



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)
Asia Cement
Public Company Limited

รายงานประจำปี 2561 ANNUAL REPORT 2018

LIVE WELL TOGETHER





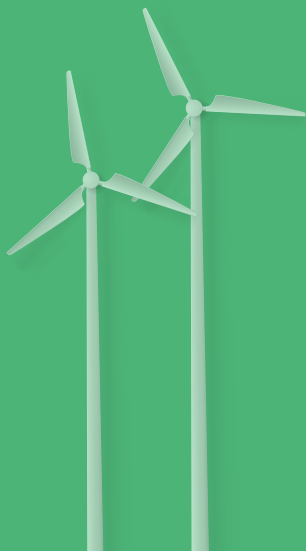
บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)
Asia Cement
Public Company Limited

LIVE WELL TOGETHER

Contents

Annual Report 2018

Message from the Chairman	4
Board of Directors, Executive Committee	5
Basic Information of the Company	6
Independent Auditor's Report	9
2018 Financial Statements	12



www.asiacement.co.th



Message from the Chairman

Asia Cement Public Company Limited



In 2018 the demand for cement in Thailand was approximately at 31 million tons, which decreased by 3 percent compared to 2017. The total revenue of the company was Baht 9,427 million, which increased by 7 percent and the total net profit was Baht 555 million, rising by a significant Baht 416 million from the year before. The Company's profitability improved mainly due to the upgrades in the quality of products and services, as well as the rise in the export volume of cement which compensated for the increase in energy cost. In addition, there was a significant expansion of ready mixed concrete business with the acquisition of 17 batching plants in the east of Thailand and the establishment of more plants, resulting in a robust 33 percent sales volume growth of ready mixed concrete compared with last year. The Company continued to focus on strengthening the organisation together with efficient cost management to enhance competitiveness and profitability.

Furthermore, the installation of bag filter dust collectors with cutting-edge technology was completed in December 2018 with the total investment amount of Baht 490 million and this will reduce dust emission efficiently.

In addition, the Company participated in community's activities and also supported the construction of an emergency room in a hospital, provided scholarships for students, encouraged students and public to participate in natural resources and environment conservation, enhanced community forests and created natural diversity by continual sponsoring reforestation in Plant Genetic Conservation Project at Mae Wak Association, Baan Nang Lae, Lampang Province for over 20 years.

I would like to take this opportunity to extend my gratitude to our clients, shareholders, stakeholders, management and employees in your continual support for the Company's goal of sustainability growth.

A handwritten signature in blue ink, appearing to be 'Chong Toh', written in a cursive style.

Mr. Chong Toh
Chairman of the Board

Board of Directors, Executive Committee

Asia Cement Public Company Limited

Board of Directors

As of 31 December 2018

Chairman

Mr. Chong Toh

Directors

Mr. Thanet Earsakul

Mr. Nopadol Ramyarupa

Mr. Rapee Sukhyanga

Mr. Uran Kleosakul

Mr. Chana Poomee

Mr. Claudio Dealberti

Mr. Kevin Gerard Gluskie

Mr. Fong Wei Kurk

Miss Sim Soek Peng

Mr. Roberto Callieri

Mr. Juan-Francisco Defalque

Executive Committee

As of 31 December 2018

Chairman

Mr. Chong Toh

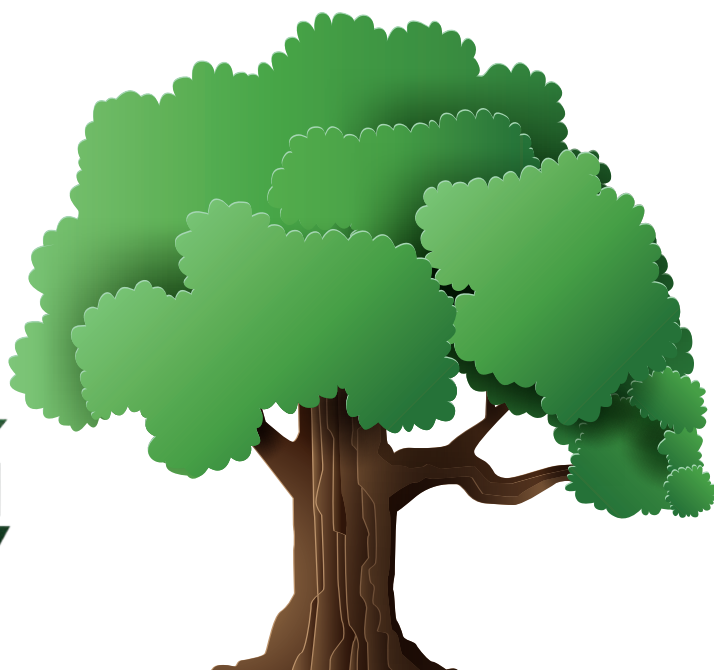
Directors

Mr. Kevin Gerard Gluskie

Mr. Roberto Callieri

Mr. Claudio Dealberti *Managing Director*

Mr. Nopadol Ramyarupa *Managing Director*



1. Basic Information of the Company

Company:	Asia Cement Public Company Limited
Establishment:	August 23, 1989
Head Office:	23/124-128 Soi Soonvijai, Rama 9 Road, Kwaeng Bangkapi, Khet Huaykwang, Bangkok
Plant:	Pukrang, 4/1 Moo 1, Yotha Sai 2, Tambon Pukrang, Amphur Pra Buddhabat, Saraburi Province
Type of Business:	Manufacturing and Sale of Cement
Registration No.:	0107539000197 (Previous Reg. No. Bor Mor Jor. 620)

Initial Registered Capital :

Registered Capital	Baht 4,290,000,000
Paid-up Capital	Baht 4,290,000,000 comprised of 429,000,000 Common Shares
Par Value	Common Share, Baht 10 per share

Current Registered Capital:

Registered Capital	Baht 4,670,523,072
Paid-up Capital	Baht 4,670,523,072 comprised of 778,420,512 Common Shares
Par Value	Common Share, Baht 6 per share

2. Information of Subsidiaries (The Company holds more than 50 % of shares).

2.1 Asia Cement Products Company Limited:

26,999,997 Common Shares, equivalent to 99.99%.

Head Office Address: 23/124 Soi Soonvijai, Rama 9 Road, Kwaeng Bangkapi,
Khet Huaykwang, Bangkok

Type of Business: Manufacturing and Sale of Ready-mixed Concrete

2.2 Asia Cement Energy Conservation Company Limited:

13,999,996 Common Shares, equivalent to 99.99%.

Head Office Address: 23/124-128 Soi Soonvijai, Rama 9 Road,
Kwaeng Bangkapi, Khet Huaykwang, Bangkok

Type of Business: Generating and Sale of Electric Energy

2.3 Jalapathan Cement Public Company Limited:

106,603,319 Common Shares, equivalent to 88.84%.

Head Office Address: 23/124-128 Soi Soonvijai, Rama 9 Road,
Kwaeng Bangkapi, Khet Huaykwang, Bangkok

Type of Business: Manufacturing and Sale of Cement

3. Currently, the Company does not hold more than 10% of shares in any other companies or private enterprises.

4. The Company's Directors do not share interests on any contracts being made by the Company during the fiscal year.
5. Shares holding by the Directors in the Company and Subsidiaries in current fiscal year when compared to the past fiscal year has been increased or decreased as follows:

5.1 The holding of Asia Cement Public Company Limited's share, by Board of Directors:

Name of Director	Number of Share Holding		Increased/Decreased
	Current Fiscal Year	Past Fiscal Year	
1. Mr. Chong Toh	None	None	N/A
2. Mr. Thanet Earsakul	1,200,000	1,200,000	No Change
3. Mr. Nopadol Ramyarupa	80,000	80,000	No Change
4. Mr. Rapee Sukhyanga	None	None	N/A
5. Mr. Uran Kleosakul	1,468,906	1,468,906	No Change
6. Mr. Chana Poomee	None	None	N/A
7. Mr. Claudio Dealberti	None	None	N/A
8. Mr. Kevin Gerard Gluskie	None	None	N/A
9. Mr. Fong Wei Kurk	None	None	N/A
10. Miss Sim Soek Peng	None	None	N/A
11. Mr. Roberto Callieri	None	None	N/A
12. Mr. Juan-Francisco Defalque	None	None	N/A

