

Siam City Cement Public Company Limited  
and its subsidiaries  
Review report and interim financial information  
For the three-month period ended 31 March 2020

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Siam City Cement Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Siam City Cement Public Company Limited and its subsidiaries as at 31 March 2020, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Siam City Cement Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting.

**Emphasis of Matter**

I draw attention to Note 1.5 to the interim financial statements. Due to the impact of COVID-19 pandemic, in preparing the interim financial information for the three-month period ended 31 March 2020, the Group has applied the Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation” announced by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.

Siriwan Nitdamrong  
Certified Public Accountant (Thailand) No. 5906

EY Office Limited  
Bangkok: 7 May 2020

**Siam City Cement Public Company Limited and its subsidiaries**

**Statements of financial position**

**As at 31 March 2020**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3, 4	6,130,648	4,820,998	3,333,574	1,449,904
Trade and other receivables	3, 5	5,634,272	5,455,711	3,032,897	3,185,245
Short-term loans to related parties	3	-	-	3,254,000	3,225,000
Derivative assets		4,943	895	-	471
Inventories	6	4,228,205	4,608,213	1,647,579	2,358,221
Advance payments for purchases of goods		185,073	79,528	15,029	17,731
Non-current assets held for sale		67,269	65,075	-	-
Other current assets		318,482	393,958	119,112	149,415
<b>Total current assets</b>		<b>16,568,892</b>	<b>15,424,378</b>	<b>11,402,191</b>	<b>10,385,987</b>
<b>Non-current assets</b>					
Restricted bank deposits	4	18,256	17,116	-	-
Investments in subsidiary companies	7	-	-	39,900,676	39,900,676
Investment in joint venture	8	2,280,487	1,973,369	2,145,611	2,145,611
Investments in associated companies	9	2,119,431	2,068,913	577,896	577,896
Investment properties	10	315,441	315,441	644,614	647,277
Property, plant and equipment	11	32,448,073	32,522,668	12,877,303	13,156,907
Right-of-use assets	11	2,189,490	-	329,395	-
Assets not used in operations	12	64,103	64,705	37,211	37,813
Goodwill	13	14,392,706	13,593,960	-	-
Intangible assets	14	11,013,083	10,844,036	3,382,824	3,413,302
Deferred tax assets		1,069,324	1,064,125	631,734	610,954
Other non-current assets		329,429	317,402	174,651	151,635
<b>Total non-current assets</b>		<b>66,239,823</b>	<b>62,781,735</b>	<b>60,701,915</b>	<b>60,642,071</b>
<b>Total assets</b>		<b>82,808,715</b>	<b>78,206,113</b>	<b>72,104,106</b>	<b>71,028,058</b>

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

**Siam City Cement Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

**As at 31 March 2020**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Current liabilities</b>					
Short-term loans from related financial institution	3	630,000	100,000	600,000	-
Bank overdrafts and short-term loans					
from other financial institutions	15	3,617,719	2,587,516	600,000	-
Trade and other payables	3, 16	3,890,119	5,683,983	1,846,690	3,143,820
Current portion of long-term loans from					
other financial institutions	17	552,501	538,960	-	-
Current portion of lease liabilities	3, 18	471,188	-	121,794	-
Current portion of liabilities under					
finance lease contracts		-	12,219	-	-
Current portion of debentures	19	2,999,827	2,999,418	2,999,827	2,999,418
Current portion of long-term liabilities for concession					
and license fee		96,222	27,769	96,222	27,769
Dividend payable		1,192,000	-	1,192,000	-
Derivative liabilities		21,124	-	1,407	-
Income tax payable		914,798	770,049	274,856	208,255
Deferred revenue		874,806	901,399	521,657	504,270
Accrued electricity		250,225	243,203	239,636	231,555
Other accrued expenses		1,424,330	1,330,217	719,267	653,166
Other current liabilities		218,305	218,917	62,259	57,102
<b>Total current liabilities</b>		<b>17,153,164</b>	<b>15,413,650</b>	<b>9,275,615</b>	<b>7,825,355</b>
<b>Non-current liabilities</b>					
Long-term loans from other financial institutions					
- net of current portion	17	7,422,369	7,437,370	6,981,625	6,979,000
Lease liabilities - net of current portion	3, 18	1,525,187	-	225,788	-
Liabilities under finance lease contracts					
- net of current portion		-	36,903	-	-
Debentures - net of current portion	19	15,972,380	15,971,479	15,972,380	15,971,479
Long-term liabilities for concession and license fee					
- net of current portion		1,006,965	1,072,110	996,560	1,061,812
Derivative liabilities		221,862	-	221,862	-
Provision for long-term employee benefits		2,728,777	2,809,783	1,891,753	1,967,123
Provision for site restoration and decommissioning costs		295,310	160,416	81,430	54,319
Deferred tax liabilities		2,587,324	2,506,781	-	-
Other non-current liabilities		118,541	126,625	-	-
<b>Total non-current liabilities</b>		<b>31,878,715</b>	<b>30,121,467</b>	<b>26,371,398</b>	<b>26,033,733</b>
<b>Total liabilities</b>		<b>49,031,879</b>	<b>45,535,117</b>	<b>35,647,013</b>	<b>33,859,088</b>

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

**Siam City Cement Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

**As at 31 March 2020**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>31 March 2020</b>	<b>31 December 2019</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity (continued)</b>				
<b>Shareholders' equity</b>				
Share capital				
Registered				
298,000,000 ordinary shares of Baht 10 each	2,980,000	2,980,000	2,980,000	2,980,000,000
Issued and fully paid up				
298,000,000 ordinary shares of Baht 10 each	2,980,000	2,980,000	2,980,000	2,980,000
Share premium	26,412,551	26,412,551	26,412,551	26,412,551
Retained earnings				
Appropriated - statutory reserve	300,000	300,000	300,000	300,000
Unappropriated	8,603,424	8,973,491	6,926,853	7,476,419
Other components of shareholders' equity	(5,885,718)	(7,272,134)	(162,311)	-
Equity attributable to owners of the Company	32,410,257	31,393,908	36,457,093	37,168,970
Non-controlling interests of the subsidiaries	1,366,579	1,277,088	-	-
<b>Total shareholders' equity</b>	<b>33,776,836</b>	<b>32,670,996</b>	<b>36,457,093</b>	<b>37,168,970</b>
<b>Total liabilities and shareholders' equity</b>	<b>82,808,715</b>	<b>78,206,113</b>	<b>72,104,106</b>	<b>71,028,058</b>

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

Directors

**Siam City Cement Public Company Limited and its subsidiaries****Income statements****For the three-month period ended 31 March 2020**

(Unit: Thousand Baht except earnings per share expressed in Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>					
Revenue from contracts with customers	20	11,015,518	11,878,867	5,536,763	5,887,231
Dividend income	7	-	-	283,649	391,357
Gain on exchange		-	63,090	-	11,597
Other income		74,840	121,520	21,230	22,445
<b>Total revenues</b>		<b>11,090,358</b>	<b>12,063,477</b>	<b>5,841,642</b>	<b>6,312,630</b>
<b>Expenses</b>					
Cost of sales		7,234,942	7,826,013	3,606,231	3,593,079
Cost of services		195,276	166,803	37,465	34,655
Selling and distribution expenses		1,996,627	2,062,416	851,636	923,291
Administrative expenses		467,438	528,894	364,832	421,908
Loss on exchange		3,811	-	5,997	-
Other expenses		16,147	6,446	5,179	7,987
<b>Total expenses</b>		<b>9,914,241</b>	<b>10,590,572</b>	<b>4,871,340</b>	<b>4,980,920</b>
<b>Profit from operating activities</b>		<b>1,176,117</b>	<b>1,472,905</b>	<b>970,302</b>	<b>1,331,710</b>
Share of profit from investment in joint venture	8	135,863	117,809	-	-
Share of profit from investments in associated companies	9	62,728	79,582	-	-
Finance income		18,095	9,696	23,949	20,823
Finance cost		(358,053)	(353,202)	(261,698)	(253,208)
<b>Profit before income tax expenses</b>		<b>1,034,750</b>	<b>1,326,790</b>	<b>732,553</b>	<b>1,099,325</b>
Income tax expenses	21	(163,959)	(215,323)	(90,119)	(141,158)
<b>Profit for the period</b>		<b>870,791</b>	<b>1,111,467</b>	<b>642,434</b>	<b>958,167</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		825,710	1,104,771	642,434	958,167
Non-controlling interests of the subsidiaries		45,081	6,696	-	-
		<b>870,791</b>	<b>1,111,467</b>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company (Baht)	22	2.77	3.71	2.16	3.22
Weighted average number of ordinary shares (Thousand shares)		298,000	298,000	298,000	298,000

