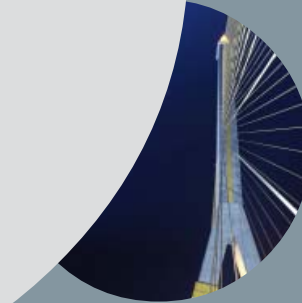


Annual Report 2008

SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

Strength to Live



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Vision

**Market Leader of
High-Grade Steel Sheets
in ASEAN, Creating
Sustainable Value for
Stakeholders**

Mission

1. Secure raw material sources with quality relevant to customers' requirements.
2. Develop leading technology for high-grade steel sheet production, as well as continuously reduce costs.
3. Build added value and satisfaction for customers with an overall package of Product, Quality, Price, Volume, Delivery and Service better than our competitors.
4. Increase market share of high-grade steel sheet and continuously enlarge quality customer base, both domestic and international.
5. Develop to be an organization of knowledge and innovation.
6. Enhance quality of life and preserve the environment of the local community, and be responsible to the society at large.

Values

S = Spirit of Teamwork & Continuous Learning

S = Satisfaction to all Stakeholders

I = Integrity & Ethics from all Staff





Be Your Strength

For nearly two decades as a leader in Thai steel industry, SSI is still moving ahead to develop high-quality steel sheets ceaselessly to help serve a better living standard of everyone.



With unleashed power of ideas and unstopped development, we have created **“high-grade steel sheets”** which meet international standard, allowing society, community, and every stakeholder to reap benefits and prosper along the road to sustainability.

**High Grade Steel
High Standard of Living**

**Innovation +
Quality ↗**

Our business underpinning efficient management system, fastidious attention to detail of every production step and innovation...has brought maximum returns for every party, and served as a robust foundation of the country's industry.



FRIDAY, SEPTEMBER 2, 2011

STEEL

SSI buys majority share in TCRSS

POST REPORTERS

To establish full integration to downstream products, the Steel Industry Plc (SSI) has acquired a majority share in TCRSS, the largest hot-rolled steel mill in the United States. The acquisition will create a fully integrated steel producer.





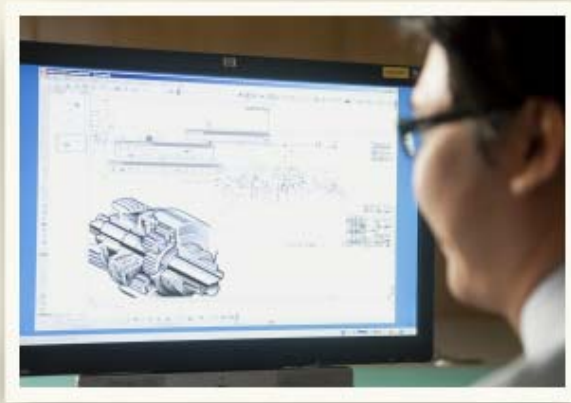
"Not only pursuing for profit and greater performance, but we are also dedicated to operating ethically to bring about transparency, equitability and fairness for every stakeholder to progress together towards a sustainable growth."

Driving Force Through Success

Our research and development, good corporate governance and high able personnel go beyond our business accountability...indeed they are our dauntless power that thrives.

"We continuously conduct a study and research to gain intellectual capital necessary for creating high-grade steel sheets. Also, we take meticulous step in production process to ensure highest satisfaction for every requirement."





"To ascertain safety of our working process that is not harmful for environment, SSI is committed to developing, improving environmental, occupational health and safety at all times."



"With superb human resources, expertise in all production process and dedication from every employee, you can rest assure that SSI's high-grade steel sheets are premium raw material suitable for producing high quality products."

SSI Steel House Contest 2008

Opening up the world of steel innovation...
the residential building for the future...
for a better living standard.



Organic Fertilizer Bank

From natural resources...to a reduction of chemical fertilizer
in agriculture...job creation which supplements income for the community.



Youth Conservation Camp Project

Instilling consciousness into the youth...
natural resources and environment stewardship...
so that our beautiful nature will never last.



Organic Agricultural Project

New farming for community...
resources for learning, food and job...
safe products for good health.



SSI Arsa

Let's share smiles for happiness...
fulfilling every life in the community
to keep strong.

SSI always realizes that a good society starts with “giving”, we are committed to excelling at our business to be efficient and healthy, ready to take part in nourishing community, society, and environment in order to develop in a sustainable way.

Shoulder to shoulder with community to nurture Thai society



Message from the Chairman



Dear Shareholders:

The global financial crisis has hampered all business sectors across the board. Like other industries, Sahaviriya Steel Industries Public Company Limited or SSI was unavoidably affected. Due to an unprecedented sharp drop in steel price, the company recorded a stock loss of Baht 5,417 million - a main contributor to a net loss of Baht 4,855 million in 2008. Despite the crisis, SSI has not deviated from pursuing our vision to be a **“Market Leader of High-Grade Steel Sheets in ASEAN, Creating Sustainable Value for Stakeholders”**. We are confident that this vision will create competitiveness in the long term as well as value maximization to the company, our shareholders and stakeholders in a sustainable fashion.

Recognizing the intensifying competition in the steel industry, the Company employed **“High-grade Strategy”**. Based on our superior technology and human resource capabilities, this strategy differentiates us from other competitors in ASEAN. It aims to add value to our products, expand sales into high-growth and stable market, and stabilize profit margin. In the course of this strategy, last year we decided to invest Baht 4,500 million to acquire shares of Thai Cold Rolled Steel Sheet Public Company Limited or TCRSS, the first cold-rolled steel producer in the kingdom and the largest in ASEAN, with the aim to increase distribution channels, expand high-end customer base, and access into more advanced technology. Consequently, SSI’s facilities at the Bang Saphan Steel Industrial Estate has become ASEAN’s largest production base of flat steel products, being integrated from midstream to downstream resulting in cost competitiveness. This investment was funded by a Baht 3,300 million loan from a financial institution and the remaining from our internal cashflow, raising the long term debt-to-equity ratio by 0.3 times which is considerably small and has minor effect to the Company’s liquidity.

In the area of **“World-class Asset Strategy”**, SSI has an integrated investment in midstream to downstream projects ranging from the Hot Strip Mill, the Cold Strip Mill, the Electro-Galvanizing Line, the Deep-Sea Port, and the Engineering Service Business, which allows the Company to vertically integrate its flat steel production configuration from mid-stream to downstream businesses - a low-cost model similar to those of world leading steel producers. Our subsidiaries, West Coast Engineering Company Limited (a specialized maintenance and engineering services provider) and Prachuap Port Company Limited (the largest private deep port in the region), have transformed from previous prominent roles as cost-centers (to reduce transportation and maintenance



Our vision **“Market Leader of High-Grade Steel Sheets in ASEAN, Creating Sustainable Value for Stakeholders”**

will create competitiveness in the long term as well as value maximization to the company, our shareholders and stakeholders in a sustainable fashion.



cost for SSI) into profit-centers (that add value and generate profit to SSI with the success in expanding business services to potential and high-growth external customers.) In 2008, both subsidiaries realized a total net profit of Baht 72 million.

Additionally, in this volatile market period, we place a very high importance on **“Lean Inventory Scheme”**. Namely, we manage the inventory within our supply chain at a minimum level, in order to limit our risk exposure arising from price fluctuation as well as increasing inventory turnover. The Company also has implemented risk management policies in all significant areas in order to effectively control and minimize potential losses.

SSI is committed to **“Corporate Social Responsibility”**, following an approach of sustainable development and promoting community participation. It is the principle which we have upheld since our inception in 1991. In 2008, we carried out over 30 CSR projects, with the main emphasis on environment conservation and community development.

For example,

- Mae Rumphueng Mangrove National Park Restoration Program which consists of reforestation, freeing aquatic animal larva in the water and constructing water resources for wildlife,
- various educational quality development programs for communities in the Bang Saphan District and surrounding areas. For instance, knowledge development activities for teachers and educational personnel, scholarships for the students at Bang Saphan area, etc.
- Organic Agricultural Project at three schools of Rajaprajanugroh Foundation,
- 3 Employee Volunteers programs (or SSI Arsa),
- a charity mini marathon for the underprivileged,
- SSI Steel House Contest 2008, our proud new project initiated last year to promote “steel” as the material of choice in residential construction. The project also aims to inspire knowledge development and innovation of steel design and construction among the architectural and engineering professions, at both student and occupational levels. We hope such innovations can bring us a step closer to substitution of wood by steel in residential construction in order to conserve forest and combat global warming. This project is the good example of how SSI can contribute to the society and mankind, while adding value to our stakeholders in a sustainable way.

“

Through the above visions, SSI today is stronger than ever. Over 17 years, we have overcome several adversities, gaining experience and strength. With competitive edge over our competitors through a variety of strategies and initiatives mentioned above, our organization is primed to withstand current economic storm and continue to prosper.

”

Through the above visions, SSI today is stronger than ever. Over 17 years, we have overcome several adversities, gaining experience and strength. With competitive edge over our competitors through a variety of strategies and initiatives mentioned above, our organization is primed to withstand current economic storm and continue to prosper. In the meantime, Thai economy proves to be relatively strong compared to the level during the 1997 crisis, the government is able to use fiscal policy to stimulate the economy as deemed necessary. We believe that, as the local economy conditions improve and the consumer confidence returns, our profitability will be restored and eventually offset last years' stock loss.

On behalf of the Board of directors, I would like to express my thanks to all our shareholders, customers, suppliers, partners, financial institutions, communities, and government and non-government agencies as well as the media for solid support rendered to us. I would like to also thank the executives and employees for their devotion to their duties. SSI will always be committed to good management and good governance to create sustainable returns to the stakeholders for the years to come.



Mr. Maruey Phadoongsidhi

Chairman

The Audit Committee's Report for 2008



To the Board of Directors of Sahaviriya Steel Industries Public Co., Ltd.:

The Company's Audit Committee consists of

- | | |
|-------------------------------|----------------------------------|
| 1. Professor Kesree Narongdej | Audit Committee Chairperson |
| 2. Mr. Visith Noiphan | Audit Committee Member |
| 3. Mr. Prateep Buphairtr | Audit Committee Member |
| 4. Mrs. Wannee Sirikanchana | Secretary to the Audit Committee |

The Company's Audit Committee held 11 meetings and all directors in the Committee attended the meetings to perform the following duties:

1. Reviewed the interim and annual financial statements of 2008 together with the external auditors and the management and submitted them to the Board for approval before disclosure them to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
2. Approved the internal audit plan and acknowledged the internal audit reports regarding the internal controls.
3. Reviewed the adequacy of the internal control system against the self-evaluation forms issued by the SEC and external auditors.



The Audit Committee independently carried out its duties and responsibilities delegated by the Board of Directors and took into account the transparency of its views.




4. Acknowledged reports on corporate compliance with laws pertaining to securities and the stock exchange as well as other laws concerning the Company's businesses, and monitored progress in litigation involving the Company.
5. Acknowledged reports from the auditors that there are no issues to be presented to the Audit Committee according to section 89/25 of the Securities and Exchange Act.
6. Reviewed the Major Risk Management Report prepared by the Risk Management Committee quarterly.
7. Considered, selected, and proposed to the Board for consideration and sought approval at the 20th Annual General Meeting of shareholders for the appointment of Miss Thipawan Nananuwat and/or Miss Siraporn Ouaanunkun and/or Mr. Narong Puntawong of Ernst and Young Office Limited, as the Company's auditors for fiscal year 2009, together with their fees.
8. Ensured the compliance of related companies transactions with the securities and exchange laws and laws concerning the Company's business.
9. Approved the Company's employment of consulting firm and assessment fee of intangible assets arising from the Company's new investment in jointly controlled entity.
10. Carried out a self-assessment for 2008 and submitted the results to the Board of Directors.

11. Reviewed the information disclosed to the SET and SEC, as disclosed in the 2008 Company's annual report (Form 56-2) and in the annual information disclosure form ending December 31, 2008 (Form 56-1).

12. Reported periodically to the Board of Directors on the Audit Committee's activities.

After the Audit Committee independently carried out its duties and responsibilities delegated by the Board of Directors and took into account the transparency of its views. The Audit Committee was of the following opinions:

1. The annual financial statements of the Company in 2008 are correct and reliable in accordance with generally accepted accounting principles.
2. The Company has suitable and efficient internal control and internal audit systems.
3. The Company complied with laws and regulations.
4. The Audit Committee concurred with reports from the Risk Management Committee.