5.2 The holding of Subsidiary's share, Asia Cement Products Company Limited, by Board of Directors:

Name of Director	Number of Share Holding		Increased/Decreased
	Current Fiscal Year	Past Fiscal Year	
1. Mr. Nopadol Ramyarupa	1	1	No Change
2. Mr. Claudio Dealberti	None	None	N/A

5.3 The holding of Subsidiary's share, Asia Cement Energy Conservation Company Limited, by Board of Directors:

Name of Director	Number of Share Holding		Increased/Decreased
	Current Fiscal Year	Past Fiscal Year	
1. Mr. Nopadol Ramyarupa	None	None	N/A
2. Mr. Rapee Sukhyanga	None	None	N/A
3. Mr. Claudio Dealberti	None	None	N/A

5.4 The holding of Subsidiary's share, Jalapathan Cement Public Company Limited, by Board of Directors:

Name of Director	Number of Share Holding		Increased/Decreased
	Current Fiscal Year	Past Fiscal Year	
1. Mr. Rapee Sukhyanga	None	None	N/A
2. Mr. Nopadol Ramyarupa	None	None	N/A
3. Mr. Roberto Callieri	None	None	N/A
4. Mr. Claudio Dealberti	None	None	N/A
5. Mr. Kevin Gerard Gluskie	None	None	N/A

6. The remuneration of Board of Directors paid in 2018

Name of Director	Remuneration (Baht)
1. Mr. Chong Toh	540,000
2. Mr. Thanet Earsakul	360,000
3. Mr. Nopadol Ramyarupa	360,000
4. Mr. Rapee Sukhyanga	360,000
5. Mr. Uran Kleosakul	360,000
6. Mr. Nithi Patarachoke	90,000
Mr. Chana Poomee	270,000
7. Mr. Claudio Dealberti	360,000
8. Mr. Kevin Gerard Gluskie	360,000
9. Mr. Fong Wei Kurk	360,000
10. Miss Sim Soek Peng	360,000
11. Mr. Roberto Callieri	360,000
12. Mr. Juan-Francisco Defalque	360,000
Total	4,500,000

Remark: According to the resolution of Annual General Meeting of Shareholders year 2018 being held on 30th March 2018, Mr. Chana Poomee were appointed to be the Company's Director in replacement of Mr. Nithi Patarachoke.

Independent Auditor's Report

To the Shareholders of Asia Cement Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Asia Cement Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Asia Cement Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asia Cement Public Company Limited and its subsidiaries, and of Asia Cement Public Company Limited as at 31 December 2018, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 management 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 am responsible for the audit resulting in this independent auditor's report.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 1 March 2019

Asia Cement Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	6, 7	5,426,189,896	6,163,628,595	4,133,349,958	4,862,867,168
Trade and other receivables	8	1,839,223,565	1,561,615,089	1,775,638,771	1,450,308,781
Current portion of long-term loan to related party	6	-	-	12,500,000	92,500,000
Current portion of long-term loans to unrelated parties	11	4,658,117	5,136,401	-	-
Inventories	9	1,426,249,716	1,394,843,950	906,291,073	887,534,833
Input tax refundable		56,883,202	50,052,041	30,982,127	27,458,349
Other current assets		23,619,685	17,983,292	8,694,206	10,549,640
Total current assets		8,776,824,181	9,193,259,368	6,867,456,135	7,331,218,771
Non-current assets					
Investments in subsidiaries	10	-	-	2,861,031,893	2,601,031,893
Other long-term investment		1,000,000	1,000,000	1,000,000	1,000,000
Long-term loan to related party - net of current portion	6	-	-	-	12,500,000
Long-term loans to unrelated parties - net of current portion	11	2,619,815	7,277,946	-	-
Property, plant and equipment	12	7,086,562,760	6,882,052,685	2,979,697,115	2,847,385,667
Goodwill	1.3	69,400,000	-	-	-
Intangible assets	13	34,258,963	47,051,196	31,412,002	45,162,596
Deferred tax assets	19	250,322,180	251,752,398	100,719,877	95,405,949
Advance payment for purchase of assets		134,156,231	15,996,319	133,895,328	15,221,602
Other non-current assets		54,565,493	58,605,355	45,935,776	50,233,642
Total non-current assets		7,632,885,442	7,263,735,899	6,153,691,991	5,667,941,349
Total assets		16,409,709,623	16,456,995,267	13,021,148,126	12,999,160,120

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

Asia Cement Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	14	2,377,346,732	2,219,050,001	1,650,098,905	1,675,810,704
Income tax payable		45,140,199	20,874,645	44,182,075	20,542,374
Other current liabilities		45,648,454	26,682,577	25,775,721	13,043,997
Total current liabilities		2,468,135,385	2,266,607,223	1,720,056,701	1,709,397,075
Non-current liabilities					
Provision for long-term employee benefits	15	245,603,156	230,996,298	160,124,685	150,444,930
Long-term provisions		62,066,644	44,869,507	24,367,890	16,208,703
Deferred tax liabilities	19	482,525,865	483,452,920	37,857,769	38,769,979
Other non-current liabilities		18,178,785	33,892,790	-	-
Total non-current liabilities		808,374,450	793,211,515	222,350,344	205,423,612
Total liabilities		3,276,509,835	3,059,818,738	1,942,407,045	1,914,820,687
Shareholders' equity					
Share capital					
Registered					
778,420,512 ordinary shares of Baht 6 each		4,670,523,072	4,670,523,072	4,670,523,072	4,670,523,072
Issued and fully paid up					
778,420,512 ordinary shares of Baht 6 each		4,670,523,072	4,670,523,072	4,670,523,072	4,670,523,072
Share premium		4,612,220,396	4,612,220,396	4,612,220,396	4,612,220,396
Retained earnings					
Appropriated - statutory reserve	16	467,052,307	467,052,307	467,052,307	467,052,307
Unappropriated		1,846,303,438	2,108,587,688	1,192,971,688	1,198,570,040
Other components of shareholders' equity	17	1,184,245,117	1,184,245,117	135,973,618	135,973,618
Equity attributable to owners of the Company		12,780,344,330	13,042,628,580	11,078,741,081	11,084,339,433
Non-controlling interests of the subsidiaries		352,855,458	354,547,949	-	-
Total shareholders' equity		13,133,199,788	13,397,176,529	11,078,741,081	11,084,339,433
Total liabilities and shareholders' equity		16,409,709,623	16,456,995,267	13,021,148,126	12,999,160,120

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

Asia Cement Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales		9,302,833,649	8,658,956,588	6,490,875,446	6,015,855,357
Interest income		65,745,362	71,667,437	50,213,510	63,348,998
Management fee income		-	-	84,132,681	67,062,867
Dividend income	10	-	-	433,999,876	206,499,941
Insurance claim from fire		-	50,760,670	-	-
Other income		58,676,026	23,968,421	41,884,182	29,251,665
Total revenues		9,427,255,037	8,805,353,116	7,101,105,695	6,382,018,828
Expenses					
Cost of sales		8,062,245,978	7,694,995,916	5,584,436,660	5,295,343,321
Selling and distribution expenses		197,837,731	269,842,012	181,284,081	258,266,553
Administrative expenses		466,425,351	465,650,775	400,724,326	404,831,136
Loss on impairment of assets	1.2	-	170,383,331	-	-
Loss on impairment of land (reversal)	12	-	(3,523,633)	-	43,206,729
Doubtful debts		5,234,901	5,428,781	7,113,422	845,657
Total expenses		8,731,743,961	8,602,777,182	6,173,558,489	6,002,493,396
Profit before finance cost and income tax expenses		695,511,076	202,575,934	927,547,206	379,525,432
Finance cost		(34,239,615)	(33,270,187)	(18,725,606)	(18,027,678)
Profit before income tax expenses		661,271,461	169,305,747	908,821,600	361,497,754
Income tax expenses	19	(105,842,279)	(30,456,138)	(96,026,240)	(39,399,771)
Profit for the year		555,429,182	138,849,609	812,795,360	322,097,983