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

(Unaudited but reviewed)

**Siam City Cement Public Company Limited and its subsidiaries****Statements of comprehensive income****For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Profit for the period</b>	<u>870,791</u>	<u>1,111,467</u>	<u>642,434</u>	<u>958,167</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	1,529,741	(241,470)	-	-
Loss on cash flow hedge - net of tax	(20,595)	-	(20,595)	-
Share of other comprehensive income of joint venture and associated companies - exchange differences on translation of financial statements in foreign currency	<u>162,822</u>	<u>1,441</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>1,671,968</u>	<u>(240,029)</u>	<u>(20,595)</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Share of other comprehensive income of associated companies - actuarial gain (loss)	<u>(3,777)</u>	<u>1,057</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(3,777)</u>	<u>1,057</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>1,668,191</u>	<u>(238,972)</u>	<u>(20,595)</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>2,538,982</u></u>	<u><u>872,495</u></u>	<u><u>621,839</u></u>	<u><u>958,167</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	2,350,065	913,044	<u>621,839</u>	<u>958,167</u>
Non-controlling interests of the subsidiaries	<u>188,917</u>	<u>(40,549)</u>		
	<u><u>2,538,982</u></u>	<u><u>872,495</u></u>		

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



(Unaudited but reviewed)

## Siam City Cement Public Company Limited and its subsidiaries

## Statements of changes in shareholders' equity

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
					Other components of shareholders' equity					
					Other comprehensive income					
					Exchange differences on translation of financial statements in foreign currency	Cash flow hedge reserve	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Issued and paid up share capital		Share premium	Retained earnings							
			Appropriated - statutory reserve	Unappropriated						
<b>Balance as at 1 January 2020</b>	2,980,000	26,412,551	300,000	8,973,491	(7,272,134)	-	(7,272,134)	31,393,908	1,277,088	32,670,996
Cumulative effect from change in accounting policies due to adoption of new financial reporting standards (Note 2)	-	-	-	-	-	(141,716)	(141,716)	(141,716)	-	(141,716)
<b>Balance as at 1 January 2020 - as adjusted</b>	2,980,000	26,412,551	300,000	8,973,491	(7,272,134)	(141,716)	(7,413,850)	31,252,192	1,277,088	32,529,280
Profit for the period	-	-	-	825,710	-	-	-	825,710	45,081	870,791
Other comprehensive income for the period	-	-	-	(3,777)	1,548,727	(20,595)	1,528,132	1,524,355	143,836	1,668,191
Total comprehensive income for the period	-	-	-	821,933	1,548,727	(20,595)	1,528,132	2,350,065	188,917	2,538,982
Dividend paid (Note 23)	-	-	-	(1,192,000)	-	-	-	(1,192,000)	-	(1,192,000)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary	-	-	-	-	-	-	-	-	(99,426)	(99,426)
<b>Balance as at 31 March 2020</b>	<u>2,980,000</u>	<u>26,412,551</u>	<u>300,000</u>	<u>8,603,424</u>	<u>(5,723,407)</u>	<u>(162,311)</u>	<u>(5,885,718)</u>	<u>32,410,257</u>	<u>1,366,579</u>	<u>33,776,836</u>
<b>Balance as at 1 January 2019</b>	2,980,000	26,412,551	300,000	8,425,611	(5,087,690)	-	(5,087,690)	33,030,472	1,510,560	34,541,032
Profit for the period	-	-	-	1,104,771	-	-	-	1,104,771	6,696	1,111,467
Other comprehensive income for the period	-	-	-	1,057	(192,784)	-	(192,784)	(191,727)	(47,245)	(238,972)
Total comprehensive income for the period	-	-	-	1,105,828	(192,784)	-	(192,784)	913,044	(40,549)	872,495
Dividend paid (Note 23)	-	-	-	(1,192,000)	-	-	-	(1,192,000)	-	(1,192,000)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary	-	-	-	-	-	-	-	-	(210,731)	(210,731)
<b>Balance as at 31 March 2019</b>	<u>2,980,000</u>	<u>26,412,551</u>	<u>300,000</u>	<u>8,339,439</u>	<u>(5,280,474)</u>	<u>-</u>	<u>(5,280,474)</u>	<u>32,751,516</u>	<u>1,259,280</u>	<u>34,010,796</u>

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

(Unaudited but reviewed)

**Siam City Cement Public Company Limited and its subsidiaries**

**Statements of changes in shareholders' equity (continued)**

**For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	Separate financial statements					
			Retained earnings		Other components of shareholders' equity	
	Issued and paid up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	income - Cash flow hedge reserve	Total shareholders' equity
Balance as at 1 January 2020	2,980,000	26,412,551	300,000	7,476,419	-	37,168,970
Cumulative effect from change in accounting policies due to adoption of new financial reporting standards (Note 2)	-	-	-	-	(141,716)	(141,716)
Balance as at 1 January 2020 - as adjusted	2,980,000	26,412,551	300,000	7,476,419	(141,716)	37,027,254
Profit for the period	-	-	-	642,434	-	642,434
Other comprehensive income for the period	-	-	-	-	(20,595)	(20,595)
Total comprehensive income for the period	-	-	-	642,434	(20,595)	621,839
Dividend paid (Note 23)	-	-	-	(1,192,000)	-	(1,192,000)
Balance as at 31 March 2020	2,980,000	26,412,551	300,000	6,926,853	(162,311)	36,457,093
Balance as at 1 January 2019	2,980,000	26,412,551	300,000	6,918,721	-	36,611,272
Profit for the period	-	-	-	958,167	-	958,167
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	958,167	-	958,167
Dividend paid (Note 23)	-	-	-	(1,192,000)	-	(1,192,000)
Balance as at 31 March 2019	2,980,000	26,412,551	300,000	6,684,888	-	36,377,439

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

(Unaudited but reviewed)

**Siam City Cement Public Company Limited and its subsidiaries****Statements of cash flows****For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>				
Profit before tax	1,034,750	1,326,790	732,553	1,099,325
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Share of profit from investments in joint venture and associated companies	(198,591)	(197,391)	-	-
Dividend income	-	-	(283,649)	(391,357)
Depreciation and amortisation	983,556	777,536	382,269	320,374
Increase (decrease) in allowance for doubtful accounts and reduction of inventory to net realisable value	52,925	29,616	8,273	(318)
Loss (gain) on disposal of asset held for sales	384	(87,156)	-	-
Decrease in allowance for impairment loss on property, plant and equipment, assets not used in operations and intangible assets	(44,733)	(3,114)	(12,430)	-
Loss on disposals/write-off of property, plant and equipment, assets not used in operations and intangible assets	62,364	8,832	17,112	7,935
Provision for long-term employee benefits and other provisions	79,176	92,823	51,094	45,395
Unrealised loss (gain) on exchange	14,660	4,370	(562)	(3,536)
Interest income	(18,095)	(9,696)	(23,949)	(20,823)
Interest expenses	327,832	323,613	239,232	231,438
Profit from operating activities before changes in operating assets and liabilities	2,294,228	2,266,223	1,109,943	1,288,433
Operating assets (increase) decrease:				
Trade and other receivables	(215,471)	(378,001)	181,686	(341,977)
Inventories	366,954	(179,677)	711,039	154,067
Advance payments for purchases of goods	(105,545)	(93,738)	2,702	(104,897)
Other current assets	29,702	(130,962)	37,192	(52,251)
Operating liabilities increase (decrease):				
Trade and other payables	(489,374)	(37,943)	(1,297,857)	(90,673)
Accrued expenses and other current liabilities	(37,042)	96,995	(15,222)	124,486
Other non-current liabilities	-	2,088	-	-
Provision for long-term employee benefits	(142,859)	(65,317)	(111,815)	(37,557)
Provision for site restoration	(393)	(588)	(393)	(588)
Cash from operating activities	1,700,200	1,479,080	617,275	939,043
Cash received from interest income	20,014	9,535	13,611	11,611
Cash paid for interest expenses	(73,644)	(81,567)	(475)	(6,028)
Cash paid for income tax	(26,437)	(58,492)	(3,720)	(3,082)
<b>Net cash from operating activities</b>	<b>1,620,133</b>	<b>1,348,556</b>	<b>626,691</b>	<b>941,544</b>

