities had the fair and carrying value at 31 December as follows:

	2019		2018	
	Contract amount	Fair Value	Contract amount	Fair Value
<b>Current</b>				
Forward exchange contracts *				
Forward receivable	85,139	85,589	94,167	93,069
Forward payable	272,045	270,070	254,341	251,252

\* The fair values of forward exchange contracts was 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.

Level 2 fair values for simple over-the-counter derivative financial instruments are 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.

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**30 Commitments and contingent liabilities**

As at 31 December 2019

- (a) The Company had letters of guarantee issued by banks to government, state enterprises, private sectors and others totaling approximately Baht 26 million (2018: Baht 22 million).
- (b) The Group had commitments for construction building and machinery totaling approximately Baht 24 million (2018: Baht 64 million).
- (c) The Company had forward contracts with local banks in order to manage risk of foreign exchange rate details as follow:

	Contract amount		Equivalent to	
	Forward receivable		Baht	
	Currency			
	2019	2018	2019	2018
	<i>(in thousand)</i>		<i>(in thousand Baht)</i>	
US Dollars	2,533	2,497	75,922	82,001
Euro	276	307	9,208	11,460
Great Britain Pounds	0.2	17	9	706
<b>Total</b>			<b>85,139</b>	<b>94,167</b>

	Contract amount		Equivalent to	
	Forward payable		Baht	
	Currency			
	2019	2018	2019	2018
	<i>(in thousand)</i>		<i>(in thousand Baht)</i>	
US Dollars	6,911	7,121	209,631	233,560
Euro	1,749	549	59,600	20,781
Yen	10,066	-	2,814	-
<b>Total</b>			<b>272,045</b>	<b>254,341</b>

The above contracts will be gradually due within April 2020 (2018: due within April 2019).



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- (d) The Group had entered into various building and car lease agreements. The periods of these agreements are 3 to 5 years expiring in various dates up to December 2024. Under the terms of these agreements, the Group has to pay annual rental as follows:

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Within one year	79,379	107,671	68,393	95,423
After one year but within five years	65,745	88,679	59,940	75,057
<b>Total</b>	<b>145,124</b>	<b>196,350</b>	<b>128,333</b>	<b>170,480</b>

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

### 31 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.

### 32 Events after the reporting period

At the Board of Directors' Meeting of the Company held on 23 January 2020, the directors approved to submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2019 at the rate of Baht 0.012 per share, totaling approximately Baht 72 million is scheduled for payment on 23 April 2020. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 27 March 2020.

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

New and revised TFRSs, which are relevant to the Group's operations, will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020. The Group does not plan to early adopt these TFRSs. The new TFRSs are as follows:

<b>TFRS</b>	<b>Topic</b>
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* TFRS - Financial instruments standards

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*(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. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS – Financial instruments depends on the Group’s financial instruments by following TFRS – Financial instruments 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 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed. Under TFRS 9, derivatives will be measured at FVTPL. It will replace current accounting policies of the Group on recognition of adjustment value at the exchange rate at the end of period or when the derivatives were exercised.

The Group has made an assessment of classification – Financial assets under TFRS 9. This adoption has no material effect on trade receivables and derivatives. However, the Group has long-term investments recognized at cost less any impairment losses, which the Group classify as investment measured at FVTPL. The classification 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.

(3) Impairment - Financial assets

TFRS 9 introduces forward-looking “expected credit loss” (ECL) model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires consideration about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

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

(4) 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.

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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.

(5) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current 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 strategy 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 first time adoption, the Group has no effect on this matter.

*Transition*

The Group plans to apply these TFRS for the first time by adjusting the cumulative impact to retained earnings on 1 January 2020 with no restatement of comparative information.

(b) **TFRS 16 Leases**

TFRS 16 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 and leases of low-value items. Lessor accounting remains to the current standard. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled. Currently, the Group recognizes payments made under operating leases in income statement on a straight-line basis over the term of the lease.

The Group has made an assessment of TFRS 16 adoption. On 1 January 2020, the Group will recognize the increase in right-of-use assets and lease liabilities approximately Baht 220 million in consolidated financial statement and approximately Baht 180 million in separate financial statement. The nature of expenses related to those leases will be changed because the Group will recognize depreciation of right-of-use assets and interest expenses on lease liabilities.

*Transition*

The Group plans to apply TFRS 16 for the first time on 1 January 2020 using the modified retrospective approach, by recognizing right-of-use assets and lease liabilities with no restatement of comparative information.

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**34 Reclassification of accounts**

Certain accounts in the financial statements as at 31 December 2018 and the income statement for year ended 31 December 2018 have been reclassified to conform to the presentation in the 2019 financial statements were as follows:

	Consolidated financial statement		
	Before reclassification	Reclassification (in thousand Baht)	After reclassification
<b>Consolidated statement of financial position</b>			
<b>As at 31 December 2018</b>			
Trade and other current receivables	1,352,138	18,419	1,370,557
Other non-current receivables	162,507	(18,419)	144,088
Assets not used in operations	13,891	(13,891)	-
Other non-current assets	19,339	13,891	33,230
<b>Consolidated income statement</b>			
<b>For the year ended 31 December 2018</b>			
Cost of sales of goods	(8,375,645)	(38,542)	(8,414,187)
Distribution costs	(1,799,635)	(247,311)	(2,046,946)
Administrative expenses	(1,463,778)	285,853	(1,177,925)

	Separate financial statement		
	Before reclassification	Reclassification (in thousand Baht)	After reclassification
<b>Statement of financial position</b>			
<b>As at 31 December 2018</b>			
Trade and other current receivables	1,348,724	18,419	1,367,143
Other non-current receivables	162,507	(18,419)	144,088
Assets not used in operations	13,891	(13,891)	-
Other non-current assets	19,339	13,891	33,230
<b>Income statement</b>			
<b>For the period</b>			
<b>1 August - 31 December 2018</b>			
Cost of sales of goods	(3,326,572)	(31,761)	(3,358,333)
Distribution costs	(640,737)	(97,502)	(738,239)
Administrative expenses	(468,260)	129,263	(338,997)