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

Asia Cement Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses arising from post-employment					
benefits, net of income tax	15, 19	(2,064,262)	(18,004,819)	(1,052,175)	(10,571,943)
Gains on revaluations of land, net of income tax	12, 19	-	862,575,086	-	94,411,796
Other comprehensive income for the year		(2,064,262)	844,570,267	(1,052,175)	83,839,853
Total comprehensive income for the year		553,364,920	983,419,876	811,743,185	405,937,836
Profit attributable to:					
Equity holders of the Company		557,045,545	160,248,175	812,795,360	322,097,983
Non-controlling interests of the subsidiaries		(1,616,363)	(21,398,566)		
		555,429,182	138,849,609		
Total comprehensive income attributable to:					
Equity holders of the Company		555,057,287	915,373,857	811,743,185	405,937,836
Non-controlling interests of the subsidiaries		(1,692,367)	68,046,019		
		553,364,920	983,419,876		
Basic earnings per share					
Profit attributable to equity holders of the Company	20	0.72	0.21	1.04	0.41

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

Asia Cement Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2018

	Consolidated financial statements										(Unit: Baht)
	Equity attributable to owners of the Company										
	Other components of equity										
	Issued and paid-up share capital	Share premium	Retained earnings		Surplus on revaluation of land	Surplus from non-controlling interests of the subsidiary	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity		
Appropriated - statutory reserve			Unappropriated	attributable to non-controlling interests of the subsidiaries					Total shareholders' equity		
Balance as at 1 January 2017	4,670,523,072	4,612,220,396	467,052,307	2,782,434,012	79,120,541	333,245,932	412,366,473	12,944,596,260	286,502,655	13,231,098,915	
Profit for the year	-	-	-	160,248,175	-	-	-	160,248,175	(21,398,566)	138,849,609	
Other comprehensive income for the year	-	-	-	(16,752,962)	771,878,644	-	771,878,644	755,125,682	89,444,585	844,570,267	
Total comprehensive income for the year	-	-	-	143,495,213	771,878,644	-	771,878,644	915,373,857	68,046,019	983,419,876	
Dividend paid (Note 23)	-	-	-	(817,341,537)	-	-	-	(817,341,537)	-	(817,341,537)	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	(725)	(725)	
Balance as at 31 December 2017	4,670,523,072	4,612,220,396	467,052,307	2,108,587,688	850,999,185	333,245,932	1,184,245,117	13,042,628,580	354,547,949	13,397,176,529	
Balance as at 1 January 2018	4,670,523,072	4,612,220,396	467,052,307	2,108,587,688	850,999,185	333,245,932	1,184,245,117	13,042,628,580	354,547,949	13,397,176,529	
Profit for the year	-	-	-	557,045,545	-	-	-	557,045,545	(1,616,363)	555,429,182	
Other comprehensive income for the year	-	-	-	(1,988,258)	-	-	-	(1,988,258)	(76,004)	(2,064,262)	
Total comprehensive income for the year	-	-	-	555,057,287	-	-	-	555,057,287	(1,692,367)	553,364,920	
Dividend paid (Note 23)	-	-	-	(817,341,537)	-	-	-	(817,341,537)	-	(817,341,537)	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	(124)	(124)	
Balance as at 31 December 2018	4,670,523,072	4,612,220,396	467,052,307	1,846,303,438	850,999,185	333,245,932	1,184,245,117	12,780,344,330	352,855,458	13,133,199,788	

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

Asia Cement Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings		Other comprehensive income		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of land	Total other components of shareholders' equity	
Balance as at 1 January 2017	4,670,523,072	4,612,220,396	467,052,307	1,704,385,537	41,561,822	41,561,822	11,495,743,134
Profit for the year	-	-	-	322,097,983	-	-	322,097,983
Other comprehensive income for the year	-	-	-	(10,571,943)	94,411,796	94,411,796	83,839,853
Total comprehensive income for the year	-	-	-	311,526,040	94,411,796	94,411,796	405,937,836
Dividend paid (Note 23)	-	-	-	(817,341,537)	-	-	(817,341,537)
Balance as at 31 December 2017	4,670,523,072	4,612,220,396	467,052,307	1,198,570,040	135,973,618	135,973,618	11,084,339,433
Balance as at 1 January 2018	4,670,523,072	4,612,220,396	467,052,307	1,198,570,040	135,973,618	135,973,618	11,084,339,433
Profit for the year	-	-	-	812,795,360	-	-	812,795,360
Other comprehensive income for the year	-	-	-	(1,052,175)	-	-	(1,052,175)
Total comprehensive income for the year	-	-	-	811,743,185	-	-	811,743,185
Dividend paid (Note 23)	-	-	-	(817,341,537)	-	-	(817,341,537)
Balance as at 31 December 2018	4,670,523,072	4,612,220,396	467,052,307	1,192,971,688	135,973,618	135,973,618	11,078,741,081

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

Asia Cement Public Company Limited and its subsidiaries**Statement of cash flows****For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	661,271,461	169,305,747	908,821,600	361,497,754
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	586,222,576	711,576,102	316,009,080	442,431,172
Depletion and amortisation	11,680,410	12,276,092	11,680,410	12,276,092
Doubtful debts (reversal)	4,506,159	(449,008)	7,062,635	(648,343)
Reduce cost of inventory to net realisable value	(9,413,595)	(16,821,675)	(1,866,523)	(46,816,031)
Impairment loss on assets (reversal)	(9,859,739)	141,525,916	(6,755,412)	43,206,729
Provision for long-term employee benefits	20,125,840	18,778,927	13,231,821	11,808,519
Long-term provisions	11,958,717	2,921,000	8,441,847	2,921,000
Provision for quarry restoration costs	-	3,784,500	-	639,000
Provision for demolishing costs (reversal)	(28,440)	10,337,141	-	-
Written off bad debts	1,184,026	5,877,788	485,080	1,493,999
Written off assets	1,408,139	-	50,242	-
Written off intangible assets	2,070,194	1,785,905	2,070,194	1,785,905
Gains on sales of plant and equipment	(287,601)	(52,810)	(204,551)	(48,275)
Unrealised (gains) losses on exchange	(2,673,379)	368,620	(2,632,049)	284,251
Dividend income from subsidiary	-	-	(433,999,876)	(206,499,941)
Interest income	(61,018,979)	(68,799,166)	(48,172,469)	(61,566,536)
Interest expenses	-	-	32,209	32,195
Profit from operating activities before changes in operating assets and liabilities	1,217,145,789	992,415,079	774,254,238	562,797,490
Operating assets (increase) decrease				
Trade and other receivables	(283,442,695)	96,782,458	(334,974,884)	(210,609,431)
Inventories	(98,084,080)	200,233,122	(92,981,626)	162,051,105
Other current assets	(12,467,554)	1,964,021	(1,668,344)	(11,413,860)
Other non-current assets	4,039,862	1,871,411	4,297,866	3,505,962
Operating liabilities increase (decrease)				
Trade and other payables	(123,288,352)	(122,841,603)	(196,275,782)	131,446,008
Short-term provisions	-	(14,401,000)	-	(14,401,000)
Other current liabilities	19,355,877	(8,082,559)	12,731,724	(5,780,089)
Provision for long-term employee benefits	(8,099,310)	(17,898,485)	(4,681,200)	(7,809,300)
Provision for quarry restoration costs	(1,918,152)	(1,745,188)	(282,660)	(254,950)
Other non-current liabilities	(15,714,005)	6,607,597	-	-
Cash flows from operating activities	697,527,380	1,134,904,853	160,419,332	609,531,935
Cash paid for income tax	(80,557,495)	(36,485,658)	(78,349,634)	(34,426,378)
Net cash flows from operating activities	616,969,885	1,098,419,195	82,069,698	575,105,557