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

**Siam City Cement Public Company Limited and its subsidiaries****Statements of cash flows (continued)****For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>				
Net increase in short-term loans to related parties	-	-	(29,000)	(30,000)
Increase (decrease) in restricted bank deposits	272	(6,171)	-	-
Proceed from disposal of asset held for sales	23,154	99,179	-	-
Proceeds from disposals of property, plant and equipment	46	993	16	-
Acquisitions of property, plant and equipment	(256,683)	(420,214)	(24,095)	(163,787)
Increase in intangible assets	(7,483)	(75,211)	(5,853)	(33,368)
Increase in other non-current assets	(12,027)	(11,812)	4,185	(222)
Dividend received	-	-	258,649	-
<b>Net cash from (used in) investing activities</b>	<b>(252,721)</b>	<b>(413,236)</b>	<b>203,902</b>	<b>(227,377)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from related financial institution	530,000	-	600,000	-
Net increase (decrease) in bank overdrafts and short-term loans from other financial institutions	(353,533)	544,031	600,000	(500,000)
Increase in long-term loans from other financial institutions	60,750	175,483	-	-
Repayment of long-term loans from other financial institutions	(118,270)	(98,837)	-	-
Payment of lease liabilities	(132,793)	-	(34,418)	-
Payment of liabilities under finance lease contracts	-	(2,883)	-	-
Payment of liabilities for concession and license fee	(6,049)	-	(6,049)	-
Dividend payment	(99,426)	-	-	-
Cash paid for interest expenses	(106,924)	(107,759)	(106,588)	(107,153)
<b>Net cash from (used in) financing activities</b>	<b>(226,245)</b>	<b>510,035</b>	<b>1,052,945</b>	<b>(607,153)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>168,351</b>	<b>(17,117)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,309,518</b>	<b>1,428,238</b>	<b>1,883,538</b>	<b>107,014</b>
Cash and cash equivalents at beginning of period	4,820,998	2,647,087	1,449,904	689,315
Effect of change in foreign exchange rate on cash at bank balance	132	965	132	965
<b>Cash and cash equivalents at end of period</b>	<b>6,130,648</b>	<b>4,076,290</b>	<b>3,333,574</b>	<b>797,294</b>

**Supplemental disclosures of cash flows information:**

## Non-cash related transactions from investing activities:

Payables for purchases of property, plant and equipment

and intangible assets

318,295      428,862      27,145      34,654

Transferred property, plant and equipment to intangible assets

-      71,357      -      -

Transferred assets not used in operations to

non-current assets held for sale

22,637      -      -      -

Transferred assets not used in operations to

property, plant and equipment

4,472      -      -      -

Increase (decrease) in property, plant and equipment from

provision for site restoration

14,177      (502)      13,913      (502)

Dividend receivable from subsidiaries

-      -      25,000      391,357

## Non-cash related transactions from financing activities:

Acquisitions of right-of-use assets under lease contracts

48,909      -      19,189      -

Transferred other payables to short-term loans from

other financial institutions

1,244,818      -      -      -

Dividend payable

1,192,000      1,402,731      1,192,000      1,192,000

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

**Siam City Cement Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month period ended 31 March 2020**

**1. General information**

**1.1 Corporate information**

Siam City Cement Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and registered the change of its status to a public limited company under the Public Limited Companies Act on 5 November 1993. The Company operates in Thailand and its principal activity is the manufacture of cement, with the registered office address at 199, 3rd, 10th-12th Floor, Column Tower, Ratchadapisek Road, Klongtoey, Bangkok, and its address of factory no.1 and no. 3 is at 99 Moo 9, factory no. 2 is at 219, mortar factory is at 41/2 and AFR Platform is at 301 Moo 5, Mitraparp Road Km. 129-133, Tabkwang, Kaengkhoi, Saraburi.

**1.2 COVID-19 pandemic**

The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**1.3 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

#### **1.4 Basis of consolidation**

The interim consolidated financial statements included the financial statements of Siam City Cement Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019. There have been no changes in the composition of the subsidiaries during the current period.

#### **1.5 New financial reporting standards that became effective in the current period**

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below.

##### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Group's financial statements is as follows:

- Recognition of derivatives - The Group initially recognises all derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised through profit or loss. However, the Group applies hedge accounting for certain derivatives.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2 to the interim financial statements.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2 to the interim financial statements.

### **Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36 Impairment of Assets.
- Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill and intangible assets with indefinite useful lives for impairment.

## **1.6 Significant accounting policies**

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

### **1.6.1 Financial instruments**

#### ***Classification and measurement***

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss unless hedge accounting is applied to the derivative contracts.

#### ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables or unbilled revenues that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.



### ***Hedge Accounting***

If hedge accounting criteria are met, recognition is as follows:

For fair value hedges, a change in fair value of the hedging instruments and a change in fair value of the hedged items attributable to the risk being hedged are both recognised in the income statement.

For cash flow hedges, a change in fair value of the effective portion of the hedging instrument is recognised through other comprehensive income, while a change in fair value of the ineffective portion of the hedging instruments is recognised through profit or loss.

## **1.6.2 Leases**

### ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

### ***Short-term leases and Leases of low-value assets***

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

## 2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.5 to the interim financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)				
Consolidated financial statements				
		The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
31 December 2019				
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Other current assets	393,958	-	(43,855)	350,103
<b>Non-current assets</b>				
Property, plant and equipment	32,522,668	-	(68,370)	32,454,298
Right-of-use assets	-	-	2,197,073	2,197,073
Intangible assets	10,844,036	-	(2,755)	10,841,281
Deferred tax assets	1,064,125	35,429	-	1,099,554
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	461,917	461,917
Current portion of liabilities under finance lease contracts	12,219	-	(12,219)	-
Other accrued expenses	1,330,217	(33,244)	-	1,296,973
<b>Non-current liabilities</b>				
Lease liabilities - net of current portion	-	-	1,554,713	1,554,713
Liabilities under finance lease contracts - net of current portion	36,903	-	(36,903)	-
Derivative liabilities	-	210,389	-	210,389
Provision for site restoration and decommissioning costs	160,416	-	114,585	275,001
<b>Shareholders' equity</b>				
Other components of shareholders' equity	(7,272,134)	(141,716)	-	(7,413,850)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
		The impacts of		
	31 December	Financial		1 January
	2019	reporting		2020
		standards		
		related to		
		financial		
		instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Other current assets	149,415	-	6,574	155,989
Non-current assets				
Right-of-use assets	-	-	339,915	339,915
Deferred tax assets	610,954	35,429	-	646,383
Other non-current assets	151,635	-	27,201	178,836
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	116,583	116,583
Other accrued expenses	653,166	(33,244)	-	619,922
Non-current liabilities				
Lease liabilities - net of current portion	-	-	244,170	244,170
Derivative liabilities	-	210,389	-	210,389
Provision for site restoration and decommissioning costs	54,319	-	12,937	67,256
Shareholders' equity				
Other components of shareholders' equity	-	(141,716)	-	(141,716)

## 2.1 Financial instruments

### Classification and measurement

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

Consolidated financial statements					
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value			Total
		Fair value through profit or loss	through other comprehensive income	Amortised cost	
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	4,820,998	-	-	4,820,998	4,820,998
Trade and other receivables	5,455,711	-	-	5,455,711	5,455,711
Derivative assets	895	895	-	-	895
Restricted bank deposits	17,116	-	-	17,116	17,116
<b>Total financial assets</b>	<b>10,294,720</b>	<b>895</b>	<b>-</b>	<b>10,293,825</b>	<b>10,294,720</b>

(Unit: Thousand Baht)

Seperated financial statements					
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value			Total
		Fair value through profit or loss	through other comprehensive income	Amortised cost	
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	1,449,904	-	-	1,449,904	1,449,904
Trade and other receivables	3,185,245	-	-	3,185,245	3,185,245
Short-term loans to related parties	3,225,000	-	-	3,225,000	3,225,000
Derivative assets	471	471	-	-	471
<b>Total financial assets</b>	<b>7,860,620</b>	<b>471</b>	<b>-</b>	<b>7,860,149</b>	<b>7,860,620</b>

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

Hedge accounting

As at 1 January 2020, the Group designated an interest rate swap of the Company as a cash flow hedge instrument and recognised fair value of such derivative of Baht 177.1 million and related deferred tax assets of Baht 35.4 million as a cash flow hedge reserve in other components of shareholders' equity in the statements of financial position.