Professor Kesree Narongdej

Audit Committee Chairperson

February 11, 2009

Board of Directors

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15)



- | | |
|---------------------------------------|---|
| 1. Mr. Maruey Phadoongsidhi | Chairman of the Board of Directors and Executive Director |
| 2. Mr. Wit Viriyaprapaikit | Director and Chairman of the Board of Executive Directors |
| 3. Mrs. Prapa Viriyaprapaikit | Director |
| 4. Mr. Visith Noiphan | Independent Director, Audit Committee Member and Chairman of the Nomination Committee |
| 5. Professor Kesree Narongdej | Independent Director and Audit Committee Chairperson |
| 6. Mr. Tongchat Hongladaromp | Independent Director and Chairman of the Risk Management Committee |
| 7. Mr. Tawee Butsunton | Independent Director, Chairman of the Remuneration Committee
and Chairman of the Good Corporate Governance Committee |
| 8. Mr. Prateep Buphaintr | Independent Director, Audit Committee Member and Nomination Committee Member |
| 9. Mr. Taweesak Senanarong | Director, Remuneration Committee Member and Risk Management Committee Member |
| 10. Mr. Kamol Juntima | Director, Nomination Committee Member and Good Corporate Governance Committee Member |
| 11. Mr. Somchai Pipitvijitkorn | Director, Executive Director, Remuneration Committee Member
and Risk Management Committee Member |
| 12. Mr. Permpoon Krairiksh | Director |
| 13. Mr. Yuke Sutarat | Director and Executive Director |
| 14. Mr. Piya Viriyaprapaikit | Director, Executive Director and Good Corporate Governance Committee Member |
| 15. Mr. Win Viriyaprapaikit | Director, Executive Director and President |

Management

1)



2)



3)



4)



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10)



1. **Mr. Win Viriyaprapaikit** Director, Executive Director and President
2. **Mr. Kittisak Mapanao** Vice President - Manufacturing Division

3. **Mrs. Vilai Chattanrassamee** Vice President - Finance & Accounting Division
and Secretary to the Risk Management Committee
4. **Miss Wanna Tangcharoenching** Assistant Vice President - Commercial Division 3 (Slab Procurement)
and Acting Vice President - Commercial Division 2

5. **Mr. Prueng Piyachart** Vice President - Commercial Division 3
6. **Mr. Nava Chantanasurakon** Vice President - Human Resources & Administration Division
and Secretary to the Remuneration Committee
7. **Mr. Jira Chotinuchit** Vice President, Office of the President

8. **Mr. Wichien Tungsuknirundorn** Vice President, Office of the President
9. **Miss Sunee Wattanapholmongkol** Vice President, Office of the President
10. **Mr. Somsak Sivapaiboon** Vice President, Office of the President

Organization Chart

Board of Directors

Board of Executive Directors

Internal Audit Office

President

Executive Vice President

Finance & Accounting Division

- Corporate Finance Dept.
- Financial Accounting Dept.
- Management Accounting Dept.
- Cost Accounting Dept. (Plant)

Commercial Division

- (1) Domestic PO-1 Prime Quality Dept.
- Domestic PO-2 Prime Quality Dept.
- Domestic PO-3 General Quality Dept.
- Domestic Market A1 Dept.
- Domestic Market B1 Dept.
- Domestic Market B2 Dept.
- (2) Domestic Market B3 Dept.
- Shipment Dept.
- Sales Supporting Dept.
- Slab Procurement Dept.
- (3) Export A Dept.
- Export B Dept.
- Export PO Dept.
- Shipping Document Dept.

Human Resources & Admin Division

- Human Resources & Admin. Dept. (BKK)
- Training and Develop. Dept. (BKK)
- Human Resources & Admin. Dept. (Plant)
- Training and Develop. Dept. (Plant)

Operation 1

- HSM Production Dept.
- Operation Technology Office



- Nomination Committee
- Remuneration Committee
- Risk Management Committee
- Corporate Governance Committee
- Audit Committee

- Office of the Chairman**
- Corporate Secretariate Office
 - Corporate Special Affairs Office

- Office of the President**
- Corporate Affairs Office
 - Corporate Policy & Coordination Office
 - Legal Office
 - Corporate Planning & Strategy Office
 - BKK Executive Office
 - Purchasing Department
 - Information Technology Office
 - External Affairs Office

Manufacturing Division

Safety & Environmental Office



Safety, Occupational Health and Workplace Environment

The strong commitment of management in executing and improving management system to prevent injury and work-related illness is translated into the Company's Safety, Occupational Health and Environment policy in compliance with various law and standards. In order to accomplish desired goal, all types of resources are sufficiently allocated. In addition, the annual plan for safety, occupational health and workplace environment is put in place for execution, and its results are followed up by the Safety, Occupational Health and Environment Committee at its monthly meetings.

In 2008, the Company appointed a "Proactive safety management working committee" to undertake a study on the proactive safety management that well suits the nature of business with a focus on creating safety culture within the company which is a key foundation for accident and work-related illness prevention. The Group plans to achieve zero accident from work by the year 2009.

Having a system to review the result of its implementation, projects and activities regarding safety, occupational health and workplace environment, the Company has specified clear and succinct practice guidelines. To ensure correct and continuous implementation to effectively prevent damage and loss of life, property and company's production, the Company has conducted a number of monitoring activities which include internal evaluation of management system, safety assessment by various groups (e.g. Occupational Safety Officer at Supervisory Level, Occupational Safety officer on professional level, Safety Committee), Adverse Event Report and Resolution, Unsafe Condition Report and others.

The Company also formed a working committee, "Fire and Emergency Rescue Committee", to oversee preparation of all types of emergency and incidents for instance including fire, chemical spill, irregular boiler, LPG spill and flood. Work procedure, Emergency Prevention, Response, Relief and Recovery plan is prepared for each emergency. Also, every party concerned is informed and trained to practice all plans. In addition, drills and exercises are performed regularly to ensure that all methods and procedures are properly executed and actionable in any situation. SSI has always keeps abreast with the situation for preparedness. For instance, in coping with the flood, SSI monitors satellite images, weather forecast, rain and sea level reports from Meteorological Department in order to forecast future event and prepare a response when such event does occur.

To improve or enhance efficiency of the management system in a continuous manner, the Company's Safety and Environmental Office has conducted a satisfaction survey and suggestion towards safety, occupational health and environment management system in order to allow every employee to express view and concerns. Under the regulations of the system, the collected information is summarized to be presented at the management system review meeting every year.

Due to aforementioned implementation, the Company has been certified safety, occupational health and workplace environment standard-TIS 18001, from 2001 up until present and in May 2008, it was also awarded OHSAS 18001:2007.

Social and labor responsibility according to Thai labour standard (Thai Labour Standard TLS 8001-2003)

Owing to our firm accountability of social and labor coupled with a high value in wealth and well-being of employees, the Company strives to promote healthy life quality, safe working environment, and sanitarily sound management. SSI is dedicated to respecting rights and protecting all employees according to labour laws under regulations of social accountability standard and relevant standards as well as improving areas of labour and reviewing the policy for appropriateness on an ongoing basis for sustainability.

In 2008, the Company started implementation according to Thai labor standard at advance level. Training on Thai labour standard for all personnel as well as full fledged communication activities through various channels were undertaken. Additionally, welfare facilities were provided and improved e.g. drinking water and toilet. Labour development looked into the area of overtime management, pregnancy notification of female personnel, non-discriminatory for employees' recruitment, and etc. The implementation during the past year resulted in the readiness of the Company for an initial audit of Thai labor standard TLS 8001-2003 at advance level, in which is scheduled to be undertaken in the beginning of 2009.

Environmental Activities

The Company has been conducting environmental and resources management consistently. The main areas are classified as follows:

Waste water treatment: Waste water from employees' consumption and production process are kept for treated to meet standard prior to the recycle of entire water. No waste water is released to public (zero discharge).

Air emission management: The Company has controlled air pollutant emission from fuel burning with automation system which results in better combustion and energy saving. Air treatment system is installed to meet the required standard prior to the release to atmosphere.

Solid waste management: Solid waste from employees and production process will be sorted and treated prior to the reuse or sale as a raw material in other production processes.

EIA Monitoring and Ambient Quality Monitoring: SSI strictly and consistently complies with measures to reduce its environmental impact and monitor environmental quality, as prescribed in the Company's environmental impact analysis report. During the past year, the results revealed that there were no infringements of environmental standards. With regards to the inspection result and operational measures, the Company is in close consultation with the government agencies in charge to ensure that its environmental management is strictly controlled and inspected by the related government agencies.

Plant assessment and audit by external organization: The Company received the assessment of energy management and environmental quality management from governmental agencies. Following the assessment, the Company passed the criteria and received Thailand Energy Award 2008 and the Prime Minister's Industry Award 2008 in Environmental Quality Preservation. Such awards truly reflect our strong commitment and endeavour to control environmental impact.

Climate Change Effect Management: The Company established a working committee on climate change management. Besides managing internal programs, the Company took part, along with the government agencies and local organizations, in a number of projects and campaigns, such as participation in the Life Cycle Assessment environmental database development program for midstream and downstream steel production with the Iron and Steel Institute of Thailand, the Thailand Environment Institute, the National Metal and Materials Technology Centre, and the National Science and Technology Development Agency. Additionally, in 2008, 6 programs have been implemented and resulted in reduction of energy consumption, or a drop of 4,464 tons of carbon dioxide emissions caused by production.

Community and Social Responsibility

To pursue a vision of being a **“Market Leader of High-Grade Steel Sheets in ASEAN, Creating Sustainable Value for Stakeholders”**, the Company is not only committed to business success with adherence of good corporate governance, but also incessantly engages in community and social responsibility activities. The Company has initiated new projects according to sustainable development approach with an emphasis on a promotion and development of the underprivileged in the society and participative community activities which involve every party i.e. the Company, employees, people in the community, and concerned organization through a wide range of 30 projects encompassing educational development, employees' volunteer in the “SSI Arsa” Project, environment protection and conservation, career development, health promotion, and religious and culture maintenance. All of these activities were parts of our strong commitment in being a good citizen and earning a trust from Bang Saphan people and our stakeholders, with an aim to strengthen the living of people in the community and society (“Strength to live”).

Community educational development

The company has participated in developing education quality of Bang Saphan District and surrounding. In a bid to enable Bang Saphan youth to gain educational opportunities like other youth in big cities, the development involves three areas: teacher and related personnel; learners or students; and school.

- **Knowledge Development of Teachers and Educational Personnel Project:** To enhance knowledge and capabilities of educational personnel, the Company has cooperated with District Educational Office of Prachuap Khiri Khan Province Area I to organize trainings to enhance teaching and learning capabilities of teachers and educational personnel. The training topics were a systematic thinking that leads to change agent, education and sufficiency economy, three-dimension media and E-Book, Planning for education development, teaching innovation of Thai language, teaching technique on drawing and foundation science.
- **Scholarship for the Students in the Community:** The Company and Sahaviriya Group has provided scholarship to the Bang Saphan students at elementary and secondary levels every year. Last year, 225 scholarships were granted to the students in 15 schools and six students were granted scholarship to further their study at undergraduate level.
- **Bang Saphan Wittaya School Teaching Development Project** under the Project of One District, One Lab School
- **Funding Support** for Bilingual Teachers, Special Teachers for Kindergarten Pupils, Music and Art Teachers for the Community Schools
- **Annual Scholarship in Art:** From 2004 to 2008, the Company has organized Annual youth drawing contest for every level of students at Bang Saphan with an aim to promote creativity and art skill development among general students and physically challenged students. In 2008, 620 students (including listening impaired students) participated in the contest. Selected submissions were sent to international contest.
- **Organic Agricultural Project Using Substrate Culture:** The pilot project has been carried out at three schools in Bang Saphan. Vegetables were planted in various materials e.g. organic material including coconut fibre, ash rice hush, sawdust, and other mixed material and inorganic material. The project aims to provide learning resource of organic farming with soilless to the school and community. They are allowed to learn and improve skills of various types of organic farming as well as have non-toxic organic products for lunch. As some vegetable were sold, the income was allocated for the cost of new planting for sustainability.