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

Asia Cement Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash paid for investment in subsidiary	-	-	(260,000,000)	-
Cash receipt from long-term loan to subsidiary	-	-	92,500,000	165,000,000
Acquisition of plant and equipment	(311,676,607)	(310,591,493)	(192,806,688)	(245,662,955)
Cash paid for business acquisition (Note 1.3)	(174,250,000)	-	-	-
Down payment fixed assets	(118,673,726)	(13,655,493)	(118,673,726)	(12,880,777)
Proceeds from sales of plant and equipment	1,233,982	2,853,118	274,600	49,118
Dividend income from subsidiary	-	-	433,999,876	206,499,941
Cash receipt from long-term loans to unrelated parties	5,136,415	5,634,829	-	-
Interest income	61,163,013	70,528,420	50,492,776	63,453,869
Net cash flows from (used in) investing activities	(537,066,923)	(245,230,619)	5,786,838	176,459,196
Cash flows from financing activities				
Dividend paid	(817,341,537)	(817,341,537)	(817,341,537)	(817,341,537)
Dividend paid to non-controlling interest	(124)	(725)	-	-
Interest expenses	-	-	(32,209)	(32,195)
Net cash used in financing activities	(817,341,661)	(817,342,262)	(817,373,746)	(817,373,732)
Net increase (decrease) in cash and cash equivalents	(737,438,699)	35,846,314	(729,517,210)	(65,808,979)
Cash and cash equivalents at beginning of year	6,163,628,595	6,127,782,281	4,862,867,168	4,928,676,147
Cash and cash equivalents at end of year	5,426,189,896	6,163,628,595	4,133,349,958	4,862,867,168
Supplemental cash flows information				
Non-cash transactions				
Purchases of equipment for which no cash has been paid	253,508,446	170,329,233	172,786,820	123,732,798
Acquisition of business for which no cash has been paid	30,750,000	-	-	-
Transferred cement and spare parts to construction in progress during the year	76,091,909	49,463,765	76,091,909	44,107,263
Transferred construction in progress to intangible assets	958,371	1,888,600	-	-
Provision for demolishing costs	6,795,012	1,769,732	-	-
Down payment transfer to fixed asset	513,815	-	-	-

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

Asia Cement Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

1.1 Corporate information

Asia Cement Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of cement. The registered offices of the Company are as follows:

Head office: 23/124-128 Soi Soonvijai, Rama 9 Road, Bangkok, Huaykwang, Bangkok.

Pukrang factory: 4/1 Moo1, Yothasai 2 Road, Tambon Pukrang, Amphur Praphutthabat, Saraburi.

1.2 Suspension of clinker production of subsidiary

In January 2009, Jalapathan Cement Public Company Limited (“Jalapathan Cement”), a subsidiary, suspended clinker production at Takli plant and recorded impairment loss on buildings, machines, equipment and spare parts related to that production in its accounts. Consequently in 2013, Jalapathan Cement operated clinker production at Takli plant but not at normal capacity. Jalapathan Cement’s management therefore decided to maintain the impairment loss on buildings, machines, equipment and spare parts related to clinker production same as recorded in 2009.

On 4 September 2017, Jalapathan Cement announced to suspended clinker production at Takli plant again from 1 October 2017 onwards. Jalapathan Cement’s management therefore considered to record impairment loss on buildings, machines, equipment and spare parts which acquired during 2013 to 30 September 2017 amounting to Baht 170 million due to the uncertainty that Takli plant will be able to resume its clinker production in the near future. In addition, Jalapathan Cement announced the voluntary resignation program and paid severance pay including other benefits to the employee who joined the program amounting to Baht 20 million.

1.3 Acquisition of business of subsidiary

On 28 June 2018 and the Board of Directors' meeting of Asia Cement Products Company Limited ("Asia Cement Products"), a subsidiary, passed a resolution approved the acquisition of 13 ready mixed concrete plants of Chonburi Concrete Product Public Company Limited of total value Baht 205 million.

The fair values of the identifiable assets acquired from Chonburi Concrete Product Public Company Limited as at the acquisition of business date are summarised below.

	(Unit: Thousand Baht)
Plant machinery and equipment	135,600
Add: Difference between cost of business acquisition and value of business	69,400
Less: Not yet due	<u>(30,750)</u>
Net cash paid for business acquisition	<u><u>174,250</u></u>

The Group presented the excess of the cash paid for the acquisition over its net asset value amounting to Baht 69.4 million as a separate item in the consolidated statement of financial position as at 31 December 2018 under the caption of "Goodwill" in the non-current assets section.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Asia Cement Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) which incorporated in Thailand:

Company's name	Nature of business	Percentage of shareholding	
		2018 Percent	2017 Percent
<u>Held by the Company</u>			
Jalaprathan Cement Plc.	Manufacturing of cement	88.84	88.84
Asia Cement Products Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99
Asia Cement Energy Conservation Co., Ltd.	Generating electricity	99.99	99.99
<u>Held by Jalaprathan Cement Plc.</u>			
Jalaprathan Concrete Co., Ltd	Manufacturing of ready-mixed concrete	99.99	99.99
Naga Property Co., Ltd.	Ceased its operation	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018)-which are effective for fiscal years beginning on or after 1 January 2019. 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 management of the Company and its subsidiaries believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standards which involve changes to key principles are summarised as follows:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities shall adopt TFRS 15 to all contracts with customers except for contracts within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which 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
--------	-------------------------------------

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 entity'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. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income

Rental income is recognised over the term of the lease, on an accrual basis.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. Cost includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

Spare parts and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classify as other investments, are stated at cost net of allowance for impairment loss of investment (if any).
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment/Depreciation

Land is stated at revalued amount less allowance for loss on impairment of assets.

Quarries cost is stated at cost less accumulated depletion and allowance for loss on impairment of assets (if any).

Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values, by using Market Approach. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt within the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company and its subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation Surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company and its subsidiaries' assets, the decrease is recognised to profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation Surplus" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings, leasehold improvement and structures	-	5 - 30	years
Machinery, tools and equipment	-	5 - 30	years
Furniture, fixtures and office equipment	-	3 - 10	Years
Motor vehicles	-	5 - 12	Years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

Quarries cost from which raw materials are extracted comprised as follows:

- In case of owned quarries, the quarries cost includes the purchase price of the land and any improvement costs.
- In case of not owned quarries, the quarries cost represent the improvement costs, survey and replantation costs.

The depletion rate for the year is determined by the ratio between the actual units of resources extracted for the year and total number of units extractable from the quarries.

4.7 Intangible assets

Intangible assets (leasehold right on office building and computer software) are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and allowance for impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Leasehold right on office building	25 years
Computer software	10 years

Mining concessions is presented at cost in the statement of financial position, plus if applicable any other concession fees, are stated at cost and being depleted using the ratio of the actual units of limestone extracted for the year and total number of extractable limestone units.

4.8 Goodwill

The subsidiary initially recorded goodwill at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the subsidiary's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The subsidiary estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Related party transactions

Related parties comprises of enterprises or individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company, the subsidiary, key management personnel, directors and officers with authority in the planning and direction of the Company and its subsidiaries' operations.

4.10 Long-term leases

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant, equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments made to employees upon retirement under labour law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Income Tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred Tax

Deferred income tax is provided on temporary differences between their carrying amounts and the tax bases of assets and liabilities, by using the enacted tax rate at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Allowance for diminution in value of inventory

In determining an allowance for diminution in value of inventory, the management makes judgment and estimates net realisable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgment and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property, plant and equipment/depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company and its subsidiaries' plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company and its subsidiaries measures land at revalued amounts. Such amounts are determined by the independent value using the market approach. The valuation involves certain assumptions and estimates as described in Note 12 to the financial statements.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Provision for demolishing costs

The subsidiaries have an obligation to demolish the concrete batching plants and restore the leased lands before returning the areas to the lessors at the end the lease agreements. The subsidiaries recognise a provision the demolishing cost when it is probable that an obligation will arise as a result of past events and the amount to be paid can be reliably estimated. Measurement of provision for demolishing costs requires the management to exercise judgement in estimating future demolishing costs, discount rates and the economic useful lives of the assets.

6. Related party transactions

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales of goods and raw materials	-	-	1,080	570
Sales of water and waste heat	-	-	17	17
Management fee income	-	-	84	71
Interest income	-	-	1	5
Purchases of goods	-	-	17	29
Purchases of electricity	-	-	377	342

Transactions with related companies

Sales of goods	186	556	186	556
Interest income	50	57	37	45
Purchases of raw materials	-	25	-	25
Management fee	61	53	61	53
Technical fee	11	14	10	13
Software license fee	13	7	13	7

As at 31 December 2018 and 2017, the balances of the accounts between the Company, its subsidiaries and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Bank deposits with related party</u>				
Related financial institution (related by common shareholders)	2,180,617	4,947,265	1,250,481	3,904,304
Total bank deposits with related party	<u>2,180,617</u>	<u>4,947,265</u>	<u>1,250,481</u>	<u>3,904,304</u>

Trade and other receivables - related parties

(Note 8)

Subsidiaries	-	-	960,846	591,213
Related companies (related by common shareholders)	34,923	1,305	34,924	1,305
Total trade and other receivables - related parties	<u>34,923</u>	<u>1,305</u>	<u>995,770</u>	<u>592,518</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other payables - related parties</u>				
<u>(Note 14)</u>				
Subsidiaries	-	-	86,648	85,741
Related companies (related by common shareholders)	24,299	54,430	23,573	52,829
Total trade and other payables - related parties	<u>24,299</u>	<u>54,430</u>	<u>110,221</u>	<u>138,570</u>

Long-term loan to related party

Subsidiaries	-	-	12,500	105,000
Less: Portion due within one year	-	-	(12,500)	(92,500)
Long-term loan to related party - net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,500)</u>

Long-term loan to Jalaprathan Cement Plc. (subsidiary)

The outstanding balance as at 31 December 2018 represented unsecured loan of Baht 12.5 million carrying interest at a floating rate following the average three-month fixed deposit rate of three local banks plus 3.0 percent per annum. The loan and interest are repayable on a quarterly basis within 2017. However, the Board of Directors of the Company had approval to extend the repayable period to 2019.