**2.2 Leases**

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using incremental borrowing rates as at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Operating lease commitments as at 31 December 2019	1,558,066	267,839
Less: Short-term leases and leases of low-value assets	(50,231)	(8,888)
Add: Option to extend lease term	799,118	108,987
Add: Service contracts contain a lease	151,627	-
Less: Contracts reassessed as service contracts	(29,624)	-
Add: Others	14,440	7,895
Less: Deferred interest expenses	(475,888)	(15,080)
Increase in lease liabilities due to TFRS 16 adoption	1,967,508	360,753
Liabilities under finance lease contracts as at 31 December 2019	49,122	-
Lease liabilities as at 1 January 2020	<u>2,016,630</u>	<u>360,753</u>
Comprise of:		
Current lease liabilities	461,917	116,583
Non-current lease liabilities	<u>1,554,713</u>	<u>244,170</u>
	<u>2,016,630</u>	<u>360,753</u>

(Unaudited but reviewed)

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Land	939,695	-
Building and structures	334,333	138,991
Machinery and equipment	156,673	43,702
Furniture, fixtures and office equipment	255,124	411
Motor vehicles	511,248	156,811
<b>Total right-of-use assets</b>	<b>2,197,073</b>	<b>339,915</b>

### 3. Related party transactions

During the periods, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and service income	-	-	1,513	1,589	Market price
Dividend income	-	-	284	391	At the declared rate
Interest income	-	-	19	17	Market interest rate
Other income	-	-	54	52	Cost plus margin
Purchase of goods	-	-	119	725	Market price
Purchase of utility	-	-	270	350	Market price
Service fee expenses	-	-	107	104	Contractual agreed rate
<u>Transactions with joint venture</u>					
Sales of goods and service income	223	262	48	127	Market price
Other income	-	8	-	8	Contractual agreed rate
Service fee expenses	-	16	-	16	Contractual agreed rate
<u>Transactions with associated companies</u>					
Purchases of goods	162	245	162	-	Market price
<u>Transactions with related companies</u>					
Interest income	-	1	-	1	Market interest rate
Purchases of goods	182	121	-	-	Market price
Service fee expenses	84	50	26	20	Contractual agreed rate
Interest expenses	1	2	1	-	Market interest rate

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2020 and 31 December 2019 between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Deposits and short-term investments at related financial institution (Note 4)</b>				
Related financial institution (related by common directors)	2,203,348	322,977	1,380,329	86,063
Total deposits and short-term investments at related financial institution	<u>2,203,348</u>	<u>322,977</u>	<u>1,380,329</u>	<u>86,063</u>
<b>Trade and other receivables - related parties (Note 5)</b>				
Subsidiaries	-	-	1,457,090	1,677,474
Joint venture	146,041	137,644	64,845	92,093
Total trade and other receivables - related parties	<u>146,041</u>	<u>137,644</u>	<u>1,521,935</u>	<u>1,769,567</u>
<b>Short-term loans to related parties</b>				
<u>Subsidiaries</u>				
Conwood Company Limited	-	-	1,470,000	1,470,000
INSEE Digital Company Limited	-	-	595,000	615,000
INSEE Superblock Company Limited	-	-	643,000	660,000
Globe Cement Company Limited	-	-	546,000	480,000
Total short-term loans to related parties	<u>-</u>	<u>-</u>	<u>3,254,000</u>	<u>3,225,000</u>

Movements in short-term loans to related parties during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	-	3,225,000
Add: Increase during the period	-	141,000
Less: Repayment during the period	-	(112,000)
Balance as at 31 March 2020	<u>-</u>	<u>3,254,000</u>

(Unaudited but reviewed)

As at 31 March 2020, the Company had short-term loans to related parties of Baht 3,254 million (31 December 2019: Baht 3,225 million) which carry interest at the rate of 1.61 - 2.36 percent per annum (31 December 2019: 2.18 - 2.36 percent per annum) and are due for repayment within one year from drawing dates.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Short-term loans from related financial institution</b>				
Related financial institution (related by common directors)	630,000	100,000	600,000	-
Total short-term loans from related financial institution	630,000	100,000	600,000	-

Movements in short-term loans from related financial institution during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	100,000	-
Add: Increase during the period	805,000	600,000
Less: Repayment during the period	(275,000)	-
Balance as at 31 March 2020	630,000	600,000

As at 31 March 2020, the Group had short-term loans from related financial institution of Baht 630 million (31 December 2019: Baht 100 million) which carry interest at the rate of 1.36 - 1.95 percent per annum (31 December 2019: 1.95 percent per annum).

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Trade and other payables - related parties (Note 16)</b>				
Subsidiaries	-	-	368,056	1,661,532
Associated company	62,220	184,592	62,220	-
Joint venture	5,860	4,968	5,860	4,968
Related companies (related by common shareholders and/or common directors)	189,005	126,990	19,624	37,607
Total trade and other payables - related parties	257,085	316,550	455,760	1,704,107



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Lease liabilities - related party (Note 18)</b>				
Related company (related by common shareholders and/or common directors)	20,509	-	20,509	-
Less: Portion due within one year	(7,794)	-	(7,794)	-
Total lease liabilities - related party - net of current portion	12,715	-	12,715	-

Directors and management's benefits

During the three-month periods ended 31 March 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	27	25	27	25
Post-employment benefits and other long-term employee benefits	1	1	1	1
Total	28	26	28	26

**4. Cash and cash equivalents/Restricted bank deposits**

As at 31 March 2020 and 31 December 2019, cash and cash equivalents consist of the following:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Cash and bank deposits	4,460,484	1,614,199	2,913,574	179,904
Short-term investments in fixed deposits	1,688,420	3,223,915	420,000	1,270,000
Total	6,148,904	4,838,114	3,333,574	1,449,904
Less: Restricted bank deposits	(18,256)	(17,116)	-	-
Total cash and cash equivalents	6,130,648	4,820,998	3,333,574	1,449,904
Of which at related financial institution	2,203,348	322,977	1,380,329	86,063

(Unaudited but reviewed)

As at 31 March 2020, bank deposits in savings accounts and fixed deposits carried interest between 0.01 and 7.00 percent per annum (31 December 2019: between 0.01 and 7.00 percent per annum).

As at 31 March 2020, the subsidiaries had placed its deposits of Taka 47 million or approximately Baht 18.3 million (31 December 2019: Taka 47 million and Baht 0.4 million, totaling Baht 17.1 million) with banks to secure bank guarantees issued by banks on behalf of the subsidiaries.