- **To Be Engineer Project:** SSI organized the project to broaden experience of young engineers, equip them with knowledge on steel and related information, and promote interest of studying engineering science of the secondary students in Bang Saphan. In 2008, 1,200 students in Mattayom 3 joined the project.

Furthermore, the Company involved in developing the schools in the community as well as supported educational material and various school projects that benefited the students and communities.

Career development to strengthen household economy

The 17-year operation of the company in Bang Saphan District, agricultural based area having main products such as pineapple, rubber and coconuts, has justified the co-existence of both agricultural and industrial sectors. They are able to prosper side by side through mutual harmony. A happy society can be realized while the community has jobs and sufficient income and able to maintain traditional lifestyle. To achieve this, the Company has promoted a number of projects to develop agricultural sectors in order to generate more income of local farmers and housewives groups as described below:

- **“Organic Fertilizer Bank, a bold step toward sustainability” Project:** Two groups consisting of 50 farmers each in Bang Saphan District were selected to join a project in producing 100 tons of organic fertilizer. Each group was granted Baht 120,000. After the sale, the farmers kept some of the profit, while part of it was set aside as working capital for the next production. The project marks a fruitful start of capabilities enhancement for local farmers through a joint study and work which will result in a healthy economy according to his majesty the kings’ royal initiatives. In addition, the project is developed from the Organic fertilizer Cooperative Project which has been carried out for several years and suspended for adjustment to correspond more with sustainability approach.
- **Agricultural Technology Promotion Project:** In cooperation with District Agricultural Office, Land Development Office and Community Development Office of Prachuap Khiri Khan Province, the project organized knowledge training for the farmers to increase more income. New and agricultural knowledge needed to support farmers to improve their production and incomes are offered with an aim to help improve well-being in a long term.
- **Saipetch Village Development Project:** An exemplary village model of agricultural management according to sufficiency economy and organic vegetable farming was developed as a learning hub and study tour for local farmers and general public.
- **Local producers support:** To support supplement job of producers in Bang Saphan District, the Company purchased Japanese clay artificial flowers from Ban Po Daeng Woman Occupational Group for the corporate new-year gifts. This helps promote popularity of the community products of Bang Saphan along with adding more income for the local producers.



Environment conservation and development

Environment and natural resources preservation has always been a paramount tenet in the Company's operation. In addition to production process control to ensure that substance released from production process will not harm life quality and environment, the Company continually engages, along with concerned organization, in environment conservation and development activities. In 2008, the Company received the Prime Minister's Industry Award for Environmental Quality Preservation Category.

- **Mae Rumphueng Mangrove Forest Rehabilitation Project:** The Company cooperated with educational institutes around Mae Rumphueng National Park in conducting reforestation project as a part of environment study which allows the students and teachers to gain more insights on mangrove forest in a natural setting. Also, the project instills the love and care and sense of ownership in a concrete manner. Additionally, the project on returning larvae into the sea on the special occasion of His Majesty King's Birthday has been conducted every year together with teachers, students, government official and local people to express loyalty.
- **Bang Saphan Beach Conservation Project:** Every year, SSI and Sahaviriya Group team up to clean and collect waste along the Bang Saphan beach.
- **Clean Technology Teacher Camp** is an environment project aimed at promoting clean technology at the school and communities. Teachers in Prachuap Khiri Khan Province are invited to join the camp to be able to disseminate acquired knowledge to students and apply them into environment development projects in a concrete manner.
- **Youth Conservation Camp:** In cooperation with science teachers in Bang Saphan, a group of 80 student representatives from Bang Saphan District is invited to study nature environment in an area of conservational science and conservation, and foster love and care of environmental resources in the community to youth.

Society nourishment-culture and religious maintenance

Bang Saphan Community is unique representing hospitality rooted from our precious tradition and culture. As a good citizen of Bang Saphan Community, the Company has always lent a hand to support various groups in the community who are in need of support and uphold our valued religious and tradition. The projects are as follow:

- **Public and Natural Disaster Relief:** As Bang Saphan people were severely affected by the flood in 2008, SSI and Sahaviriya Group formed an employee team and provided consumer goods to help flood victims. Furthermore, during a drought season, the Company also sent water trucks to alleviate sufferings of the people. Whenever fire broke out in the community, the fire trucks of SSI were always there to extinguish the fire for the people.



- **Religious and Culture Upholding:** The Company supported the maintenance of religious sites and construction of the temple for the community. SSI has participated in the religious ceremonies and important rituals in the communities on a regular basis and has always taken part in various activities which promotes religious and Thai traditions.
- **Budget Sponsoring** for the local agencies for community development e.g. bed for blood donation for the Red Cross Society, Loy Krathong Festival Activities, Bang Saphan Amazing Fair and Bang Saphan Tourism Fair.
- **Health Care Education Project for Bang Saphan People:** In cooperation with Health Service network i.e. Bang Saphan Hospital and Local Public Health Administration, SSI held the training for the public on health care education for senior citizen, teenagers as well as menopause groups. The project is aimed at group forming and activities performing for better health.

Sport promotion for a vigorous community

Sport does not only keep our body healthy but also foster healthy attitude and mind. In light of this, the Company has thus organized sports activities among employees, students as well as the community around the plants e.g.

- Annual employees sport and seasonal sports tournaments are held to promote good health and teamwork spirit.
- Sports tournament between the company's employees and officials in the communities. The event helps promote harmony between the company and surrounding communities.
- Sponsoring the local school sports events, student sports and Bang Saphan Games. The Company provided sponsorship for annual sports event of Bang Saphan Students in order to promote good physical health and sportsmanship, solidarity among Bang Saphan students and teachers.

Corporate social responsibilities

SSI believes that "Strength" starts from a small unit at individual, family and agency levels and society at macro level, will eventually lead to self reliance and survival of the nation. Realizing a key force that drives us in the desired direction to sustainability especially for the youth and the underprivileged, the Company has thus undertaken various programs to promote potentials of aforementioned groups. Our social stewardship programs include:

- **"SSI Steel House Contest 2008"**: As steel is vital for country development, steel research on a number of dimensions should be encouraged. The Company in collaboration with The Iron and Steel Institute of Thailand (ISIT) and related institutes conducted the project in an effort to promote "steel" as the material in residential construction and to inspire core knowledge in innovation of steel design and construction as well as to build a community among related parties e.g. architecture, engineering, metallurgy, and structural steel producers. A further development of the innovations can lead to a set up of product research and development department which will not only add value to steel but will also enhance business competitiveness, provide choices for consumers.

- **“SSI Arsa Project”**: The employees volunteering project is a program allowing employees and executives of the Company to jointly conduct activities to serve the communities in Bang Saphan District which has brought pride to our employees. These include the construction of technical workshop building for Bang Saphan Iron & Steel Technology Institute, Bang Saphan District, and development of a Community Learning Center for Sai Phet Village, Tambon Thong Mongkol, Bang Saphan District and renovation of the kindergarten building of Ban Don Samran School and painting the Don Samran Temple.
- **“SSI Mini Marathon 2008”**: The program was designed to help the disabled. Thanks to a concerted effort of employees of the Company and Sahaviriya Group, business partners, and public, the fund was raised to assist and sponsor the activities of the disabled under operations of various organizations. In September 2008, over Baht 1.9 million raised from ticket sale and donation were presented to Disabled Sports of Thailand Association under the royal patronage, Phrapradaeng Vocational Rehabilitation Center for the Disabled Person, Sot Suksa Thepparat School, Bang Saphan District, Prachuap Khiri Khan Province and Chumpol Panyanukool School, Chumphon Province, National Office for Empowerment for Persons with Disabilities, Thai Blind People's Foundation, Association for Promotion of Traditional Thai Massage by the Blind, Bang Saphan Iron & Steel Technology Institute, Prachuap Khiri Khan Provincial Social Development and Welfare Office and Chumphon Provincial Social Development and Welfare Office.
- **SSI Sponsorship for Phra Dabos Instructors**: The Company has allocated sponsorship for Phra Dabos graduates to further higher education in order to enable them to share learned knowledge and work for the foundation as instructors or heads of divisions to educate the next batch. SSI plans to create 10 Phra Dabos (high vocational Certificate, undergraduate and graduate levels) within a period of four years.
- **Modern Farming: SSI teams up with the Rajaprajanugroh**: The project aims to educate the students of Rajaprajanugroh School on modern farming (organic agricultural) through hands-on experience which is useful for their living in the future. The vegetable from the program is also the lunch for the students and supplement source of income for the school. The project also serves as a model for local communities. In 2009, the Company is granted opportunity from the Rajaprajanugroh Foundation Under the Royal Patronage to Carry out the Organic Agricultural Project at Rajaprajanugroh 20 Schools in Chumphon Province.
- **“Art as Inspiration and Love Sharing Project”**: This art program is for disadvantaged and socially marginalized children. Aimed at equipping the children with knowledge and drawing skills from the artists as well as enabling them to expressing imagination through artworks, the project is considered a part of an “Art Therapy”.

Throughout 17 years of operation, the social and community projects of the Company have always been prevalent and developed incessantly in tandem with our mission in strengthening the business. The newly developed knowledge from working with both inside and outside organizations has been applied and extended for utmost benefit everlastingly. The Company resolutely commits to nourishing the society at both community and national levels to be truly vigorous as always.

General Information

Company's name, location, and type of business

Name	:	Sahaviriya Steel Industries Public Company Limited
Abbreviation	:	SSI
Company registration No.	:	0107537000688
Website	:	http://www.ssi-steel.com
Type of business	:	Manufacture and sale of hot rolled coils, with maximum capacity of 4 million tons per year, and hot rolled coils pickled and oiled, with maximum capacity of 1 million tons per year. Both projects receive promotional privileges granted by the Board of Investment (BOI).
Location		
Head office	:	28/1 Prapawit Building, 2 nd - 3 rd Floor, Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2238-3063-82 Fax 0-2236-8890, 0-2236-8892
Plant office	:	9 Moo 7, Ban Klang Na - Yai Ploy Road, Mae Rumphueng, Bang Saphan, Prachuap Khiri Khan 77140 Tel. 0-3269-1403-5, 0-3269-1412-5, 0-3269-1419-20 Fax 0-3269-1421

Type and number of share

Registered capital	13,101,500,000	baht
Ordinary shares	13,101,500,000	shares
Par value	1	baht per share
Paid-up capital	13,101,280,000	baht
Ordinary shares	13,101,280,000	shares
Par value	1	baht per share

Name, head office location, type of business, and number of issued and paid-up shares of subsidiary (s) in which shareholding by the Company is more than 10% of its paid-up shares

Name and Head Office Location	Type of Business	Registered Capital (Baht)	Par Value (Baht)	Number of paid-up ordinary shares (Shares)	Shareholding (%)
West Coast Engineering Co., Ltd. 3 rd Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2238-3063-82 Fax 0-2236-8890, 0-2236-8892	Maintenance, and engineering design and service	75,000,000	10	7,500,000	99.99
Prachuap Port Co., Ltd. 6 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0323-32 Fax 0-2236-7046	Deep sea port	400,000,000	10	40,000,000	51
Thai Cold Rolled Steel Sheet Public Company Limited 5 th Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0300 Fax 0-2630-0320-2	Manufacture and sale of cold rolled steel sheet in coils	10,703,000,000	10	1,070,300,000	50.15

References

Share Registrar:

○ Ordinary shares : Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building,
62 Ratchadaphisek Road, Klongtoey, Bangkok 10110
Tel. 0-2229-2800, 0-2229-2888
Fax 0-2359-1259

○ Debentures : Bank of Ayudhya PLC
1222 Rama III Road, Bangpongpan, Yannawa, Bangkok 10120
Tel. 0-2296-2988, 0-2296-4769
Fax 0-2683-1278, 0-2683-1297

Trustees : Thai Military Bank PLC
393 Silom Road, Silom, Bangrak, Bangkok 10500
Tel. 0-2230-5479
Fax 0-2266-9779

Auditors : Miss Thipawan Nananuwat C.P.A. Registration No. 3459
Miss Siraporn Ouaanunkun C.P.A. Registration No. 3844
Mr. Narong Puntawong C.P.A. Registration No. 3315
Ernst & Young Office Limited
33rd Floor, Lake Rajada Office Complex,
193/136-137 Ratchadaphisek Road,
Klongtoey, Bangkok 10110
Tel. 0-2264-0777, 0-2261-9190
Fax 0-2264-0789-90, 0-2661-9192

Corporate secretary : Mr. Surasak Ngamsidhipongsa
Assistant Vice President - Corporate Secretariat Office
Tel. 0-2238-3063-82
Fax 0-2236-8892
E-mail: surasakn@ssi-steel.com

Nature of Business Operations

Sahaviriya Steel Industries PLC, or SSI, was established in 1993 as Thailand's first manufacturer of hot-rolled steel sheet in coils ("HRC") with an initial investment of more than Baht 13,300 million. SSI's facility is acknowledged as the modern and largest stand-alone hot strip mill in Southeast Asia, with capacity of 4.0 million tons per year for HRC, and up to 1 million tons per year for HRC pickled and oiled. Both plants are located in Bang Saphan District of Prachuap Khiri Khan Province, which is 400 kilometers from Bangkok on the western coast of the Gulf of Thailand and is considered to be one of the best strategic sites in Thailand for integrated steel making business.