Directors and management's benefits

During the year ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	39	35	29	28
Post-employment benefits	2	2	1	1
Total	<u>41</u>	<u>37</u>	<u>30</u>	<u>29</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	615	9	15	9
Bank deposits	5,425,575	6,163,620	4,133,335	4,862,858
Total cash and cash equivalents	<u>5,426,190</u>	<u>6,163,629</u>	<u>4,133,350</u>	<u>4,862,867</u>

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interest between 0.2 and 1.5 percent per annum (2017: between 0.2 and 1.3 percent per annum) (The Company only: between 0.2 and 1.5 percent per annum (2017: between 0.2 and 1.3 percent per annum)).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Age of receivables				
Not yet due	34,923	1,305	445,882	260,320
Past due				
Up to 3 months	-	-	201,987	99,049
3 - 6 months	-	-	191,334	90,801
6 - 12 months	-	-	107,979	56,819
Over 12 months	-	-	29,474	672
Total trade receivables - related parties	<u>34,923</u>	<u>1,305</u>	<u>976,656</u>	<u>507,661</u>
<u>Trade receivables - unrelated parties</u>				
Age of receivables				
Not yet due	1,345,719	1,152,675	590,479	619,213
Past due				
Up to 3 months	357,106	343,796	146,251	198,980
3 - 6 months	66,417	37,552	31,583	31,514
6 - 12 months	30,630	8,009	7,881	1,982
Over 12 months	28,416	45,242	1,721	2,819
Total	<u>1,828,288</u>	<u>1,587,274</u>	<u>777,915</u>	<u>854,508</u>
Less: Allowance for doubtful accounts	<u>(43,248)</u>	<u>(38,742)</u>	<u>(11,239)</u>	<u>(4,176)</u>
Total trade receivables - unrelated parties, net	<u>1,785,040</u>	<u>1,548,532</u>	<u>766,676</u>	<u>850,332</u>
Total trade receivables - net	<u>1,819,963</u>	<u>1,549,837</u>	<u>1,743,332</u>	<u>1,357,993</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Other receivables</u>				
Other receivables - related parties	-	-	19,114	84,857
Other receivables - unrelated parties	19,261	11,778	13,193	7,459
Total other receivables	19,261	11,778	32,307	92,316
Total trade and other receivables - net	<u>1,839,224</u>	<u>1,561,615</u>	<u>1,775,639</u>	<u>1,450,309</u>

Approximately Baht 44.4 million of the Company's trade receivables as at 31 December 2018 was factoring with recourse to a bank (2017: Baht 59.6 million). The amount received from factoring has been recorded as a secured liability under the caption of "Trade and other payables" in the statement of financial position.

9. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	144,398	173,415	-	-	144,398	173,415
Work in process	371,938	429,542	-	(9,307)	371,938	420,235
Raw materials	378,786	323,023	(4,005)	(9,409)	374,781	313,614
Spare parts and supplies	933,971	879,738	(400,683)	(395,386)	533,288	484,352
Good in transit	1,845	3,228	-	-	1,845	3,228
Total	<u>1,830,938</u>	<u>1,808,946</u>	<u>(404,688)</u>	<u>(414,102)</u>	<u>1,426,250</u>	<u>1,394,844</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	79,036	86,787	-	-	79,036	86,787
Work in process	143,621	242,335	-	-	143,621	242,335
Raw materials	285,056	211,911	-	-	285,056	211,911
Spare parts and supplies	637,641	585,905	(240,764)	(242,631)	396,877	343,274
Good in transit	1,701	3,228	-	-	1,701	3,228
Total	<u>1,147,055</u>	<u>1,130,166</u>	<u>(240,764)</u>	<u>(242,631)</u>	<u>906,291</u>	<u>887,535</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 28 million (2017: Baht 62 million) (The Company only: Baht 9 million (2017: Baht 16 million)), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 37 million (2017: Baht 79 million) (The Company only: Baht 10 million (2017: Baht 62 million)), and reduced the amount of inventories recognised as expenses during the year.

As described in Note 1.2 to the financial statements as at 31 December 2018, the allowance for impairment loss of spare parts of machines related to the clinker production at Takli plant of Jalaprathan Cement was Baht 47 million (2017: Baht 48 million).

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding		Cost		Dividend received during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
Jalaprathan Cement Plc.	1,200,000	1,200,000	88.84	88.84	1,191,032	1,191,032	-	-
Asia Cement Products Co., Ltd.	270,000	10,000	99.99	99.99	270,000	10,000	-	-
Asia Cement Energy Conservation Co., Ltd	1,400,000	1,400,000	99.99	99.99	1,400,000	1,400,000	434,000	206,500
Total					<u>2,861,032</u>	<u>2,601,032</u>	<u>434,000</u>	<u>206,500</u>

During the current year, changes of investments in subsidiaries which have been presented in the separate financial statements are as follows:

Additional investment in subsidiary

Investor	Subsidiary	Percentage of shareholding	Description	Amount
		(%)		(Thousand Baht)
Asia Cement Public Company Limited	Asia Cement Products Company Limited	99.99	Additionally invested in 26 million ordinary shares, at a price of Baht 10 per share amounting to Baht 260 million (fully paid up). The additional capital has no effect to the Company's shareholding in that company.	260,000

11. Long-term loans to unrelated parties

The outstanding balances represented the unsecured loans to unrelated parties of subsidiaries. The terms of the agreements are generally between 6 and 7 years. Principal and interests are payable on a monthly basis, bearing interest at a rate of 2 percent per annum.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements											
	Assets used in the operations					Unused assets but not classified as held for sale						
	Revaluation basis	Cost basis					Cost basis					
	Land	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total
Cost / Revalued amount:												
As at 1 January 2017	1,689,103	614,136	4,565,066	16,572,447	371,458	881,634	668,633	275,469	1,260,998	91,927	43,242	27,034,113
Additions	-	-	-	4,416	424	85	523,230	-	-	-	-	528,155
Revaluations	1,078,218	-	-	-	-	-	-	-	-	-	-	1,078,218
Disposals /write-off	-	-	-	(228)	(41,953)	-	-	-	-	-	-	(42,181)
Transfer in (out)	-	-	21,811	249,359	5,198	58,115	(334,483)	-	-	-	-	-
Transfer to intangible assets	-	-	-	-	-	-	(1,889)	-	-	-	-	(1,889)
Transfer to unused assets	-	-	(22,382)	(186,636)	-	(7,200)	(8,340)	22,382	186,636	7,200	8,340	-
As at 31 December 2017	2,767,321	614,136	4,564,495	16,639,358	335,127	932,634	847,151	297,851	1,447,634	99,127	51,582	28,596,416
Additions	-	-	6,795	14,558	675	193	626,364	-	-	-	-	648,585
Increase from acquisition of business (Note 1.3)	-	-	68,066	58,590	344	8,600	-	-	-	-	-	135,600
Disposals /write-off	-	-	(7,426)	(29,528)	(9,149)	(3,306)	(543)	-	-	-	-	(49,952)
Transfer in (out)	-	-	88,652	779,324	10,807	20,638	(896,317)	-	35,860	-	(38,964)	-
Transfer to intangible assets	-	-	-	-	-	-	(958)	-	-	-	-	(958)
As at 31 December 2018	2,767,321	614,136	4,720,582	17,462,302	337,804	958,759	575,697	297,851	1,483,494	99,127	12,618	29,329,691
Accumulated depreciation:												
As at 1 January 2017	-	154,682	3,932,210	13,927,919	316,952	767,824	-	151,709	642,684	86,252	-	19,980,232
Depreciation for the year	-	10,632	98,160	558,787	16,683	28,652	(543)	-	-	-	-	712,914
Depreciation on disposals /write-off	-	-	-	(228)	(41,953)	-	(896,317)	-	-	-	-	(42,181)
Transfer to unused assets	-	-	(945)	(74,735)	-	(5,166)	(958)	945	74,735	5,166	-	-
As at 31 December 2017	-	165,314	4,029,425	14,411,743	291,682	791,310	-	152,654	717,419	91,418	-	20,650,965
Depreciation for the year	-	11,485	58,535	470,495	14,865	30,843	(543)	-	-	-	-	586,223
Depreciation on disposals /write-off	-	-	(6,001)	(29,352)	(8,939)	(3,306)	(896,317)	-	-	-	-	(47,598)
As at 31 December 2018	-	176,799	4,081,959	14,852,886	297,608	818,847	-	152,654	717,419	91,418	-	21,189,590