## 5. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates:				
Current to 30 days	113,912	90,003	1,215,107	1,540,336
Over 30 days to 60 days	-	-	4,158	9,401
Over 60 days to 90 days	-	-	7,423	8,699
Over 90 days	-	-	76,691	3,152
Total trade receivables - related parties	113,912	90,003	1,303,379	1,561,588
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates:				
Current to 30 days	4,098,664	4,021,748	1,477,530	1,366,695
Over 30 days to 60 days	146,441	149,058	7,008	2,101
Over 60 days to 90 days	74,906	105,537	2,125	3,931
Over 90 days	422,133	397,023	49,998	57,462
Total trade receivable - unrelated parties	4,742,144	4,673,366	1,536,661	1,430,189
Less: Allowance for doubtful accounts	(233,620)	(194,163)	(43,845)	(35,067)
Total trade receivables - unrelated parties - net	4,508,524	4,479,203	1,492,816	1,395,122
Total trade receivables - net	4,622,436	4,569,206	2,796,195	2,956,710
<u>Other receivables</u>				
Other receivables - related parties	32,129	47,641	218,556	207,979
Other receivables - unrelated parties	67,272	54,777	19,151	21,579
Receivables from the Revenue Department	798,065	665,191	-	-
Unbilled revenues	125,235	129,257	-	-
Total other receivables - unrelated parties	990,572	849,225	19,151	21,579
Less: Allowance for doubtful accounts	(10,865)	(10,361)	(1,005)	(1,023)
Total other receivables - unrelated parties - net	979,707	838,864	18,146	20,556
Total other receivables - net	1,011,836	886,505	236,702	228,535
Total trade and other receivables - net	5,634,272	5,455,711	3,032,897	3,185,245

## 6. Reduction of inventories to net realisable value

Movements in reduction of inventories to net realisable value account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	314,569	41,791
Add: Reduction of inventory value during the period	33,366	-
Less: Reversal of reduction of inventory value during the period	(42,811)	(22,896)
Balance as at 31 March 2020	305,124	18,895

## 7. Investments in subsidiary companies

Details of investments in subsidiary companies as presented in the separate financial statements are as follows:

Company's name	Type of relation	Shareholding		Cost		Dividends income during the	
		percentage				three-month periods	
		31 March	31 December	31 March	31 December	ended 31 March	
		2020	2019	2020	2019	2020	2019
		(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<b>Local subsidiaries</b>							
Siam City Concrete Co., Ltd.	Direct holding	100.00	100.00	2,500,000	2,500,000	25,000	-
Siam City Power Co., Ltd.	Direct holding	100.00	100.00	2,000,000	2,000,000	32,000	-
Conwood Co., Ltd.	Direct holding	100.00	100.00	300,000	300,000	-	-
INSEE Superblock Co., Ltd.	Direct holding	100.00	100.00	499,999	499,999	-	-
INSEE Ecocycle Co., Ltd.	Direct holding	100.00	100.00	400,000	400,000	20,000	-
INSEE Digital Co., Ltd.	Direct holding	100.00	100.00	700,000	700,000	-	-
Globe Cement Co., Ltd.	Direct holding	100.00	100.00	63,802	63,802	-	-
Siam City Cement Trading Co., Ltd.	Direct holding	100.00	100.00	10,000	10,000	22,000	-
<b>Overseas subsidiaries</b>							
Siam City Cement (Bangladesh) Ltd.	Direct holding	100.00	100.00	2,124,391	2,124,391	-	-
Siam City Cement (Lanka) Ltd.	Direct holding	98.95	98.95	13,191,469	13,191,469	-	-
Siam City Cement (Vietnam) Ltd.	Direct holding	65.00	65.00	18,111,015	18,111,015	184,649	391,357
Total				39,900,676	39,900,676	283,649	391,357

## 8. Investment in joint venture

Joint venture	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements Carrying amount based on equity method		Separate financial statements Carrying amount based on cost method	
			31	31	31	31	31	31
			March	December	March	December	March	December
			2020	2019	2020	2019	2020	2019
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Chip Mong INSEE Cement Corporation	Cement Manufacturing	Cambodia	40	40	2,280,487	1,973,369	2,145,611	2,145,611
Total					2,280,487	1,973,369	2,145,611	2,145,611

(Unaudited but reviewed)

The Company pledged the share certificate of the joint venture to secure the credit facilities agreement of the joint venture with a financial institution. The credit facilities agreement contains covenants with which the Company must comply, pertaining to maintaining of shareholding percentage.

During the three-month period ended 31 March 2020 and 2019, the Company recognised share of profit and other comprehensive income from investment in joint venture in the consolidated financial statements as follows:

	(Unit: Thousand Baht)			
	Share of profit from		Share of other	
	investment in joint venture		comprehensive income from	
	investment in joint venture		investment in joint venture	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Chip Mong INSEE Cement Corporation	135,863	117,809	171,255	-
Total	<u>135,863</u>	<u>117,809</u>	<u>171,255</u>	<u>-</u>

## 9. Investments in associated companies

Company's name	Nature of business	Country of incorporation	Type of relation	Shareholding		Consolidated financial statements		Separate financial statements	
				percentage		Carrying amount		Carrying amount	
				based on equity method		based on cost method			
				31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
				(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Lanna Resources Public Co., Ltd.	Coal mining	Thailand	Direct holding	44.99	44.99	2,008,341	1,961,239	483,427	483,427
Thai Agro Energy Public Co., Ltd.	Ethanol production and distribution	Thailand	Direct holding	4.72	4.72	111,090	107,674	94,469	94,469
Total						<u>2,119,431</u>	<u>2,068,913</u>	<u>577,896</u>	<u>577,896</u>

During the three-month periods ended 31 March 2020 and 2019, the Company recognised its share of profit and other comprehensive income from investments in associated companies in the consolidated financial statements as follows:

	(Unit: Thousand Baht)			
	Share of profit		Share of other	
	from investments in		comprehensive income	
	associated companies		from investments in	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Lanna Resources Public Co., Ltd.	59,312	72,104	(12,210)	2,498
Thai Agro Energy Public Co., Ltd.	3,416	7,478	-	-
Total	<u>62,728</u>	<u>79,582</u>	<u>(12,210)</u>	<u>2,498</u>

(Unaudited but reviewed)

Fair values of investments in associated companies that are listed on the Stock Exchange of Thailand which were based on the closing price as quoted on the Stock Exchange of Thailand are as follows:

	(Unit: Million Baht)	
	Fair values	
	31 March 2020	31 December 2019
Lanna Resources Public Co., Ltd.	1,193	1,819
Thai Agro Energy Public Co., Ltd.	107	155
Total	1,300	1,974

#### 10. Investment properties

Movements in the investment properties account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b><u>Cost</u></b>		
Balance as at 1 January 2020	322,305	762,209
Balance as at 31 March 2020	322,305	762,209
<b><u>Accumulated depreciation</u></b>		
Balance as at 1 January 2020	-	108,068
Depreciation for the period	-	2,663
Balance as at 31 March 2020	-	110,731
<b><u>Allowance for impairment</u></b>		
Balance as at 1 January 2020	6,864	6,864
Balance as at 31 March 2020	6,864	6,864
<b><u>Net book value</u></b>		
Balance as at 1 January 2020	315,441	647,277
Balance as at 31 March 2020	315,441	644,614

**11. Property, plant and equipment and right-of-use assets**

Movements in the property, plant and equipment and right-of-use assets accounts during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	Property, plant and equipment	Right-of-use assets
<b><u>Cost</u></b>		
Balance as at 1 January 2020	76,667,886	-
Adjustment from TFRS 16 adoption	(77,230)	2,206,512
Balance as at 1 January 2020 - adjusted	76,590,656	2,206,512
Acquisitions	178,038	77,739
Transfer in	10,025	-
Disposals and write-off	(198,053)	-
Translation adjustment	1,191,162	42,016
Balance as at 31 March 2020	77,771,828	2,326,267
<b><u>Accumulated depreciation</u></b>		
Balance as at 1 January 2020	43,759,582	-
Adjustment from TFRS 16 adoption	(8,860)	9,439
Balance as at 1 January 2020 - adjusted	43,750,722	9,439
Depreciation for the period	714,652	127,824
Transfer in	5,553	-
Accumulated depreciation on disposals and write-off	(137,105)	-
Translation adjustment	620,597	(486)
Balance as at 31 March 2020	44,954,419	136,777
<b><u>Allowance for impairment</u></b>		
Balance as at 1 January 2020	385,636	-
Decrease during the period	(17,012)	-
Translation adjustment	712	-
Balance as at 31 March 2020	369,336	-
<b><u>Net book value</u></b>		
Balance as at 1 January 2020	32,522,668	-
Balance as at 31 March 2020	32,448,073	2,189,490

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate

financial statements

**Cost**

	Property, plant and equipment	Right-of-use assets
Balance as at 1 January 2020	40,550,835	-
Adjustment from TFRS 16 adoption	-	339,915
Balance as at 1 January 2020 - adjusted	40,550,835	339,915
Acquisitions	38,058	19,189
Disposals and write-off	(128,727)	-
Balance as at 31 March 2020	40,460,166	359,104