The Company's products are

- Hot-rolled coils (HRC), with width between 750 - 1,550 mm and thickness between 1.0 - 19.0 mm. SSI is one of only a few manufacturers that can commercially produce the thinnest available hot-rolled coils of 1.0 mm. Moreover, in 2008, the Company succeeded in commercial production of 0.9 mm thick hot rolled coils, and trial production of 0.8 mm thick hot rolled coils.
- Hot-rolled coils pickled and oiled (HRC P/O), also known as "CleanStrip", with width between 750 - 1,550 mm and thickness between 1.2 - 6.5 mm, which is high-grade flat steel used in the high-end markets including automotive and appliances industries.

In 2008, 94 percent of the Company's products were sold to local customers for direct use in automobiles and parts, gas cylinder, steel structures, steel pipe, and home appliances industries, and for further process in the down-stream industries such as cold-rolled steel sheet industry, whereas the remaining 6 percent were exported to overseas markets.

In addition, SSI has the strategic investments in the potential projects as follows:

- Thai Cold Rolled Steel Sheet Public Co., Ltd. (TCRSS), Thailand's first cold strip mill with an annual production capacity of 1.2 million tons, produces cold-rolled steel sheet in coil using SSI's high-quality hot-rolled coil as feedstock.
- Thai Coated Steel Co., Ltd. (TCS), ASEAN's first electro-galvanizing mill with an annual production capacity of 240,000 tons, further galvanizes cold-rolled steel sheet with advanced electrolytic process into zinc-coated steel sheet for high-end application.
- Prachuap Port Co., Ltd. (PPC), the deepest privately-owned commercial seaport in Thailand, operates 4 commercial ports with capability to accommodate two vessels up to 100,000 dead-weight tons ("DWT") at the same time. The port is considered as the most important infrastructure for steel industry, allowing bulk cargo shipment of steel raw materials and finished products and thus low and competitive transportation costs.
- West Coast Engineering Co., Ltd. (WCE), an engineering company specialized in catering to steel industries, provides maintenance and engineering services as well as engineering design.

With these strategic investments, SSI is the only vertically-integrated steel sheet producer (from midstream to downstream) in Thailand, with ability to deliver its products at competitive cost and with stability and efficiency in its supply chain management.

Sahaviriya Steel Industries PLC is now building on its premier presence as market leader of high-grade steel sheets in ASEAN, creating sustainable value for stakeholders, based on its ideal location, technological excellence, high-quality personnel, and effective management toward good corporate governance as well as social, community, and environment responsibility.

Revenue Structure

Product / Service	Operated by	Shareholding by SSI (%)	2008		2007		2006	
			Revenue (Million Baht)	%	Revenue (Million Baht)	%	Revenue (Million Baht)	%
Hot rolled oils	Sahaviriya Steel Industries PLC	-	27,448 ⁽¹⁾	98.40	28,363 ⁽¹⁾	97.93	35,205 ⁽¹⁾	98.04
Maintenance and engineering design services	West Coast Engineering Co., Ltd.	99.99	154	0.55	132	0.46	46	0.13
Deep Sea Port	Prachuap Port Co., Ltd.	51.00	155	0.56	149	0.51	170	0.47
Other Revenues	Sahaviriya Steel Industries PLC		135	0.48	318	1.09	456	1.27
	Prachuap Port Co., Ltd.		1	0.005	-	-	2	0.02
	West Coast Engineering Co., Ltd.		1	0.005	2	0.01	25	0.07
			27,894	100.00	28,964	100.00	35,904	100.00

(1) Including sales to Thai Cold Rolled Steel Sheet PLC in the amount of Baht 1,887 million, Baht 2,321 million, and Baht 2,729 million in 2008, 2007, and 2006 respectively.

Financial Highlight

		2008		2007		2006	
Revenues from sales	Mil. Bt.	27,448		28,363		35,207	
Revenues from services	Mil. Bt.	309		281		214	
Total revenues	Mil. Bt.	27,894		28,964		35,904	
Gross profit from sales	Mil. Bt.	2,035		2,570		2,611	
Gross profit from services	Mil. Bt.	111		88		142	
Net income (loss)	Mil. Bt.	(5,166)		837		2,690	
Total assets	Mil. Bt.	41,786		36,519		44,563	
Total liabilities	Mil. Bt.	25,003		13,138		24,491	
Total shareholders' Equity	Mil. Bt.	16,783		23,381		20,027	
Net profit margin	%	(18.52)		2.89		7.08	
Return on equity	%	(26.74)		3.99		14.10	
Return on assets	%	(13.20)		2.06		5.31	
Debt to equity ratio	Times	1.56		0.58		1.27	
Earning (loss) per share	Bt.	(0.39)		0.06		0.19	
Book value per share	Bt.	1.22		1.73		1.47	

Significant Changes in 2008

2008 was the year in which SSI faced a fluctuation in economy caused by both internal and external factors which resulted in a black-white difference in performance for the first and second half of the year. In the first six months, the price of raw material and steel products in the world surged owing to the rising price of mineral and fuel e.g. coke and oil. Furthermore, China's policy to increase export tax of billet and slab in early 2008 resulted in an unprecedented hike of steel price. The average selling price of the Company's products thus increased accordingly, and the sale volume rose to 0.75 million tons. In an opposite vein, the steel demand in China later froze as the construction from Olympic Games in August slowed down and China started to export more to Middle East. This caused the steel price in the world market to drop since then. In addition, the sub prime mortgage problem in USA severely affected world wide financial regime leading to heavy slump on stock market and commodity price, the steel price in the fourth quarter then plunged over 52 percent compared to the figure at the end of second quarter. Under such circumstance, the downstream producers began to delay their purchase order of raw material while the major global steel mills announced production cut. Also, a stricter credit policy implemented by banks had limited liquidity of the steel producers and consumers in buying raw material and finished product. All of these negative factors contributed to a hefty slump of the sale volume in the second half of the year which stood at 0.26 million tons, or down by 65 percent from the first half.

- **Marketing:** The Company employed marketing strategy according to its vision in being the market leader in high-grade hot rolled steel sheets in ASEAN by emphasizing on sales of high-grade hot rolled steel sheets to generate high margin, rather than maximizing a sales volume in order to reduce risk from price fluctuation. In 2008, the Company sold Hot Rolled Coil and Hot Rolled Pickled and Oiled of 1.02 million tons, 93 percent of which was for domestic customers and the export accounted only 7 percent owing to slow-down in the world economy in the second half of the year.

- **Production:** the Company cut production in response to shrank market; a total production in 2008 was 1.04 million tons. At the same time, it emphasized on energy saving policy and production technology development to add value to the products incessantly. Successfully, the company became one of a few producers in the world who achieved commercial production of hot rolled coil with 0.9 mm thickness. Also, it succeeded in trial production of hot rolled coil with thickness of only 0.8 mm with an aim to increase market opportunity in the future. Additionally, the rolling improvement program to increase efficiency, reduce cost and increase productivity was undertaken along with an installment of motor speed controlling system which would generate a saving of energy cost of Baht 23 million per year.

With respect to industrial standards, the Company was certified ISO/TS 16949:2002, the quality management systems for automotive industry, and ISO/IEC 17025:2005, a standard for laboratory accreditation. In 2008, it undertook a renewal assessment for Occupational Health and Safety Management System TIS 18001:1999 (TIS 18001) and an environment management standard (ISO 14001:2004). Additional certification received in the year was the Occupational Health and Safety Management System OHSAS 18001:2007. The Company cooperated with the Department of Welfare and Labor Protection, Ministry of Labor in "Industry Relations Development for Peace and Sustainable Productivity at Workplace" through an implementation of Thai Labor Standard TIL 8001-2003 with a plan to be audited within the first quarter of 2009.

As a result of our efficient operation, in 2008, the Company was awarded several outstanding certifications including Thailand Energy Award 2008 (TEA 2008) for Best Designated Factory in Energy Conservation from Department of Alternative Energy and Efficiency, Ministry of Energy as at July 30, 2008 and the Prime Minister's Industry Award 2008 for Environmental Quality Preservation as at April 28, 2008 and the Outstanding Establishment on Labor Relations and Welfare Award for the sixth consecutive year.

○ **Finance:** The Company did not face liquidity difficulties despite the fact that some lenders reduced their trade financing credit line provided to the Company. So, the Company's credit line for trade financing was reduced to Baht 20,429 million at the end of 2008. Meantime, the project of Just-in-time Slab Supply Agreement between the Company, raw material suppliers and financial institution in the amount of US\$ 250 million was postponed due to the financial institution participating in the project was adversely affected by the world economic and financial crisis. In term of operational results, sharp drop of steel prices in the forth quarter caused the Company to record a stock loss of Baht 5,417 million according to the accounting standard, thus resulting in a net loss of Baht 4,885 million.

○ **Investment:** At the Board of Directors Meeting and the Extraordinary Shareholders Meeting in 2007, it was resolved that the Company increases its investment in Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS) by acquiring shares from two major Japanese shareholders for 31.37 percent at no more than Baht 3,500 million and from minor shareholders for 10.02 percent at no more than Baht 1,200 million. As at December 21, 2007, the Company acquired 10.02 percent shares from minor shareholders with a total investment of Baht 1,048.4 million. Later in September 2008, it purchased shares from two major Japanese shareholders for 31.37 percent at Baht 3,450 million, resulting in 50.15 percent shares in TCRSS, up from 18.78 percent.

○ **West Coast Engineering Company Limited or WCE** is a subsidiary in which the Company has a share of 99.99 percent, providing maintenance and engineering services, erection and fabrication projects as well as R&D and business development. At present, it has expanded maintenance services, equipment manufacturing as well as project services to potential outside customers e.g. Danieli Far East, DMS France, SMS Meer Germany and Siam Cement Public Company Limited, etc. Research and product development projects of the company have been certified by the National Office of Science and Technology Development constantly. Additionally, in conjunction with various experts in the areas in conducting research on material and production process, development to develop core knowledge on an on going basis took place. Namely, it cooperated with Research and Development Institute of Production Technology, Kasetsart University (RDipt) and Thai-German Institute (TGI) and Center of Excellence in Metal Casting Technology (CEMCT) of King Mongkut's University of Technology Thonburi. WCE is committed to becoming a sustainable production engineering center in the future. In 2008, it realized a revenue form services at Baht 426 million, consisting of services revenue from outside customer of Baht 154 million, or 36 percent. The total revenue stood at Baht 427 million and the net profit was at Baht 13 million.

○ **Prachuap Port Co., Ltd. (PPC)** is a subsidiary in which SSI owns 51 percent, providing deep-sea port services for ocean-going commercial vessels, being capable of loading and unloading all types of merchandise, and offering storage and bonded warehouse and freight yard facilities. In addition, it also offers a number of related services, including shipping agent, supplier of dock labor, and 24-hour trucking services. Having four jetties capable of handling approximately 15 million tons per year, PPC was certified ISPS Code international ship and port safety standard certification for its operations. With its continuous development toward high recognition, PPC is the first private deep-sea port which has been awarded three international management standard accreditations, namely, ISO 9001:2000 for quality management, ISO 14001:2004 for environmental management, and OHSAS 18001:2007 for occupational health and safety. In 2008, it realized the services revenue of Baht 256 million, the total revenue of Baht 257 million, and the net profit of Baht 59 million respectively.