(Unit: Thousand Baht)

Consolidated financial statements (continued)

	Assets used in the operations						Unused assets but not classified as held for sale					
	Revaluation basis	Cost basis						Cost basis				
	Land	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total
Allowance for impairment loss:												
As at 1 January 2017	68,536	54,758	-	-	-	-	8,925	123,760	618,314	5,675	43,242	923,210
Increase (decrease) during the year	(3,524)	-	-	-	-	-	-	21,437	111,901	2,034	8,340	140,188
As at 31 December 2017	65,012	54,758	-	-	-	-	8,925	145,197	730,215	7,709	51,582	1,063,398
Transfer to assets use	-	-	-	114	-	-	(114)	-	37,498	-	(37,498)	-
Increase (decrease) during the year	-	-	-	2,055	-	-	(8,811)	-	(1,638)	-	(1,466)	(9,860)
As at 31 December 2018	65,012	54,758	-	2,169	-	-	-	145,197	766,075	7,709	12,618	1,053,538
Net book value:												
As at 31 December 2017	2,702,309	394,064	535,070	2,227,615	43,445	141,324	838,226	-	-	-	-	6,882,053
As at 31 December 2018	2,702,309	382,579	638,623	2,607,247	40,196	139,912	575,697	-	-	-	-	7,086,563
Depreciation for the year:												
2017 (Baht 690 million included in manufacturing cost, and the balance in administrative expenses)												711,576
2018 (Baht 568 million included in manufacturing cost, and the balance in administrative expenses)												586,223

(Unit: Thousand Baht)

Separate financial statements (all items are assets used in the operations)

	Revaluation basis	Cost basis						Total
		Land	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	
Cost/Revalued amount:								
As at 1 January 2017	374,548	546,241	3,382,483	11,535,474	319,918	738,235	482,278	17,379,177
Additions	-	-	-	2,097	281	85	411,040	413,503
Revaluations	118,015	-	-	-	-	-	-	118,015
Disposals	-	-	-	-	(41,562)	-	-	(41,562)
Transfer in (out)	-	-	3,420	212,746	4,070	58,116	(278,352)	-
As at 31 December 2017	492,563	546,241	3,385,903	11,750,317	282,707	796,436	614,966	17,869,133
Additions	-	-	-	12,766	610	193	428,116	441,685
Disposals /write-off	-	-	(201)	(4,087)	(6,445)	(2,763)	-	(13,496)
Transfer in (out)	-	-	20,344	580,637	7,495	16,538	(625,014)	-
As at 31 December 2018	492,563	546,241	3,406,046	12,339,633	284,367	810,404	418,068	18,297,322
Accumulated depreciation:								
As at 1 January 2017	-	140,520	3,109,914	10,339,512	287,399	636,756	-	14,514,101
Depreciation for the year	-	6,293	61,498	340,285	10,655	23,700	-	442,431
Depreciation on disposals	-	-	-	-	(41,561)	-	-	(41,561)
As at 31 December 2017	-	146,813	3,171,412	10,679,797	256,493	660,456	-	14,914,971
Depreciation for the year	-	5,722	21,498	252,947	8,728	27,114	-	316,009
Depreciation on disposals/write-off	-	-	(201)	(3,993)	(6,418)	(2,763)	-	(13,375)
As at 31 December 2018	-	152,535	3,192,709	10,928,751	258,803	684,807	-	15,217,605

(Unit: Thousand Baht)

Separate financial statements (all items are assets used in the operations) (continued)

	Revaluation basis	Cost basis							Total
		Land	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Allowance for impairment loss:									
As at 1 January 2017	-	54,758	-	-	-	-	-	8,811	63,569
Increase during the year	43,207	-	-	-	-	-	-	-	43,207
As at 31 December 2017	43,207	54,758	-	-	-	-	-	8,811	106,776
Increase (decrease) during the year	-	-	-	-	2,055	-	-	(8,811)	(6,756)
As at 31 December 2018	43,207	54,758	-	-	2,055	-	-	-	100,020
Net book value:									
As at 31 December 2017	449,356	344,670	214,491	1,070,520	26,214	135,979	606,155	2,847,386	
As at 31 December 2018	449,356	338,948	213,337	1,408,827	25,564	125,597	418,068	2,979,697	
Depreciation for the year:									
2017 (Baht 421 million included in manufacturing cost, and the balance in administrative expenses)									442,431
2018 (Baht 297 million included in manufacturing cost, and the balance in administrative expenses)									316,009

As described in Note 1.2 to the financial statements, as at 31 December 2018, the allowance for impairment loss of buildings, machines and equipment related to the clinker production at Takli plant of Jalaprathan Cement was Baht 932 million (2017: Baht 935 million).

The Company and Jaraprathan Cement arranged for an independent professional appraiser to appraise the value of their land in 2017, using the market approach. Land were measured at fair value using level 3 of inputs.

Key assumptions used in the valuation are summarised below:

	The Company's land	Jalaprathan Cement's land	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	700 - 2,000	35 - 10,500	Increase in fair value

A breakdown of land carried on the revaluation basis is as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Original cost	1,499,795	1,499,795	322,595	322,595
Surplus from revaluation	1,267,526	1,267,526	169,968	169,968
Revalued amount	2,767,321	2,767,321	492,563	492,563
Less: Allowance for impairment loss	(65,012)	(65,012)	(43,207)	(43,207)
Net book value	2,702,309	2,702,309	449,356	449,356

As at 31 December 2018, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted approximately Baht 16,653 million (2017: Baht 16,294 million) (The Company only: Baht 13,732 million (2017: Baht 13,550 million)).

13. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Leasehold right on office building	Computer software	Mining concessions	Total
Cost:				
As at 1 January 2017	185,875	38,916	25,112	249,903
Transfer from assets under construction	-	-	1,888	1,888
Write-off	-	-	(8,955)	(8,955)
As at 31 December 2017	185,875	38,916	18,045	242,836
Transfer from assets under construction	-	-	958	958
Write-off	-	-	(14,628)	(14,628)
As at 31 December 2018	185,875	38,916	4,375	229,166
Accumulated amortisation/depletion:				
As at 1 January 2017	156,706	14,287	19,685	190,678
Amortisation/depletion for the year	7,447	3,892	937	12,276
Amortisation/depletion on write-off	-	-	(7,169)	(7,169)
As at 31 December 2017	164,153	18,179	13,453	195,785
Amortisation/depletion for the year	7,447	3,892	341	11,680
Amortisation/depletion on write-off	-	-	(12,558)	(12,558)
As at 31 December 2018	171,600	22,071	1,236	194,907
Net book value:				
As at 31 December 2017	21,722	20,737	4,592	47,051
As at 31 December 2018	14,275	16,845	3,139	34,259

(Unit: Thousand Baht)