**Accumulated depreciation**

Balance as at 1 January 2020	27,325,952	-
Depreciation for the period	312,964	29,709
Accumulated depreciation on disposals and write-off	(111,599)	-
Balance as at 31 March 2020	27,527,317	29,709

**Allowance for impairment**

Balance as at 1 January 2020	67,976	-
Decrease during the period	(12,430)	-
Balance as at 31 March 2020	55,546	-

**Net book value**

Balance as at 1 January 2020	13,156,907	-
Balance as at 31 March 2020	12,877,303	329,395

**12. Assets not used in operations**

Movements in the assets not used in operations account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b><u>Cost</u></b>		
Balance as at 1 January 2020	1,802,197	469,309
Transfer out	(48,730)	-
Translation adjustment	2,838	-
Balance as at 31 March 2020	1,756,305	469,309
<b><u>Accumulated depreciation</u></b>		
Balance as at 1 January 2020	1,473,257	401,006
Depreciation for the period	602	602
Transfer out	(21,621)	-
Translation adjustment	1,259	-
Balance as at 31 March 2020	1,453,497	401,608
<b><u>Allowance for impairment</u></b>		
Balance as at 1 January 2020	264,235	30,490
Decrease during the period	(27,109)	-
Translation adjustment	1,579	-
Balance as at 31 March 2020	238,705	30,490
<b><u>Net book value</u></b>		
Balance as at 1 January 2020	64,705	37,813
Balance as at 31 March 2020	64,103	37,211

**13. Goodwill**

Movements in the goodwill account in the consolidated financial statements during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)
Book value as at 1 January 2020	13,593,960
Add: Translation adjustment	798,746
Book value as at 31 March 2020	14,392,706



**14. Intangible assets**

Movements in the intangible assets account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b><u>Cost</u></b>		
Balance as at 1 January 2020	13,116,846	4,181,458
Adjustment from TFRS 16 adoption	(3,334)	-
Balance as at 1 January 2020 - adjusted	13,113,512	4,181,458
Purchases	11,126	5,853
Write-off	(3,416)	(1,954)
Translation adjustment	341,179	-
Balance as at 31 March 2020	13,462,401	4,185,357
<b><u>Accumulated amortisation</u></b>		
Balance as at 1 January 2020	2,255,593	768,156
Adjustment from TFRS 16 adoption	(579)	-
Balance as at 1 January 2020 - adjusted	2,255,014	768,156
Amortisation for the period	140,478	36,331
Accumulated amortisation on write-off	(1,954)	(1,954)
Translation adjustment	39,175	-
Balance as at 31 March 2020	2,432,713	802,533
<b><u>Allowance for impairment</u></b>		
Balance as at 1 January 2020	17,217	-
Decrease during the period	(612)	-
Balance as at 31 March 2020	16,605	-
<b><u>Net book value</u></b>		
Balance as at 1 January 2020	10,844,036	3,413,302
Balance as at 31 March 2020	11,013,083	3,382,824

**15. Bank overdrafts and short-term loans from other financial institutions**

Movements in bank overdrafts and short-term loans from other financial institutions during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	2,587,516	-
Add: Increase during the period	3,243,287	600,000
Less: Repayment during the period	(2,352,002)	-
Translation adjustment	138,918	-
Balance as at 31 March 2020	3,617,719	600,000

(Unaudited but reviewed)

As at 31 March 2020, the Group had bank overdrafts and short-term loans from commercial banks of Baht 3,618 million (31 December 2019: Baht 2,588 million) which carry interest at the rate of 1.39 - 9.50 percent per annum (31 December 2019: 4.53 - 10.79 percent per annum).

As at 31 March 2020, a portion of bank overdrafts of an overseas subsidiary of Indonesian Rupiah 42,780 million or approximately Baht 86.1 million (31 December 2019: Indonesian Rupiah 38,120 million or approximately Baht 85.9 million) is secured by the credit utilisation agreements entered into by a subsidiary in Thailand with a financial institution, obtaining standby letter of credit facilities. The credit utilisation agreements contain covenants with which the subsidiary has to comply, pertaining to matters such as maintaining of certain financial ratios, maintaining of percentage of shares held by the major shareholder and negative pledge.

## 16. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Trade payables - related parties	156,801	207,854	93,705	1,274,455
Trade payables - unrelated parties	3,090,081	4,890,546	1,284,244	1,369,563
Other payables - related parties	100,284	108,696	362,055	429,652
Other payables - unrelated parties	412,214	411,474	30,515	52,798
Retention payable	13,180	13,841	2,447	2,397
VAT payable	117,559	51,572	73,724	14,955
Total trade and other payables	<u>3,890,119</u>	<u>5,683,983</u>	<u>1,846,690</u>	<u>3,143,820</u>

## 17. Long-term loans from other financial institutions

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Long-term loans from other financial institutions	7,974,870	7,976,330	6,981,625	6,979,000
Less: Portion due within one year	(552,501)	(538,960)	-	-
Long-term loans from other financial institutions - net of current portion	<u>7,422,369</u>	<u>7,437,370</u>	<u>6,981,625</u>	<u>6,979,000</u>

Movements in long-term loans from other financial institutions during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	7,976,330	6,979,000
Add: Increase during the period	60,750	-
Amortisation of transaction costs during the period	2,625	2,625
Less: Repayment during the period	(118,270)	-
Translation adjustment	53,435	-
Balance as at 31 March 2020	<u>7,974,870</u>	<u>6,981,625</u>

On 16 December 2016, the Company entered into a loan agreement with a financial institution obtaining loan facilities of Baht 7,000 million. The loans carry interest at THBFX 6 months reference rate plus a margin and are repayable in full amount at the end of the fifth year from drawing date. The loan facilities of Baht 7,000 million had been drawn by the Company on 17 January 2017.

The loan agreement contains covenants with which the Company has to comply, pertaining to matters such as maintaining of certain financial ratios, maintaining of percentage of shares held by the major shareholders and negative pledge.

As at 31 March 2020, the overseas subsidiaries had long-term loans from other financial institutions of LKR 2,733 million and VND 375,503 million or equivalent to Baht 993.2 million (31 December 2019: LKR 2,816 million and VND 406,660 million or equivalent to Baht 997.3 million) which carry interest at the rate of 5.65 to 10.76 percent per annum (31 December 2019: 6.49 to 11.31 percent per annum) and are repayable within 2023.

## 18. Lease liabilities

Lease liabilities as at 31 March 2020 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Lease liabilities	2,637,770	360,603
Less: Deferred interest expenses	(641,395)	(13,021)
Total	<u>1,996,375</u>	<u>347,582</u>
Of which of related party	20,509	20,509
Comprise of:		
Current lease liabilities	471,188	121,794
Non-current lease liabilities	<u>1,525,187</u>	<u>225,788</u>
	<u>1,996,375</u>	<u>347,582</u>

(Unaudited but reviewed)

Movements in lease liabilities during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	2,016,630	360,753
Add: Additions during the period	48,909	19,189
Accretion of interest	22,275	2,058
Less: Payments during the period	(132,793)	(34,418)
Translation adjustment	41,354	-
Balance as at 31 March 2020	1,996,375	347,582

## 19. Debentures

As at 31 March 2020 and 31 December 2019, the details of debentures account in the consolidated financial statements and the separate financial statements are made up as follows:

	(Unit: Thousand Baht)						
							Carrying values
	Number of units	Price per unit (Baht)	Period (Years)	Maturity date	Interest rate (percent per annum)	31 March 2020 (Thousand Baht)	31 December 2019 (Thousand Baht)
Debenture Series No. 2/2013	2,000,000	1,000	7	14 June 2020	4.30	2,000,000	2,000,000
Debenture Series No. 1/2016	2,000,000	1,000	8	29 April 2024	2.46	2,000,000	2,000,000
Debenture Series No. 2/2016	2,000,000	1,000	10	29 April 2026	2.70	2,000,000	2,000,000
Debenture Series No. 1/2017	1,000,000	1,000	3	9 May 2020	2.49	1,000,000	1,000,000
Debenture Series No. 2/2017	2,500,000	1,000	7	9 May 2024	3.65	2,500,000	2,500,000
Debenture Series No. 3/2017	5,000,000	1,000	10	9 May 2027	4.08	5,000,000	5,000,000
Debenture Series No. 4/2017	4,500,000	1,000	12	9 May 2029	4.26	4,500,000	4,500,000
Total						19,000,000	19,000,000
Less: Deferred transaction costs						(27,793)	(29,103)
Total debentures						18,972,207	18,970,897
Less: Portion due within one year						(2,999,827)	(2,999,418)
Debentures - net of current portion						15,972,380	15,971,479

Movement in debentures during the three-month period ended 31 March 2020 is summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	18,970,897	18,970,897
Add: Amortisation of transaction costs during the period	1,310	1,310
Balance as at 31 March 2020	18,972,207	18,972,207

The above debentures are unsubordinated, unsecured and no discount with a name-registered debenture certificates. Debenture agreements contain a covenant with which the Company must comply, pertaining to maintaining financial ratio.