Steel Industry and Competition Overview

Global steel market

In 2008, the world economy was affected by the US financial crisis in which it eventually became the world financial and economic crisis. International Monetary Fund or IMF estimated that the growth of world economy in 2008 would decrease to 3.7 percent down from 5.0 percent in 2007. According to the World Steel Association (WSA), the world crude steel production in 2008 stood at 1,329.7 million tons, down by 1.2 percent from the previous year. Particularly, in December, the production dropped by 24.3 percent owing to the hard hit from the economy crisis which drastically affected world steel demand along with the attempt for production cut to prevent further drop of steel price. China's crude steel production in 2008 climbed 2.5 percent to reach 502 million tons. Meanwhile, South Korea, India and Middle East increased their crude steel production by 3.8, 3.7 and 1.2 percent respectively. In an opposite vein, Japan decreased its crude steel production by 1.2 percent. CIS, Europe and North America also slashed production by 8.1, 5.6, 5.5 and 1.4 percent respectively. WSA also estimated that the world steel consumption in 2008 would grow at 6.7 percent.

Global steel price tremendously fluctuated as it had surged continuously since January to peak in August. A rising demand in China pushed the price of steel and coal to increase along with the freight rate jumped over 100 percent as a result of tight demand. Such condition had driven the price of semi-finished products e.g. pig iron, scrap, slab and billet to rise continually in the first half of 2008. In the second half of the year, the world economy shrank due to the sub prime loan crisis in the USA which widely impacted global financial and economic regimes. As steel demand of major consumers i.e. People's Republic of China, USA and Japan as well as ASEAN was largely decelerated, the price dramatically dropped in the third quarter of 2008. The sluggish demand coupled with continuous drop in price resulted in production cut of world major producers by 30 percent as well as a temporary shut down of some plants. Under such scenario, some countries posed measures in assisting local manufacturers. For instance, Chinese government revoked export tax on several categories of steel products and Vietnamese Ministry of Finance revoked its export tax on billet.

Domestic steel market

The Fiscal Policy Office reported GDP of the country in 2008 was 3.0 percent, compared to 4.9 percent of the past year. This was mainly resulted from lower domestic expenditure and export of product and service in response to the world economy in recession. Additionally, the airport closure in late 2008 had a negative consequence on products transportation and tourism. According to the Iron and Steel Institute of Thailand, the Country's apparent steel consumption in 2008 amounted to 13.5 million tons, increased by 6.4 percent over the past year. This was partly due to increased inventory of middleman in the second half of the year as the price of domestic steel continued to rise in the same direction with world steel. Thai economy, however, was severely affected by sluggish world economy and Thai political problem as well as rising price of consumer products as a consequence of fuel price hike jeopardized consumer confidence. As consumers were more careful on their spending while governmental and private investments were scaled down, the construction and automotive industry, which are the large consumers of steel, were thus tremendously tumbled. The consumption of steel in the fourth quarter decreased by 23 percent down compared to the same period of the past year, and that in the second half dropped by 19 percent from the first half. The high volatility of steel was witnessed in the price of iron ore, crude steel, scrap and coking coal, while the transportation cost or freight rate jumped rapidly. All of

these had pushed the price of slab, billet and scrap to rise sharply from the fourth quarter of 2007 to the second quarter of 2008 before the steel price in the world market dropped drastically afterward. The domestic steel price declined continuously in the same direction so that the manufacturers were unable to release products in time and thus realized a loss from provision for diminution in value of products and inventories (stock loss) at the end of 2008.

Steel market outlook in 2009

International Monetary Fund or IMF estimated that world economy will grow merely at 2.2 percent. As for world steel industry, MEPS (International) Ltd. forecasted a downward trend in crude steel production in 2009 at 3.2 percent to 1,285 million tons, as a result of decreasing demand in major industries e.g. automotive, electrical appliances and construction. Risks arisen from slow economic activities and a further slide into recession, brought about worldwide reduced steel production. The government of many countries, nonetheless, issued several measures to stimulate economy and support various industries e.g. automotive and parts and infrastructure of the USA as well as infrastructure construction of China, which may help trigger a demand of steel. With respect to price, the price of iron ore in 2009 is expected to decline by 20 - 40 percent. Coal, which is used for coke making, is likely to drop by 40 percent. Additionally, fuel price is estimated to go down as well, which will contribute to a lower production cost for steel manufactures.

Regarding the Thai economy in 2009, according to the Fiscal Policy Office, Thai GDP is expected to contract one percent due to a negative impact from glooming prospect of private expenditure, a result of lower household income and uncertainties in employment. Meanwhile, the export sector tends to decline sharply because of slow-down economy of trading partner countries. Nevertheless, the consumption and governmental investment will be a major contributor in driving economy ahead. As for steel industry in Thailand, the Iron and Steel Institute of Thailand viewed that the slow economy will prompt an 8.4 percent - decrease in steel consumption, resulting in a use of 12.3 million tons in the country. Also, the steel inventory will prevent an expansion of real consumption of steel. Adding to this, the export sectors using steel as raw material e.g. automotive and parts, tends to shrink. Nevertheless, it is fortunate that improved political situation in the country is believed to create more stability along side with economy stimulation package of the government which is trusted to help boost confidence from consumers and both domestic and international investors. In particular, the governmental projects will help encourage more consumption in construction sector. In 2009, the price of steel is estimated to improve compared to the past year which saw a high level of volatility and sharp decline. This year, the price will sustain and may rise slightly depending on domestic consumption. As for the competition, the rise in price of scrap price and softer price of semi finished steel products will result in a similar cost structure of both producers using scrap and semi finished steel products; domestic competition thus be more intensified. In addition, the measures launched by governments of some countries e.g. an export tax revocation which will lead to more steel import to the country, will fuel fierce competition in the country.

Risk Management

Realizing risk factors which may affect the Company's business goals, the Board of Directors established a policy concerning risk management and internal control in late 2004 to promote the efficiency and effectiveness of the risk management function. The Risk Management Working Committee and Risk Management Subworking Committee are appointed to function as a vital mechanism in dealing with the Company's major risks. Through out the past years, it has evaluated and analyzed the risks of each business division as well as specified directions of risk management. The implementation has been followed up systematically. In addition, to ensure that the conduct of the Board of Directors is in line with good corporate governance policy, the Board of Directors established the Risk Management Committee in late 2007 to assist the Board in overseeing risk management function as well as to strengthen the efficiency and effectiveness of the risk management activities of the Company. The Risk Management Committee reviews and gives opinions in the major risk assessment and management report which is already passed an initial review by the Risk Management Working Committee. Subsequently, the Audit Committee may have additional opinions or observations on the report before submitting it to the Board of Directors on a quarterly basis.

In 2008, the Liability of Damage Arising from Unsafe Products Act B.E. 2551 was enacted and will be effective in 2009. In response to the Act which is considered a new risk, the Company has prepared itself by educating the employees about the new law. The speaker from legal firm and insurance broker were invited to provide knowledge to employees on characteristics and conditions of company liabilities to third party arising from product defect. The sale contracts and related document are revised to address the said Act.

The major risk assessment and management for the year 2008 are summarized as follows:

Market Risks

o Risks associated with fluctuation of raw material and product prices

Risks associated with fluctuation of raw material and product prices is considered the most important risk of the Company as it affects the differences between product price and raw material cost, namely "Metal Spread". As the cost of raw materials accounted for 80 percent of product selling price, the change of the metal spread thus has the highest impact on the Company's operating result. In 2008, global steel price was unprecedentedly fluctuated. This was seen in the price of slab, the major raw material of the Company, which continuously increased from US\$ 500 per ton in the beginning of the year 2008 to peak at US\$ 1,250 per ton in July of the year. Later, the price had plunged drastically since August to US\$ 400 per ton at the end of the year. This unprecedented fluctuation resulted from the financial crisis of the US and its widespread effect which led to the slowdown of world-wide economy or economy shrink for some countries in the fourth quarter of 2008.

In managing risks associated with fluctuation of raw material and product prices, as the fluctuation of the steel price arose from an external factor and beyond the control of the Company, such risk could be mitigated only at certain level. The risk mitigating measures implemented by the Company included: (1) closely monitoring world steel price and increasing a prudent procurement of slab. SSI made an effort to procure the raw materials from the sources which enabled the Company to achieve the metal spread as expected, and in the quantity that met the expected sales volume; (2) focusing on producing high-grade products which generated higher price and lower volatility; and (3) controlling inventory at the appropriate level and in line with sales forecast in order to minimize risks arising from negative impact of prices.

As for the risk arising from the slab price which rose continuously since the beginning in 2008 to peak in July, the risk management of the Company during such period proved to be effective. SSI was able to achieve a better metal spread than its target and the Company's operating result in the first half of 2008 was better than its projection. Nevertheless, the risk arising from the drastic drop of slab price which happened since August 2008 adversely affected the metal spread. As a result, the Company realized the negative metal spread in the fourth quarter of the year. In addition, sales volume in the fourth quarter was much lower than the projection, because demand decreased and the customers delayed their purchasing order as they expected a further drop of the price. Due to a significant drop of sales, the inventory level at the end of the fourth quarter was far greater than that at the end of the third quarter while the cost of the inventory was significantly higher than the market price at the end of the year. As a result, the operational performance of the Company, which achieves profit in the first half of 2008, turned to be loss for the entire year of 2008 whereas it set aside Baht 5,417 million as a provision for diminution in value of inventories at the end of 2008.

Financial Risks

o Risks related to foreign currency exchange rate

In 2008, the Company's payment in foreign currency for the imported slab accounted for 114.5 percent of the total sales. At the same time, the Company's revenue in foreign currency arising from export sales and sales to certain domestic customers who are committed to settle their purchases in US dollars, accounted for 22.44 percent of the total sales. Consequently, the Company could not avoid risks from foreign currency exchange rate. Nevertheless, having both income and expense in foreign currency, the Company was able to reduce the exchange rate risk to a certain degree by offsetting the future foreign currency payables against the future foreign currency receivables with the similar settlement dates, so called "netting technique". For those transactions that could not be offset, the Company would enter into foreign exchange contract or forward cover. Furthermore, for flexibility of foreign exchange rate risk management, the Company's Board of Executive Director has a policy to enable the Company to maintain its foreign currency position which is not covered by forward market hedge within a limit that is deemed appropriate by the Board. At present, US\$ 10 million is set as a maximum limit and the management is required to report foreign currency position to the Board of Executive Directors' Meeting every month.

o Risks related to interest rate

The Company's risk from interest rate fluctuation rose in 2008 compared to the year 2007 as a result of increasing number of outstanding loan. Additionally, interest rates in the first three quarters of the year were on a rise due to the inflation. As most of the Company's loan carried the floating-rate interest rate, the operation of the Company was adversely affected. A total outstanding loan of the Company jumped from Baht 11,045 million at the end of 2007 to Baht 23,092 million at the end of 2008. Interests of most loans climbed from 5.05 percent per year in the beginning of the year to 5.33 percent per year at the end of third quarter. The rising number of creditors partly resulted from the higher price of imported slab which contributed to a dramatic increase in need of working capital consisting of inventory and accounting receivable. Also, the rise came from mid-term loan of Baht 3,300 million to invest in Thai Cold Rolled Steel Sheet Public Company Limited - a strategic move to enhance competitive edge in the long term. Nevertheless, the risk of interest fluctuation started to subside in the fourth quarter of

2008 as the interest rate tended to be lower. This could be seen from the announcement of the Bank of Thailand to reduce the policy interest rate continuously from 3.75 percent per year to 2.75 percent per year in an effort to stimulate the sluggish economy in the fourth quarter. In addition, the price of slab which peaked in July 2008 sharply dropped since then and thus brought down a need of the Company's for working capital.

○ **Risks related to credit**

In the ordinary course of the Company's operation, the Company has the account receivable arising from the sale to domestic customers under credit terms within agreed periods. At the end of 2008, as the outstanding account receivable stood at Baht 3,363 million, the Company exposed to the risk from customers' inability to settle the payment within due dates or within agreed date of credit extension. To mitigate the risk, the Company sets up criteria and procedures regarding credit offering as well as setting up a credit limit for each customer by taking into account the demand and payment ability of each customer. Each credit line must receive an approval in writing from the authorized executives in charge of credit approval. In addition, the credit risk is regularly governed through a report by the Company's managements at the Board of Executive Directors' Meeting every month on the quality of trade accounts receivable, particularly those past due accounts and the result of credit collection of each accounts. At the end of 2008, some customers were unable to pay within due date as a result of the economic slowdown in the fourth quarter and their sales were lower than the projection. Since these customers were existing customers with a good record of payment and they expressed intention to settle overdue payment, the Company therefore negotiated for a debt settlement plan with the customers with a trust that they will be able to pay according to mutually agreed schedule.