	Separate financial statements			
	Leasehold right on office building	Computer software	Mining concessions	Total
Cost:				
As at 1 January 2017	185,875	38,916	25,112	249,903
Write-off	-	-	(8,955)	(8,955)
As at 31 December 2017	185,875	38,916	16,157	240,948
Write-off	-	-	(14,629)	(14,629)
As at 31 December 2018	185,875	38,916	1,528	226,319
Accumulated amortisation/depletion:				
As at 1 January 2017	156,706	14,287	19,685	190,678
Amortisation/depletion for the year	7,447	3,892	937	12,276
Amortisation/depletion on write-off	-	-	(7,169)	(7,169)
As at 31 December 2017	164,153	18,179	13,453	195,785
Amortisation/depletion for the year	7,448	3,891	341	11,680
Amortisation/depletion on write-off	-	-	(12,558)	(12,558)
As at 31 December 2018	171,601	22,070	1,236	194,907
Net book value:				
As at 31 December 2017	21,722	20,737	2,704	45,163
As at 31 December 2018	14,274	16,846	292	31,412

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - related parties	5,106	5,039	9,035	9,635
Trade payables - unrelated parties	1,374,226	1,341,085	870,239	970,242
Other payables - related parties	19,193	49,391	101,186	128,935
Other payables - unrelated parties	766,094	566,891	544,184	399,756
Accounts payable from factoring (Note 8)	44,419	59,625	44,419	59,625
Advance received from customers	39,737	57,926	29,664	49,202
Accrued expenses	128,572	139,093	51,372	58,416
Total trade and other payables	<u>2,377,347</u>	<u>2,219,050</u>	<u>1,650,099</u>	<u>1,675,811</u>

The account payable from factoring represents the amount received from a bank for factoring with recourse, in accordance with the conditions specified in the factoring agreement. The bank has the right to pursue the Company for payment in the event that it is unable to make full collection of the trade receivables.

15. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits				
at beginning of year	230,996	207,610	150,445	136,528
Included in profit or loss:				
Current service cost	14,214	13,494	9,445	8,398
Interest cost	5,912	5,285	3,787	3,410
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	-	(12)	-	(111)
- Financial assumptions changes	4,367	-	2,831	-
- Experience adjustments	(1,787)	22,517	(1,516)	13,326
Benefits paid during the year	(8,099)	(17,898)	(4,681)	(7,809)
Effect of transferred employees	-	-	(186)	(3,297)
Provision for long-term employee benefits				
at end of year	<u>245,603</u>	<u>230,996</u>	<u>160,125</u>	<u>150,445</u>

The Company and its subsidiaries expects to pay Baht 14 million of long-term employee benefits during the next year (The Company only: Baht 12 million) (2017: Baht 12 million (The Company only: Baht 10 million)).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 9 years (The Company only: 9 years) (2017: 9 years (The Company only: 9 years)).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.5	2.7	2.5	2.7
Salary increase rate	5.0	5.0	5.0	5.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

	2018				2017			
	Consolidated		Separate		Consolidated		Separate	
	financial statements		financial statements		financial statements		financial statements	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Discount rate	(240)	251	(157)	164	(226)	237	(147)	154
Salary increase rate	251	(240)	164	(157)	237	(225)	154	(147)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 56 million (The Company only: Baht 42 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

16. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

17. Other components of shareholders' equity

The revaluation surplus on land as included in other components of shareholders' equity can neither be offset against deficit nor used for dividend payment.

18. Expenses by nature

Significant expenses classified by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other				
employee benefits	767,254	655,975	512,234	493,227
Depreciation	586,223	711,576	316,009	442,431
Loss on impairment of assets (reversal)	(9,860)	141,526	(6,755)	43,207
Reversal of loss on obsolescence and impairment of raw materials, spare parts and supplies	(9,414)	(16,822)	(1,867)	(46,816)
Doubtful debts/ written-off bad debts	5,690	5,429	7,548	846
Transportation expenses	383,639	368,786	86,951	168,606
Rental expenses from operating lease agreements	84,225	80,821	13,039	9,794
Repair and maintenance expenses	597,628	617,543	499,303	496,739
Raw materials used, consumables used and purchase of goods	3,690,521	3,063,640	2,066,242	1,964,578
Changes in inventories of finished goods, work in process and clinker	159,629	27,446	106,465	23,120
Management fee	24,264	-	21,497	-

19. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	103,702	31,175	101,709	29,901
Adjustment in respect of income tax of previous year	280	(1,396)	280	(1,315)
Write-off of non-refundable withholding tax deducted at source	841	676	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	1,019	1	(5,963)	10,814
Income tax expenses reported in the statement of comprehensive income	<u>105,842</u>	<u>30,456</u>	<u>96,026</u>	<u>39,400</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax on actuarial losses arising from post-employment benefits	516	4,501	263	2,643
Deferred tax on gain on revaluations of land	-	(215,644)	-	(23,603)
Total	<u>516</u>	<u>(211,143)</u>	<u>263</u>	<u>(20,960)</u>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	661,271	169,306	908,822	361,498
Applicable tax rates	0 - 20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by income tax rates	132,254	33,861	181,764	72,300
Deferred taxes assets which were not recognised during the year:				
- Tax losses	13,344	-	-	-
- Allowance for diminution in value of inventories	357	404	-	-
- Provision for transferred employee benefits	-	-	37	660
- Allowance for impairment loss of land	-	(705)	-	8,641
Utilisation of tax losses which were previously unrecognised deferred tax assets	-	(1,059)	-	-
Previous year tax loss which were recognised as deferred tax assets during the year	-	(166)	-	-
Reversal of previously recognised deferred tax assets	-	23,582	-	-
Adjustment in respect of deferred tax asset of previous year	56	-	-	-
Reversal of deferred tax assets from tax losses Expected to not be used	4,292	-	-	-
Effects of:				
Promotional privileges	(46,910)	(40,456)	-	-
Elimination entries on the consolidated financial statements	70	13,330	-	-
Dividend income	-	-	(86,800)	(41,300)
Non-deductible expenses	1,258	2,385	745	414
Total	(45,582)	(24,741)	(86,055)	(40,886)
Write-off of non-refundable withholding tax deducted at source	841	676	-	-
Adjustment in respect of income tax of previous year	280	(1,396)	280	(1,315)
Income tax expense reported in the statement of comprehensive income	105,842	30,456	96,026	39,400

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial statements	
	statements			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for doubtful accounts	43,248	38,742	11,239	4,176
Allowance for diminution in value of inventories	400,883	412,084	240,764	242,631
Allowance for impairment loss of assets	263,311	371,558	56,814	63,569
Provision for long-term employee benefits	271,201	230,996	179,471	150,445
Provision for quarry restoration costs	27,795	29,713	12,486	12,769
Provision for demolishing costs	11,164	10,337	-	-
Concession and extraction rights-aggregate	18,179	33,893	-	-
Other long-term provisions	2,825	3,440	2,825	3,440
Tax losses	213,004	127,999	-	-
Total	<u>1,251,610</u>	<u>1,258,762</u>	<u>503,599</u>	<u>477,030</u>
Applicable tax rate	20%	20%	20%	20%
Deferred tax assets	<u>250,322</u>	<u>251,752</u>	<u>100,720</u>	<u>95,406</u>
Deferred tax liabilities				
Depreciation from changing useful lives of assets	28,245	32,880	19,322	23,883
Surplus from revaluation of land	2,384,385	2,384,385	169,968	169,968
Total	<u>2,412,630</u>	<u>2,417,265</u>	<u>189,290</u>	<u>193,851</u>
Applicable tax rate	20%	20%	20%	20%
Deferred tax liabilities	<u>482,526</u>	<u>483,453</u>	<u>37,858</u>	<u>38,770</u>

As at 31 December 2018, the subsidiaries have unused tax losses totaling Baht 301 million (2017: Baht 128 million). However, the subsidiaries have not been recognised deferred tax assets of Baht 88 million (2017: None) as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	<u>2018</u>	<u>2017</u>
31 December 2021	6	6
31 December 2022	121	122
31 December 2023	174	-
	<u>301</u>	<u>128</u>

20. Basic earnings per share

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

21. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and has three reportable segments as follows: (1) Manufacturing of cement (2) Manufacturing of ready-mixed concrete and (3) Generate electricity. No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Company and its subsidiaries are operated in Thailand only. As a result, all of the revenues as reflected in these financial statements pertain to the aforementioned geographical reportable.