**20. Revenue from contracts with customers**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Type of goods or services:</b>				
Sales of cement and cement-related products	8,758,776	9,369,726	5,492,294	5,850,167
Sales of concrete and aggregates	1,838,327	2,116,373		-
Revenues from industrial waste disposal and industrial cleaning services	319,480	308,871	-	-
Others	98,935	83,897	44,469	37,064
Total revenue from contracts with customers	<u>11,015,518</u>	<u>11,878,867</u>	<u>5,536,763</u>	<u>5,887,231</u>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	10,854,601	11,766,243	5,536,763	5,887,231
Revenue recognised over time	160,917	112,624	-	-
Total revenue from contracts with customers	<u>11,015,518</u>	<u>11,878,867</u>	<u>5,536,763</u>	<u>5,887,231</u>

**21. Income tax**

Interim corporate income tax is calculated on profit before income tax for the periods, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	149,436	192,192	70,321	141,880
Income tax of overseas subsidiary paid for tax importation of materials during the period	9,074	-	-	-
Adjustment in respect of income tax of previous year	4,775	(344)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	674	23,475	19,798	(722)
<b>Income tax expenses reported in the income statements</b>	<u>163,959</u>	<u>215,323</u>	<u>90,119</u>	<u>141,158</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to loss on cash flow hedge	<u>(5,149)</u>	<u>-</u>	<u>(5,149)</u>	<u>-</u>

## 22. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

## 23. Dividends

On 26 March 2019, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a final dividend for 2018 of Baht 4.0 per share, totaling Baht 1,192 million. Thus, including the interim dividend of Baht 4.0 per share, the total dividend payment for 2018 amounted to Baht 8.0 per share. The dividend was paid on 25 April 2019.

On 26 March 2020, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a final dividend for 2019 of Baht 4.0 per share, totaling Baht 1,192 million. Thus, including the interim dividend of Baht 4.0 per share, the total dividend payment for 2019 amounted to Baht 8.0 per share. The dividend was paid on 3 April 2020.

## 24. Segment information

The Group is organised into business units based on its products and services. During the current period, the Group has changed the organisation of its reportable segments from fiscal year 2019, by adding a reportable segment, which is light building materials segment. This segment includes mortar products, light weight concrete products and wood replacement products.

(Unaudited but reviewed)

The following table presents revenue and profit information regarding the Group's operating segments for the three-month periods ended 31 March 2020 and 2019.

(Unit: Million Baht)																
	Cement		Concrete and aggregates		Trading		Light building materials		Others		Total segments		Adjustments and eliminations		Consolidated	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue																
External customers	6,699	7,464	1,905	2,175	1,438	1,213	647	709	327	318	11,016	11,879	-	-	11,016	11,879
Inter-segment	1,748	1,892	91	96	1,051	1,905	1	6	297	346	3,188	4,245	(3,188)	(4,245)	-	-
Total revenue	8,447	9,356	1,996	2,271	2,489	3,118	648	715	624	664	14,204	16,124	(3,188)	(4,245)	11,016	11,879
Results																
Segment gross profit	2,548	2,858	397	442	481	412	212	227	122	157	3,760	4,096	(175)	(210)	3,585	3,886
Other income															75	121
Gain (loss) on exchange															(4)	63
Selling and distribution expenses															(1,997)	(2,062)
Administrative expenses															(467)	(529)
Other expenses															(16)	(7)
Share of profit from investments in joint venture															136	118
Share of profit from investments in associated companies															63	79
Finance income															18	10
Finance cost															(358)	(353)
Profit before income tax expenses															1,035	1,326
Income tax expenses															(164)	(215)
Profit for the period															871	1,111

## **25. Contingent liabilities**

### **25.1 Bank guarantees**

25.1.1 As at 31 March 2020, there were outstanding bank guarantees of Baht 619 million, LKR 879 million, Taka 47 million and VND 11,838 million (Separate financial statements: Baht 63 million) issued by banks on behalf of the Group in respect of electricity usage and other guarantees as required in the normal course of its business.

25.1.2 As at 31 March 2020, the associated companies and joint venture had outstanding bank guarantees of Baht 6 million, Indonesian Rupiah 29,690 million and USD 0.2 million issued by banks on behalf of the associated companies and joint venture as required in the normal course of their businesses.

### **25.2 Litigation of overseas subsidiaries**

25.2.1 A subsidiary in Sri Lanka has a dispute which was filed against the Arbitrator dated 14 June 2017 regarding obligation to retrospectively pay the allowance of LKR 10,000 being paid to certain employees of a company. Currently, the case is in the arbitration process. The management of the subsidiary believes that possibility of the unfavourable result of the dispute to the subsidiary is remote and provision has not therefore been recorded.

25.2.2 A subsidiary in Sri Lanka was alleged by the Customs Department of Sri Lanka for failure to pay customs levies and tax on certain payments such as demurrage, calorific value and moisture adjustment, war risk premium, loading-unloading and stevedoring charges. On 7 February 2019, the Customs Department of Sri Lanka ordered the subsidiary to pay customs levies and tax totaling LKR 545 million (approximately Baht 94 million). However, the subsidiary appealed the order since the subsidiary believes that there have been no irregularities in payment of levies/duties and there is no basis of such allegation. Based on the currently available information as at the reporting date and legal counsel opinion, the management of the subsidiary believes that possibility of the unfavourable result of the case to the subsidiary is remote and provision has not therefore been recorded.

In addition, the Customs Department of Sri Lanka investigated on importation of cement and other related products of another subsidiary in Sri Lanka. However, the subsidiary has declared the correct transaction value in term of "Schedule E" of the Customs Ordinance thereby defrauding government revenue by way of evading payment of due customs duty and other levies and, based on the currently available information as at the reporting date and legal counsel opinion, the management of the subsidiary believes that possibility of the unfavourable result of the case to the subsidiary is remote and provision has not therefore been recorded.



25.2.3 A subsidiary in Sri Lanka has disputes relating to income tax assessments for the years 2004 - 2006 totaling LKR 119 million (approximately Baht 21 million) for the deductibility of interest and royalty claims. However, the subsidiary appealed against the decision of the Department of Inland Revenue of Sri Lanka. Based on the currently available information as at the reporting date and legal counsel opinion, the management of the subsidiary believes that possibility of the unfavourable result of the case to the subsidiary is remote and provision has not therefore been recorded.

In addition, three subsidiaries in Sri Lanka have other proceedings/assessments for general and tax related pending against the subsidiaries. Based on the currently available information as at the reporting date and opinion of legal counsel and tax consultants of the subsidiaries, the management of the subsidiaries believes that possibility of the unfavourable result of the cases to the subsidiaries is remote and provision has not therefore been recorded.

25.2.4 A subsidiary in Bangladesh has disputes and litigations with relevant authorities relating to VAT and income tax with the claims/assessments totaling Taka 194 million (approximately Baht 75 million) in which they are under hearing of the High Court of Bangladesh. However, as at 31 March 2020, the management of the subsidiary had reviewed the merits of those to assess possible outcomes and recorded a provision for the disputes and litigations of Taka 33 million (approximately Baht 13 million).