○ **Risks related to liquidity**

Liquidity risk is the risk that stems from the failure of the Company to meet its obligations as they fall due because it is unable to either convert its assets into money or to obtain sufficient fund at reasonable costs within the required time limit, which may then result in a loss to the Company. To address its liquidity risk, the Company carried out the following key measures: (1) structure and maintain the debt to equity ratio of not exceeding 2 : 1 and at the end of 2008, the ratio was 1.55 : 1 (2) monitor the adherence to the principle of not using short-term financing to fund non-current assets. The criteria was strictly adhered to as the Company secured the mid-term loan of Baht 3,300 million to acquire shares of Thai Cold Rolled Steel Sheet Public Company Limited and (3) monitor change in the current ratio which is one of the key indicators of liquidity of the Company. A higher ratio indicates higher liquidity. At the end of 2008, the current ratio was 0.91 : 1, lower than the previous year which was 1.81 : 1, as a result of a provision for diminution in value of inventories of Baht 5,441 million as the end of 2008 which reduced the value of current assets. Nevertheless, the current ratio is expected to improve when the Company performs better (4) obtain sufficient sources of funds and the types of credit to meet requirement of the Company's business plan; and (5) prepare cash inflows and outflows statement on a regular basis in order to forecast future cash need so that any potential liquidity problem can be dealt with on timely basis. In 2008, despite an absence of liquidity problem, a drastic economic slowdown in the fourth quarter of 2008 resulted in extraordinary decrease in sale in the fourth quarter of 2008 as well as higher inventories over the sale volume, whereas some customers were unable to settle payment when they fell due. The Company therefore may face liquidity difficulties in the future. However, the Company has already prepared the measures to solve liquidity constraints which may occur.

Production Risks

○ Risks related to product quality and machinery failure

The Company has incessantly maintained the high quality of the products by adopting international standards as well as improving the operations for better quality.

In preventing machinery failure, the Company has always maintained the machine through adoption of a number of management systems. In the previous year, according to the risk assessment of the machinery, it was found that the obsolescence risk of equipments in the Automatic System and Main Drive System tremendously increased because of discontinuity of old model of machine. Furthermore, the spare part is no longer available for the customers. The said risk which was evaluated at high level may possibly result in a 2 - 4 month disruption in production. Therefore, the Company allocated Baht 12 million for two revamping projects in the year 2008 and another Baht 32 million for three additional revamping projects in the year 2009. The completion of the projects will minimize the level of the risk and thus ensure that the machine will be in the good condition and primed for production at all times.

○ Risks related to natural disaster and fire

Owing to the flood in 2008 at Bang Saphan District, the Company established a prevention-mitigation and recovery plan for possible flood in the future. The measures encompass weather forecast, surveillance for water level, flood embankment construction to protect major equipment and waste which may be washed out from the plant. In addition, the community and government agencies have implemented activities to prevent and lessen flood e.g. dredging waterway in the area continuously.

Furthermore, the Company has improved a fire response plan covering prevention-mitigation and recovery plan, fire fighting team who has advanced knowledge, several fire prevention systems e.g. heat and smoke detector, automatic sprinkler systems, automatic chemical fire extinguisher and basic fire extinguishing equipment and fire trucks that are 24 hours ready. The Company was also certified by various organizations for the buildings compliance to the building law standard concerning fire.

○ Risks of employee's protest

At the end of December 2008, some employees at the plant left work and appealed to the Company for the additional bonus. Nevertheless, the Company was able to end the protest immediately within a day as it communicated the effect from economic crisis on the operation to the protesters. Negotiation was made with employee representatives while no asset was damage during the protest. For the year 2009, the Company plans to improve labour relations according to Thai Labour Standard (TLS 8001 : 2546 (2003)) continuously. Emphasis is placed on direct employee communication to inform the employees of the Company's operational performance and enable them to be aware of the business rationale. Various labour relations activities will be held to strengthen relationship between executives and employees. In addition, the Company will raise a standard on Security Management System TISI 22300-2551 (2008) to enable the Company to end any protest and protect important assets/areas of the Company.

Risks related to the insurance risk

The Company is aware of other risks that could affect the accomplishment of the Company's objectives. The Company has taken out insurance policies to cover most of its major risk factors, but some risk factors are not covered by contemporary insurance policies, either because the Company has not insured such matters or insurance companies could not cover them. Among these are terrorism, nuclear war, disastrous epidemics, unsafe products, and loss of electronic data due to internet viruses. If the Company encounters such incidents, they would inevitably have a negative impact on the achievement of the Company's goals, its financial status, and its operational results.

Shareholding and Management Structure

Shareholders

Listed are the names and shareholdings of the ten largest shareholders (as per article 258, voted the same way) as of April 9, 2008, the closure date of the company's share register, entitled to attend the Annual General Meeting of Shareholders No. 19.

Names	As of April 9, 2008	
	Number of Shares	Percentage of shareholdings
1. Sahaviriya Group	6,351,357,150	48.47
2. CREDIT SUISSE	831,211,100	6.34
3. CITIBANK NOMINEES SINGAPORE PTE LTD - UBS AG ZURICH	829,444,700	6.33
4. THE BANK OF NEW YORK (NOMINEES) LIMITED A/C 5100	759,795,420	5.80
5. Thai NVDR Company Limited	258,365,645	1.97
6. Bank of Ayudhya Public Company Limited	224,900,200	1.72
7. Ms. Sumal Limpiyachart	222,952,000	1.70
8. Ms. Pornpen Pingrungruengwattana	195,729,800	1.49
9. Mr. Nobpadol Sivabut	187,200,200	1.43
10. Social Security Office	165,806,000	1.27



Note: Sahaviriya Group consisted of:

	Percentage of shareholding
1. Sahaviriya Group Co., Ltd.	28.31%
is an investment holding company whose major shareholders are:	
1. Mr. Win Viriyaprapaikit,	who owns 47.14% of all shares
2. Mrs. Thirarat Kunatthanont,	who owns 30.90% of all shares
3. Mr. Piya Viriyaprapaikit,	who owns 20.95% of all shares
4. Others holding	1.01% of all shares
2. Sahaviriya Inter Steel Holdings Co., Ltd. (formerly named SSV ASSET Co., Ltd.)	15.38%
is an investment holding company whose major shareholders are:	
1. Sahaviriya Group Co., Ltd.,	who owns 98.14% of shares
2. KP Capital Company Limited,	who owns 1.68% of shares
3. Others	0.18% of shares
3. Mrs. Prapa Viriyaprapaikit	100 shares
4. Mr. Wit Viriyaprapaikit	100 shares
5. Mrs. Kanokvipa Viriyaprapaikit	2.15%
6. Mrs. Theerarat Kunatthanont	1.81%
7. Mrs. Sirikul Viriyaprapaikit Bendi	0.76%
8. Ms. Kanokvalee Viriyaprapaikit	0.03%
9. Mrs. Krissana Viriyaprapaikit	0.03%
Total shareholdings in SSI	48.47%

The latest shareholdings can be viewed via the Company's website (www.ssi-steel.com) before the Annual General Meeting of Shareholders.

Foreign Limit

The Company's foreign shareholding was limited at 49 percent of the paid-up capital. As of December 31, 2008, the Company's foreign shareholding was 21.34 percent of the paid-up capital.

Management

(1) Management

The Company's management structure consists of seven committees, namely the Board of Directors, the Board of Executive Directors, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Good Corporate Governance Committee and the Risk Management Committee. Their duties and responsibilities may be summarized as follows:

1. Board of Directors

As of December 31, 2008 the Board of Directors consisted of fifteen members, namely:

- a director who is also an executive 1 person
- directors who are not executives 9 people
- independent directors 5 people

The names of the Board of Directors are as follows:

1.	Mr. Maruey	Phadoongsidhi	Chairman of the Board of Directors
2.	Mr. Wit	Viriyaprapaikit	Director
3.	Mrs. Prapa	Viriyaprapaikit	Director
4.	Mr. Visith	Noiphan	Independent Director
5.	Mrs. Kesree	Narongdej	Independent Director
6.	Mr. Tongchat	Hongladaromp	Independent Director
7.	Mr. Tawee	Butsunorn	Independent Director
8.	Mr. Prateep	Buphaintr	Independent Director
9.	Mr. Thaweesak	Senanarong	Director
10.	Mr. Kamol	Juntima	Director
11.	Mr. Somchai	Pipitvijitkorn	Director
12.	Mr. Permpoon	Krairiksh	Director
*13.	Mr. Yuke	Sutarat	Director
14.	Mr. Piya	Viriyaprapaikit	Director
15.	Mr. Win	Viriyaprapaikit	Director

*** Remark:**

Mr. Yuke Sutarat was appointed as a director in a replacement of Mr. Nuttawit Boonyawat on August 11, 2008.

Requirements for Independent directors

1. Number of independent directors shall be equivalent to at least one-third of the board size, but not less than three.
2. Independent directors by mean directors with qualification as follows:
 - (a) Hold no more than 0.5 percent of the voting right shares in the Company, parent company, affiliated companies, associated companies, major shareholders or controlling person of the Company. This also applies to person who related to such independent director.

- (b) Not part of management, employees, or consultant who receives full time salary, nor controlling person of the Company, parent company, affiliated companies, associated companies, same level affiliated companies, major shareholders or any controlling person of the Company unless the foregoing status has ended for more than 2 years prior to the date of appointment, the aforesaid prohibited qualifications do not include the case where the independent director was an official of or an advisor to governmental unit which is major shareholder of the Company or has controlling power in the Company;
- (c) Is not a person related by blood or legal registration, such as father, mother, spouse, sibling and child, including spouse of the children, management, major shareholders, controlling persons, or persons to be nominated as management or controlling person of the Company or its affiliated companies;
- (d) Has not or has not had a business relationship with the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest, in the manner that may interfere with his independent judgment, or is not or has not ever been a major shareholder, non-independent director or management of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest unless the foregoing relationship has ended for more than 2 years from the date of appointment;

The term "business relationship" aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the applicant or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Concerning the Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of 1 years prior to the date on which the business relationship with the person commences;

- (e) Is not or has not ever been an auditor of the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest and is not a major shareholder, non-independent director, management or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest unless the foregoing relationship has ended for more than 2 years from the date of appointment;
- (f) Neither be nor have been any professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding Baht two (2) million from the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have a conflict of interest, and neither be nor have been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship ended not less than two (2) years from the date of appointment;
- (g) Not be a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;

- (h) Is not operate any business which has the same nature as and is in competition with the business of the Company, its subsidiaries or is not become a partner in a partnership or is not board number of its parent company or an executive director, employee, staff, advisor who receives regular salary or holds more than 1 percent of total voting stock of any other company operating business which has the same nature as and is in competition with the business of the Company, its subsidiaries;
- (i) Not have any characteristics which make him or her incapable of expressing independent opinions with regard to the Company's business affairs.

After being appointed as independent directors with qualifications in accordance with clauses (a) to (i), the independent directors can be assigned by the board of directors to make decision on the business of the Company, its parent company, its subsidiaries, its associated companies, its subsidiaries in the same level, its major shareholders or persons who have controlling power in the Company, in the form of collective decision.

Remarks:

- Related person means a person in section 258 of Securities and Exchange Commission Act.
- Significant shareholder means a shareholder in any entity having more than 10 percent of the total shares with voting right and the shares include shares held by a related person.
- Partner means a person authorized by the auditor or professional provider to sign in auditor's report or a professional report (in any case) on behalf of juristic person.
- A director with management participation means a director holding management position, a director with the responsibility in any implementation as management and an authorized director who can sign in binding company except it is expressly shown to be signing at the approval of the committee and in joint signing with other directors.
- A subsidiary in same level means any two or more subsidiaries under the same parent company.