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Consolidated financial statements											
	Cement segment			Ready-mixed concrete segment			Generate electricity segment		Elimination of inter-segment revenues		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	7,142	7,084	2,161	1,575	-	-	-	-	-	-	9,303	8,659
Inter-segment revenues	1,110	615	97	64	377	342	(1,584)	(1,021)			-	-
Interest income	52	64	7	6	10	9	(3)	(7)			66	72
Dividend income	434	216	-	-	-	-	(434)	(216)			-	-
Other income	154	166	20	16	-	-	(116)	(108)			58	74
Total revenues	8,892	8,145	2,285	1,661	387	351	(2,137)	(1,352)			9,427	8,805
Cost of sales	(6,846)	(6,418)	(2,203)	(1,595)	(58)	(52)	1,612	1,059			(7,495)	(7,006)
Selling expenses	(181)	(258)	(17)	(12)	-	-	-	-			(198)	(270)
Administrative expenses	(461)	(667)	(75)	(58)	(4)	(4)	87	114			(453)	(615)
Depreciation	(468)	(599)	(37)	(26)	(82)	(86)	1	-			(586)	(711)
Total expenses	(7,956)	(7,942)	(2,332)	(1,691)	(144)	(142)	1700	1,173			(8,732)	(8,602)
Profit (loss) before finance cost and income tax benefits (expenses)	936	203	(47)	(30)	243	209	(437)	(179)			695	203
Finance cost	(30)	(34)	(7)	(6)	-	-	3	7			(34)	(33)
Income tax benefits (expenses)	(96)	(24)	(8)	7	(2)	(1)	-	(13)			(106)	(31)
Profit (loss) for the year	810	145	(62)	(29)	241	208	(434)	(185)			555	139

22. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees and the Group contributed to the fund monthly at the rate of 5 - 10 percent of basic salaries. The fund, which is managed by Bangkok Capital Asset Management Company Limited and UOB Asset Management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 32 million (2017: Baht 33 million) (The Company only: Baht 23 million (2017: Baht 23 million)) were recognised as expenses.

23. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 31 March 2017	817,342	1.05
Total for 2017		817,342	1.05
Final dividends for 2017	Annual General Meeting of the shareholders on 30 March 2018	817,342	1.05
Total for 2018		817,342	1.05

24. Commitments and contingent liabilities

24.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building space, motor vehicles, and the sublease of rights to mine and produce limestone. The terms of the agreements are generally between 1 and 25 years. The subsidiary is committed to make payment for the subleased rights to mine and produce limestone at minimum rates and on the basis of the volume produced multiplied by the rate specified in the sublease of rights agreement.

The Company and its subsidiaries have future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	64	89	22	19
In over 1 and up to 5 years	97	82	35	17
In over 5 years	6	-	-	-

24.2 Long-term service agreements commitments

- The Company and its subsidiaries have entered into agreements related to the concrete transportation, packing cement and other services. The Company and its subsidiaries are committed to pay service fees calculated from quantities and distance multiplied by the rate specified in the agreements.
- The Company and its subsidiaries have entered into others services agreements, mostly related to the provision of repair and maintenance of machines and equipment and the concrete production. The Company and its subsidiaries were commitments to be payable under those agreements as follows:

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	105	111	58	95
In over 1 and up to 5 years	76	54	54	50

In addition, a subsidiary has entered into agreements regarding the provision of repair and maintenance of machines and equipment which it is committed to pay the service fees calculated from production quantities multiplied by rate specified in the agreements.

24.3 Purchase of raw material commitments

As at 31 December 2018, the Company and its subsidiaries have entered into agreements to purchase of raw materials in the future of approximately Baht 933 million (2017: Baht 905 million) (The Company only: Baht 786 million (2017: Baht 800 million)) and another agreements which values will be based on the purchase volume in the future and prices specified in the agreements.

24.4 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately Baht 79 million (2017: Baht 90 million) relating to acquisition of machinery and equipment.

24.5 Bank guarantees

The Company and its subsidiaries have outstanding bank guarantees issued by banks on behalf of the Company and the subsidiaries as follows:

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Guarantee the application for the right to operate an industrial stone mine with the aim to develop a cement industry and establish a cement factory in the south of Thailand	300	300	300	300
Guarantee electricity use	241	230	179	179
Other guarantees	19	18	8	8

24.6 Letter of credit

As at 31 December 2018, the Company has outstanding commitments of approximately EUR 875,945 (2017: EUR 231,338) under letter of credit, relating to acquisition of machinery and spare parts.

25. Financial instruments

25.1 Financial risk management policies

The Company and its subsidiaries's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loan receivables, investments, trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivable. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries does not have high concentrations on credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries's exposure to interest rate risk relate primarily to their cash at banks, loan receivables and payables. Most of the Group's assets and liabilities bear no interest or floating interest rates or fixed interest rates which are closed to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					Effective interest rate (% per annum)
	2018					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
	within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	4,445	-	848	133	5,426	0.15 - 1.50
Trade and other receivables	-	-	-	1,839	1,839	-
Other long-term investments	-	-	-	1	1	-
Long-term loans to unrelated parties	5	3	-	-	8	2.00
	<u>4,450</u>	<u>3</u>	<u>848</u>	<u>1,973</u>	<u>7,274</u>	
Financial liabilities						
Trade and other payables	-	-	-	2,377	2,377	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,377</u>	<u>2,377</u>	

(Unit: Million Baht)

Consolidated financial statements						
2017						
Fixed interest rates		Floating	Non- interest			Effective
within 1 year	1 - 5 years	interest rate	bearing	Total		interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	5,275	-	798	91	6,164	0.15 - 1.25
Trade and other receivables	-	-	-	1,562	1,562	-
Other long-term investments	-	-	-	1	1	-
Long-term loans to unrelated parties	5	7	-	-	12	2.00
	5,280	7	798	1,654	7,739	
Financial liabilities						
Trade and other payables	-	-	-	2,219	2,219	-
	-	-	-	2,219	2,219	

(Unit: Million Baht)

Separate financial statements						
2018						
Fixed		Floating	Non- interest			Effective
interest rates	within 1 year	interest rate	bearing	Total		interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	3,450	579	104	4,133		0.15-1.50
Trade and other receivables	-	-	1,776	1,776		-
Long-term loans to related party	-	13	-	13		3.93
Investments in subsidiaries	-	-	2,861	2,861		-
Other long-term investment	-	-	1	1		-
	3,450	592	4,742	8,784		
Financial liabilities						
Trade and other payables	-	-	1,650	1,650		-
	-	-	1,650	1,650		

(Unit: Million Baht)

	Separate financial statements				
	2017				
	Fixed				Effective
	interest rates	Floating	Non- interest	Total	interest rate
within 1 year	interest rate	bearing		(% per annum)	
Financial assets					
Cash and cash equivalents	4,310	483	70	4,863	0.15 - 1.25
Trade and other receivables	-	-	1,450	1,450	-
Long-term loans to related party	-	105	-	105	3.93
Investments in subsidiaries	-	-	2,601	2,601	-
Other long-term investment	-	-	1	1	-
	<u>4,310</u>	<u>588</u>	<u>4,122</u>	<u>9,020</u>	
Financial liabilities					
Trade and other payables	-	-	1,676	1,676	-
	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>1,676</u>	

Foreign currency risk

The Company and its subsidiaries's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

As at 31 December 2018 and 2017 The balances of financial liabilities denominated in foreign currencies as at are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1	1	-	-	32.2848	32.5146
Euro	2	-	1	1	37.1252	39.3938
Denmark krone	-	-	1	-	5.0243	-

25.2 Fair value of financial instruments

Since the majority of the Company and its subsidiaries's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

26. Capital management

The primary objective of the Company and its subsidiaries's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.25:1 (2017: 0.23:1) and the Company's was 0.18:1 (2017: 0.17:1).

27. Events after the reporting period

On 1 March 2019, the Company's Board of Directors Meeting passed the resolution to approve to pay a dividend of Baht 1.42 per share, or a total of Baht 1,105 million, to the Company's shareholders in respect of the profit for the year 2018. The above resolution will be passed to Annual General Meeting of shareholders for approval.

28. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 1 March 2019.



23/124-128 ซอยศูนย์วิจัย ถนนพระรามที่ 9
แขวงบางกะปิ เขตห้วยขวาง กรุงเทพฯ 10310
โทรศัพท์ 0-2641-5600 โทรสาร 0-2641-5680

23/124-128 Soi Soonvijai, Rama 9 Road,
Bangkapi, Huaykwang, Bangkok 10310 Thailand
Tel. (66 2) 641-5600 Fax. (66 2) 641-5680