### **25.3 Litigation of the company**

During the current period, certain former employees filed a claim of Baht 34 million against the Company, seeking additional compensation in excess of both the Company's policy and in excess of the Labour Law. Currently, the disputes are under hearing of the Labour Court. However, as at 31 March 2020, the management of the Company had reviewed the merits of those to assess possible outcomes and recorded a provision for the disputes of Baht 8 million reflecting the Company's policy.

## **26. Commitments**

26.1 As at 31 March 2020, the Group had the following significant outstanding commitments:

26.1.1 The Group had outstanding capital expenditure and construction commitments of Baht 380 million (Separate financial statements: Baht 132 million).

26.1.2 The Group entered into several long-term contracts in respect of lease of the low-value assets and other services. As at 31 March 2020, the future lease and service fees payable by the Group under these lease and service contracts of Baht 154 million (Separate financial statements: Baht 91 million).

- 26.1.3 The Group entered into the service agreements with a subsidiary in respect of the Group's computer system. The Group is committed to pay the fees on the basis and at the rate as stipulated in the agreements.
- 26.1.4 The Group entered into an agreement with a company in respect of computer system maintenance. The Group is committed to pay a fee on the basis and at the rate as stipulated in the agreement.
- 26.1.5 The Group entered into long-term service agreements regarding temporary employment services. The Group is committed to pay the service fees at the rate as stipulated in the agreements.
- 26.1.6 The Company entered into a solar power purchase contract with a company to purchase solar power used for production process with 15-year duration. The Company shall pay a price based on actual power used and the rate as stipulated in the contract.
- 26.1.7 The Group has commitments in respect of raw materials and fuel purchases, logistic services and sales contracts as required in the normal course of its business.
- 26.1.8 The Group entered into several agreements in respect of technology information system such as accounting system, logistic management system as well as the related maintenance agreements. The Group is committed to pay a fee on the basis and at the rates as stipulated in the agreements.
- 26.1.9 The Company entered into an agreement with a company in respect of computer software implementation. The Company is committed to pay a fee on the basis and the rate as stipulated in the agreement.
- 26.1.10 The Company has commitment regarding the contribution to the funds in accordance with the requirements and legally applicable rate specified by Department of Primary Industries and Mine.
- 26.1.11 A subsidiary entered into a technology license agreement with an overseas company for a period of 10 years, commencing 6 March 2002 to 5 March 2012, with an automatic renewal for every 1 year period. The subsidiary is committed to pay licensing fee on the basis and at the rate as stipulated in the agreement.
- 26.1.12 A subsidiary entered into several agreements in respect of computer software license. The subsidiary is committed to pay a license fee on the basis and at the rates as stipulated in the agreements.
- 26.1.13 A subsidiary entered into an electricity supply agreement with a local power plant with 15-year duration from the operation date. The subsidiary shall purchase and pay electricity supply at the quantity and the rate as stipulated in the agreement.

- 26.1.14 A subsidiary has commitment regarding the contribution to the Power Development Fund in accordance with the regulation required by the Energy Regulatory Commission. The contribution is calculated based on the sale quantities and legally applicable rate.
- 26.1.15 A subsidiary entered into several agreements regarding sand operation used for production process for periods between 5 and 8 years. The subsidiary is committed to pay a fee based on actual production output and the rate as stipulated in the agreements.
- 26.1.16 A subsidiary entered into several agreements regarding concrete distribution service with 10-year duration. The subsidiary is committed to pay a fee based on actual rendered services and the rate as stipulated in the agreements.
- 26.2 The associated companies and joint venture entered into several long-term contracts in respect of lease of the low-value assets and other services. As at 31 March 2020, the future lease and service fees payable by the associated companies and joint venture under these lease and service contracts of Baht 55.3 million.
- 26.3 The joint venture entered into an equipment lease contract with a company to lease the solar generation equipment for self-generate electricity used for production process with 25-year duration. The joint venture is committed to pay a rental fee upon actual power generated and used.
- 26.4 The associated companies and joint venture had outstanding capital expenditure and construction commitments of USD 1.9 million and Baht 22.4 million, totaling approximately Baht 85.9 million.

## 27. Foreign currency and interest rate risks

The Group's exposure to foreign currency risk arises mainly from sales and purchase transactions that are denominated in foreign currencies and interest rate risk relates primarily to their interest-bearing bank deposits, short-term loans, bank overdrafts and short-term borrowings, long-term borrowings and debentures.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2020 are summarised below.

(Unit: Million)

Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 March 2020	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	(Baht per 1 foreign currency unit)	
					Buying rate	Selling rate
US dollar	19	23	2	1	32.5125	32.8298
Euro	-	3	-	2	35.6113	36.3057
Yen	-	-	-	1	0.2975	0.3047

(Unaudited but reviewed)

Forward exchange contracts outstanding of the Group as at 31 March 2020 are summarised below.

#### The Company and local subsidiary

Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
			Bought amount	Sold amount	
Euro	0.9	-	35.16 - 36.38	-	1 April 2020 - 8 June 2020
US dollar	-	22.5	-	31.05 - 32.58	17 April 2020 - 23 June 2020

#### Overseas subsidiaries

Foreign currency	Bought amount	Contractual exchange rate		Contractual maturity date
		for amount bought		
	(Million)	(LKR per 1 foreign currency unit)	(VND per 1 foreign currency unit)	
US dollar	6.2	182.35 - 182.85	23,304 - 23,720	1 April 2020 - 29 June 2020

As at 31 March 2020, the Company had outstanding interest rate swap agreement to swap the interest rate of long-term loan from the floating rate THBFIX 6 months reference rate plus a margin to a fixed rate of 3 percent per annum.

As at 31 March 2020, the fair value of derivatives is as follows:

		(Unit: Million Baht)
		Fair value
		Loss
<b>Derivatives</b>		
Forward exchange contracts		16.2
Interest rate swap		221.9

## 28. Fair value hierarchy

As at 31 March 2020, the Group had the financial assets and liabilities that were measured at fair value using different levels of inputs as follows:

		(Unit: Million Baht)			
		Consolidated financial statements		Separate financial statements	
		Level 2	Total	Level 2	Total
<b>Financial assets measured at fair value</b>					
Derivatives					
Forward exchange contracts		4.9	4.9	-	-
<b>Financial liabilities measured at fair value</b>					
Derivatives					
Forward exchange contracts		21.1	21.1	1.4	1.4
Interest rate swap		221.9	221.9	221.9	221.9

## **29. Events after the reporting period**

### **29.1 Dividend income from subsidiary, joint venture and associated companies**

On 8 April 2020, the meeting of Board of Directors of Lanna Resources Public Company Limited (“an associated company”) passed a resolution to approve second interim dividend for 2019 of Baht 0.30 per share, totaling Baht 157.5 million. The Company will record the dividend income from the associated company of Baht 70.9 million in the second quarter of 2020.

On 9 April 2020, the meeting of Board of Directors of Thai Agro Energy Public Company Limited (“an associated company”) passed a resolution to approve second interim dividend for 2019 of Baht 0.15 per share, totaling Baht 150.0 million. The Company will record the dividend income from the associated company of Baht 7.1 million in the second quarter of 2020.

On 24 April 2020, the meeting of Board of Directors of Siam City Power Co., Ltd. (“a subsidiary”) passed a resolution to approve an interim dividend for 2020 of Baht 4.8 per share, totaling Baht 96.0 million. The Company will record the dividend income from the subsidiary company in the second quarter of 2020.

On 30 April 2020, the meeting of Board of Directors of Chip Mong INSEE Cement Corporation (“the joint venture”) approved the payment of a final dividend for 2019 of USD 11.0 million. However, such dividend payment is subject to the approval of the Annual General Meeting of the joint venture to be held in May 2020. The Company will record the dividend income from the joint venture of USD 4.4 million or approximately Baht 143.1 million in the second quarter of 2020.

### **29.2 Discontinuation of one of the Company’s production lines and mutual separation plan**

On 15 April 2020, the Company announced the discontinuation of the production line in Plant 1 of Saraburi operations, starting from 1 May 2020 and a mutual separation plan for employees of Saraburi operations as was internally announced.

## **30. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 7 May 2020.