Directors who are authorized to sign as the Company's representative are Mr. Maruey Phadoongsidhi or Mrs. Prapa Viriyaprapaikit or Mr. Wit Viriyaprapaikit or Mr. Kamol Juntima or Mr. Somchai Pipitvijitkorn or Mr. Piya Viriyaprapaikit or Mr. Win Viriyaprapaikit. Any two of these seven directors can together sign a document and affix to it the Company's seal affixed.

Authority and Duties of the Board of Directors

1. The Board of Directors is authorized and obligated to ensure that the Company achieves the objectives and complies with the regulations of the Company, as well as the resolutions of the shareholders' meetings.
2. By resolution or written authorization, the Board of Directors is entitled to delegate its responsibilities to juristic entities or people, who may or may not be directors, who will act on the Company's behalf and sign their names so as to legally bind the Company according to conditions given to the people so delegated by the Board of Directors. The Board of Directors may delegate various aspects of this authority to one or more people.
3. The Board of Directors must meet no less than once every three months.
4. The Board of Directors must organize an Annual General Meeting of Shareholders within four months from the final day of the Company's fiscal year. Any other meeting of shareholders should be designated an "Extraordinary Meeting" and may be called any time by the Board of Directors, at their discretion, or whenever a number of shareholders whose shareholdings represent no less than one fifth of the total number of issued shares or at least twenty-five shareholders whose shareholdings represent no less than one tenth of the total number of

issued shares, produce and all sign a document that clearly states their reasons and purposes in calling for a meeting. The Board of Directors must then summon an Extraordinary Meeting of Shareholders within one month from the date on which they receive such a letter from the shareholders.

5. The Board of Directors must produce a balance sheet and statement of earnings, pertaining to the Company on the final day of its fiscal year, and present it to the Annual General Meeting of Shareholders for their approval. The Board of Directors must arrange for the auditor to examine these financial statements before they are presented to the shareholders' meeting.

6. The Board of Directors must appoint the corporate secretary to perform functions on behalf of the Company or the Board of Directors as determined by law.

In case of retirement or the inability to perform functions of the corporate secretary, the Board of Directors must appoint the new corporate secretary within 90 days from the date of which the position becomes vacant and Board is authorized to assign any board member to act as the corporate secretary during the vacant period.

The Chairman of the Board shall notify the Securities and Exchange Commission of the name of new corporate secretary within 14 days from the date of which the appointment is made, and also notify the Securities and Exchange Commission of the place where the documents are kept as determined by law.

2. Board of Executive Directors

As of December 31, 2008, the Board of Executive Directors consisted of six members:

1.	Mr. Wit	Viriyaprapaikit	Chairman of the Board of Executive Directors
2.	Mr. Maruey	Phadoongsidhi	Executive Director
3.	Mr. Somchai	Pipitvijitkorn	Executive Director
4.	Mr. Piya	Viriyaprapaikit	Executive Director
5.	Mr. Win	Viriyaprapaikit	Executive Director
6.	Mr. Yuke	Sutarat	Executive Director

Scope of Authority and Duties of the Board of Executive Directors

1. Study and assess policies, strategies, long-term plans, annual plans and budgets, plans for investments, capital budgets, expansion plans, and plans for new operations or joint ventures, and submit the same to the consideration of the Board of Directors for approval.

2. Be responsible for operations according to the policies and plans approved by the Board of Directors, as well as to monitor and assess the results of those operations and to submit the same to the Board of Directors for its consideration.

3. Hire, confirm, appoint, dismiss, rotate, transfer, retire, or terminate the contracts of executives at the levels of President, Executive Vice President, Vice President, and Assistant Vice President. The Board of Executive Directors is authorized to approve and to inform the Board of Directors of its decisions.

4. Hire, confirm, appoint, dismiss, rotate, transfer, retire or terminate the contracts of executives at the level of Department Manager. The President is authorized to approve and to inform the Board of Executive Directors of his/her decisions.

5. Produce and approve an Authorization Chart for the executive and operational levels of the Company.

6. Determine and/or assign the authority to sign for various matters related to the Company's operations and finances.

7. Consider and approve the opening of commercial bank accounts and determine those with the authority to sign for withdrawals and payment orders from such accounts.

8. Perform other functions as assigned to it by the Board of Directors.

3. Audit Committee

As of December 31, 2008, the Audit Committee consisted of three members, each with a three-year tenure, (from June 30, 2008 to June 29, 2011) as follows:

- | | | | |
|----|-------------|-----------|--------------------------------|
| 1. | Mrs. Kesree | Narongdej | Chairperson of Audit Committee |
| 2. | Mr. Visith | Noiphan | Audit Committee Member |
| 3. | Mr. Prateep | Buphaintr | Audit Committee Member |

Audit Committee Members No. 1 and No. 3 have knowledge and experiences which are adequate for performing its duties on reviewing the reliability of financial reports.

Scope of Duties and Responsibilities of the Audit Committee

1. Ensure accuracy and adequacy of the Company's financial report.
2. Ensure suitability and effectiveness of the Company's systems of internal control and internal auditing as well as review the independence of internal audit office and approve appointment, transfer and dismissal of the Chief of the Office of internal audit.
3. Ensure the Company's compliance with laws on securities and exchanges and relevant laws with the Company's business as well as rules/regulations/notifications/orders issued by such laws.
4. Review the Company's risk management system, with particular focus on the Company's major risk.
5. Consider, select, nominate the Company's auditor, and propose his/her remuneration.
6. Review the connected transaction and transaction with potential conflict of interest to comply with the law on securities and exchanges and relevant laws with the Company's business as well as rules/regulations/notifications/orders issued by such laws.
7. Consider commissioning ad-hoc consultant, at the Company's expense, if particular advice or expert knowledge is required.
8. Perform other functions as assigned to it by the Board of Directors.
9. In fulfilling the mission of the Audit Committee, should the Committee find or suspect any action which significantly affects financial position or operational performance, the Committee shall report to the Board of Directors to resolve in due time as deemed appropriate.
 - 9.1 Conflicts of interest
 - 9.2 Corruptions, abnormalities, or deficiencies in the system of internal control
 - 9.3 Violations of the securities and stock exchange laws and laws in relation to the Company's business as well as rules/regulations/notifications/orders issued by such laws.
10. Report the operational results of the Committee to the Board of Directors at least twice a year.
11. Prepare a report of the Committee for disclosure in the annual report, signed by the Chairman of the Committee; the information is complete according to the criteria and specifications of the Stock Exchanges of Thailand.

4. Remuneration Committee

As of December 31, 2008, the Remuneration Committee consisted of three members whose term of office is three years, (from November 24, 2007 to November 23, 2010) as follows:

- | | | | |
|----|--------------|------------------|--|
| 1. | Mr. Tawee | Butsunorn | Chairman of the Remuneration Committee |
| 2. | Mr. Somchai | Pipitwichitrakon | Remuneration Committee Member |
| 3. | Mr. Taweesak | Senanarong | Remuneration Committee Member |

Scope of Authority and Responsibilities of the Remuneration Committee

1. Consider guidelines for determining remuneration for the Board of Directors, other committees established by the Board of Directors, and the President. This remuneration should include meeting allowances, annual bonuses, certificates of rights to purchase common shares of the Company, and other benefits, either monetary or non-monetary, and to consider the remuneration structure for senior executives. The means of determining remuneration or remuneration structures should be fair and reasonable.

2. Consider rates of remuneration for the Board of Directors, other committees established by the Board of Directors, the President, and the remuneration structure for senior executives in comparison with standard practice in the industry among companies listed in the Stock Exchange of Thailand, their duties and responsibilities, and how they are linked to the performance of the Company.

3. Engage in other activities, assigned to it by the Board of Directors, having to do with remuneration.

4. The Remuneration Committee may seek the advice of outside consultants concerning remuneration if considered necessary, and may take courses or classes, to increase their knowledge about matters of remuneration, at the Company's expense.

5. The Remuneration Committee must regularly report the results of its meetings or other matters of concern to the Board of Directors.

5. Nomination Committee

As of December 31, 2008, the Nomination Committee consisted of three members whose term of office is three years, (from November 24, 2007 to November 23, 2010) as follows:

1.	Mr. Visith	Noiphan	Chairman of Nomination Committee
2.	Mr. Kamol	Juntima	Nomination Committee Member
3.	Mr. Prateep	Buphaintr	Nomination Committee Member

Scope of Duties and Responsibilities of the Nomination Committee

1. Select, in a principled and transparent manner, people who should be nominated as Company Director or President, including those suggested by shareholders (if any).

People nominated must be knowledgeable, competent, independent, capable of cautious judgement, loyal, and dedicated to the time and effort it takes for their tasks, of an acceptable age, in good health physically and mentally, able to regularly attend meetings of the Board and prepare for them in advance, able to contribute usefully to such meetings, forthright, daring enough to express opinions in meetings, and possessed of good work experience and moral behavior.

The Nomination Committee will give priority to people whose skills, experience, professionalism, and special characteristics are wanted or needed in the Board of Directors to ensure that the Board of Directors is as complete as possible and best able to serve the Company's interests. The nominee's directorship in other companies will be considered, to determine whether such a position would have an effect on the Company or constitute a conflict of interest. The same considerations apply to the position of President.

2. Request the opinions of the Board of Directors (if any) regarding nominations prior to submitting names to the Board of Directors or a shareholders' meeting for further consideration.

3. Engage in other activities assigned to it by the Board of Directors that have to do with nominating directors or the President.

4. The Nomination Committee may seek the advice of outside consultants concerning remuneration if considered necessary, and may take courses or classes, to increase knowledge about matters of nomination, at the Company's expense.

5. The Nomination Committee must regularly report the results of its meetings or other matters of concern to the Board of Directors.

6. Good Corporate Governance Committee

As of December 31, 2008, the Good Corporate Governance Committee consisted of three members, whose term of office is three years (from December 4, 2007 to December 3, 2010), as follows:

1.	Mr. Tawee	Butsunton	Chairman of the Good Corporate Governance Committee
2.	Mr. Kamol	Juntima	Good Corporate Governance Committee Member
3.	Mr. Piya	Viriyaprapaikit	Good Corporate Governance Committee Member

Scope of Duties and Responsibilities of the Good Corporate Governance Committee

1. Set policies and directions for implementing good corporate governance according to business philosophies and international codes of business conduct, ensure that the Company's business achieves stable and sustainable growth and is conducted according to principles of business ethics.
2. Oversee, communicate, and follow up on plans and procedures that accord with policies promoting the highest interests of the Company and its shareholders.
3. Ensure that material information is disclosed correctly, completely, and on a timely basis.
4. Oversee and follow up on guidelines to prevent conflicts of interest and improper use of inside information for trading Company securities.
5. Review policies, direction, and code of business ethics, as well as the best practices and guidelines concerning good corporate governance, to ensure that they are up to date, and submit proposals to the Board of Directors for their approval.
6. Oversee the Company's commitment to its corporate social responsibility to ensure that it conforms to the Company's business philosophy and code of business ethics.
7. Report on the Company's corporate governance to the Board of Directors on a regular basis, and report immediately if some event affects the Company in a significant way, and recommend improvements.
8. Engage in any activities related to good corporate governance with the Board of Directors authority.
9. The Good Corporate Governance Committee may seek the advice of external advisers concerning good corporate governance if deemed necessary and appropriate, and may take courses to enhance its knowledge in these matters at the Company's expense.
10. The Good Corporate Governance Committee should report results of its meetings and other matters it regards worthy of note to the Board of Directors on a regular basis.

7. Risk Management Committee

The board-level Risk Management Committee ("the Committee") was established by the Board of Directors ("the Board") on December 3, 2007. Pursuant to the Board resolution, the Committee shall consist at least three members of the Board and the term of office shall be for a period of three years. The present Committee has three members who shall serve from December 4, 2007 to December 3, 2010. The names of the Committee members are as follows:

1.	Mr. Tongchat	Hongladaromp	Chairman
2.	Mr. Somchai	Pipitvijitkorn	Member
3.	Mr. Taweesak	Senanarong	Member

Duties and Responsibilities of the Committee

The revised duties and responsibilities of the Committee as approved by the Board are as follows:

1. Review and recommend to the Board for approval the Company's risk management policy and appetite for risk.
2. Oversee the development and implementation of the Company's enterprise risk management framework.
3. Review risk management reports submitted by management in order to monitor the Company's major risk exposures and take appropriate action to ensure that such risks have been effectively monitored and controlled by management on an ongoing basis.
4. Make additional recommendations to the Board with respect to the management of risk and report to the Board on problems and difficulties encountered in the course of the development of the Company's risk management system.
5. In carrying out its duties and responsibilities the Committee may engage outside professional consultants for advice and training as the Committee deems necessary and appropriate at the expense of the Company.
6. Perform such other duties as may be assigned by the Board concerning risk management.
7. The Committee shall report to the Board regularly on the results of its meetings and other matters considered to be of major importance that they should be brought to the attention of the Board.

The Company's Management is as follows:

- | | | | |
|------|----------------|--------------------|---|
| 1. | Mr. Win | Viriyaprapaikit | President |
| *2. | Mr. Kittisak | Mapanao | Vice President - Manufacturing Division |
| 3. | Mrs. Vilai | Chattanrassamee | Vice President - Finance & Accounting Division
and Secretary to the Risk Management Committee |
| *4. | Miss Wanna | Tungcharoenching | Assistant Vice President -
Commercial Division 3 (Slab Procurement)
and Acting Vice President - Commercial Division 2 |
| 5. | Mr. Prueng | Piyachart | Vice President - Commercial Division 3 |
| 6. | Mr. Nava | Chantanasurakon | Vice President - Human Resources & Administration Division
and Secretary to the Remuneration Committee |
| 7. | Mr. Jira | Chotinuchit | Vice President - Office of the President |
| *8. | Mr. Wichien | Tungsuknirundorn | Vice President - Office of the President |
| *9. | Miss Sunee | Wattanapholmongkol | Vice President - Office of the President |
| *10. | Mr. Somsak | Sivapaiboon | Vice President - Office of the President |
| 11. | Mr. Chartchai | Pomloy | Assistant Vice President - Commercial Division 1 |
| 12. | Mr. Wera | Kosacarn | Assistant Vice President - Commercial Division 2 |
| 13. | Mr. Soonthorn | Wasansaerekul | Assistant Vice President -
Manufacturing Division (Operations 1) |
| 14. | Mr. Thinnakorn | Phadungwong | Assistant Vice President -
Manufacturing Division (Operations 2) |
| 15. | Mr. Somkiat | Panichkul | Assistant Vice President -
Manufacturing Division (Maintenance & Utility) |

16.	Mr. Thavorn	Cananub	Assistant Vice President - Manufacturing Division (Planning & Logistic Operations)
17.	Mr. Narongrit	Chotnuchittrakul	Assistant Vice President - Finance & Accounting Division (Accounting)
18.	Mr. Vuthi	Asvasermcharoen	Assistant Vice President - Finance & Accounting Division (Finance)
19.	Mr. Kanok	Aroonrasamesopa	Assistant Vice President - Human Resources & Administration Division (Training & Development)
20.	Mr. Matee	Rattanasoontorn	Assistant Vice President - Information Technology Division
21.	Mrs. Wannee	Sirikanchana	Chief, Internal Audit Office, Secretary to the Audit Committee and Secretary to the Good Corporate Governance Committee
22.	Mr. Surasak	Ngamsidhipongsa	Assistant Vice President - Corporate Secretariat Office, Company Secretary, Secretary to the Board of Executive Directors and Secretary to the Nomination Committee
*23.	Mr. Srijarong	Bandhaya	Assistant Vice President - Office of the President
*24.	Miss Natcharintorn	Siriwattana	Assistant Vice President - Office of the President
*25.	Mr. Mana	Rattanacherdkiet	Assistant Vice President - Office of the President

*** Remark:**

- No. 2 was appointed as Vice President for Manufacturing Division on May 1, 2008, and was assigned to take a position of Vice President for Manufacturing Division of Thai Cold Rolled Steel Sheet PLC on October 1, 2008.
- No. 4 was appointed as Acting Vice President for Commercial Division 2 on October 17, 2008.
- No. 8 was appointed as Vice President for the Office of the President on October 1, 2008, and was assigned to take a position of President of Thai Cold Rolled Steel Sheet PLC on October 1, 2008.
- No. 9 was appointed as Vice President for the Office of the President on October 17, 2008, and was assigned to take a position of Vice President for Finance and Accounting Division of Thai Cold Rolled Steel Sheet PLC on October 17, 2008.
- No. 10 was appointed as Vice President for the Office of the President on November 1, 2008, and was assigned to take a position of Managing Director of Prachuap Port Co., Ltd. on November 1, 2008.
- No. 23 was appointed as Vice President for the Office of the President on October 1, 2008, and was assigned to take a position of Vice President for General Administration Division of Thai Cold Rolled Steel Sheet PLC on October 1, 2008.
- No. 24 was appointed as Vice President for the Office of the President on November 1, 2008, and was assigned to take a position of Deputy Managing Director of West Coast Engineering Co., Ltd. on November 1, 2008.
- No. 25 was appointed as Vice President for the Office of the President on October 1, 2008, and was assigned to take a position of Vice President for Sale and Marketing Division of Thai Cold Rolled Steel Sheet PLC on October 1, 2008.

Scope of Duties and Responsibilities of Executives

1. Prepare strategic and working plans, both short and long term, that accord with the Company's policies and business plans.
2. Organize a process of transmitting information within the organization so that all personnel are aware of the policies to be implemented, as determined by the Board of Directors.
3. Perform the tasks assigned by the Board of Directors, in accordance with the objectives, regulations, and rules of the Company, and within the authority normally granted to perform such tasks.
4. Produce reports of one's activities to the Board of Directors in a timely fashion. The reports should contain:
 - 4.1 The state of the Company's operations or operational results, management of risk in various areas, and timely comments on internal and external factors that could affect the Company.
 - 4.2 Plans altered to conform to the policies decided on by the Board of Directors, and revised strategic plans as business conditions change. Such changes might include new legislation, the state of the competition, or business opportunities.

(2) Nomination of Directors and Executives**1. Nomination of Directors**

The Company has appointed a Nomination Committee to select individuals suitable for nomination as directors or President of the Company, and to propose their names to a meeting of the Board of Directors and/or a shareholders' meeting for consideration. Details of this appear in article (1) Management, topic 5. Nomination Committee.

2. Nomination of Executives

The Board of Directors has delegated authority to the Board of Executive Directors for the consideration and appointment of knowledgeable, competent, and experienced persons who are fit to become executives of the Company. When an appointment has been made, it should be reported to the Board of Directors.

The Company has also produced a succession plan by which personnel within the Company can prepare to become corporate executives.

Rights of Minor Shareholders in the Appointment of the Board of Directors

Directors shall be appointed by a majority of votes in a meeting of shareholders, according to the following criteria and procedures:

1. Each shareholder has a number of votes equal to the number of shares held.
2. Each shareholder may use the total number of votes he has as per 1 to elect one or more directors. If there are several directors to be elected, each shareholder must use all votes he/she has as per 1, to vote for each candidate who is best suitable for a director. The votes may not be divided or distributed among two or more people.
3. Those who receive the most votes are considered to be elected as directors, in the order of most votes received to least, up to the number of directors to be elected at that time. If two or more candidates receive the same number of votes for the position available, the Chairman of the meeting shall make the decision on which candidate is to be chosen.

(3) The Remuneration for the Directors and the Executives in 2008

1. Total Monetary Remuneration

1.1 The structure of monetary remuneration as payments made for meeting allowances for the directors of the Company and the members of the committees as appointed by the Board of Directors, approved by the Annual General Meeting of Shareholders No. 16, held on April 5, 2005, and the Annual General Meeting of Shareholders No. 19, held on April 29, 2008, is as follows:

(1)	(1.1)	The Chairman of the Board of Directors	31,250	Baht/month
		Directors	25,000	Baht/month
	(1.2)	The Chairman of the Executive Directors	18,750	Baht/month
		Executive Directors	15,000	Baht/month
	(1.3)	Audit Committee Chairperson	18,750	Baht/time
		Audit Committee Members	15,000	Baht/time
	(1.4)	Chairman of the Remuneration Committee	12,500	Baht/time
		Remuneration Committee Members	10,000	Baht/time
	(1.5)	Chairman of the Nomination Committee	12,500	Baht/time
		Nomination Committee Members	10,000	Baht/time
	(1.6)	Chairman of the Good Corporate Governance Committee	12,500	Baht/time
		Good Corporate Governance Committee Members	10,000	Baht/time
	(1.7)	Chairman of the Risk Management Committee	12,500	Baht/time
		Risk Management Committee Members	10,000	Baht/time

(2) The Company's directors, who were appointed as directors of each committee by the Board of Directors, should receive remuneration as directors of such committees due to additional job responsibilities and working time.

1.2 The Chairman of the Board of Directors and the Chairman of the Board of Executive Directors should receive an additional Baht 300,000 per month and Baht 200,000 per month respectively given that they work for the Company on a full-time basis. The Audit Committee Chairperson should receive Baht 10,000 per month as an internal audit advisor of the Company.

1.3 Health insurance, accident insurance, and life insurance payments not exceeding Baht 20,000 per person, as resolved in the Annual General Meeting of Shareholders No. 12, held on April 30, 2001, will be paid on behalf of any director for whom the regular Company insurance plan does not cover and/or does not provide coverage for specific illnesses, and in the case of health insurance, whatever the reason. At the Annual General Meeting of Shareholders No. 13, held on April 4, 2002, it was resolved that the Company directly accepts the burden of insurance payments on behalf of all directors for whom the regular Company's insurance plan does not provide coverage, up to the standard insured amount and/or the standard benefits provided by the life, health, or accident insurance company to that director, at a rate of payment approved by the shareholders.

1.4 The directors who are senior executives should receive remuneration as senior executives only and should not receive remuneration as directors.

1.5 The directors' remuneration or annual bonuses.

(1) The directors' bonuses should be paid only when there is a dividend payment to the shareholders. If the Company has no dividend payment in any year, the directors will not receive the directors' bonus on that year.

(2) The directors' bonus rate should account for 0.25 percent to 0.50 percent of the dividend payment to the shareholders. The Chairman of the Board of Directors and the Chairman of the Board of Executive Directors should receive the directors' bonus at 10 percent and 5 percent higher than those of the directors, respectively.

(3) The directors whose working period is less than one year should receive the directors' bonuses in proportion to their actual working period.

Remuneration is still paid according to principles 1.1 to 1.5 mentioned above until a meeting of shareholders shall decide otherwise.

In 2008, the the Annual General Meeting of Shareholders No. 19 approved the remuneration of the Board of Directors, the payment of bonus in the year 2007 to the directors of 14 persons (Excluding Mr. Win Viriyaprapaikit, the President, who was a member of the Company's management team) at approximately 0.5 percent of the dividend to the Shareholders (In 2007, the Company paid dividend to the Shareholders holding 13,101,280,000 shares at Baht 0.05 per share in the total amount of Baht 655,064,000.-), the Chairman of the Board of Directors and the Chairman of the Board of Executive Directors shall receive a bonus at higher amount than the directors by 10 percent and 5 percent respectively, in the total amount of Baht 3,275,320.-, which was divided as follows;

- | | | | |
|----|--|-----------|------|
| 1. | Chairman of the Board of Directors of 1 person | 254,616.- | Baht |
| 2. | Chairman of the Board of Executive Directors of 1 person | 243,040.- | Baht |
| 3. | Directors of 12 persons, each receive at | 231,472.- | Baht |

(Unit: Baht/Year)

No.	Name and Position	Meeting Allowance	Remuneration	Insurance and Medical Expenses	Directors' Bonuses in 2007	Total Remuneration
1.	Mr. Maruey Phadoongsidhi Chairman of the Board of Directors and Executive Director	555,000	3,600,000	4,700	254,616	4,414,316
2.	Mr. Wit Viriyaprapaikit Director and Chairman of the Board of Executive Directors	525,000	2,400,000	1,500	243,040	3,169,540
3.	Mrs. Prapa Viriyaprapaikit Director	300,000	-	1,500	231,472	532,972
4.	Mr. Visith Noiphan Independent Director, Audit Committee Member and Chairman of the Nomination Committee	485,000	-	4,700	231,472	721,172
5.	Mrs. Kesree Narongdej Independent Director and Audit Committee Chairperson	588,750	-	1,500	231,472	821,722

(Unit: Baht/Year)

No.	Name and Position	Meeting Allowance	Remuneration	Insurance and Medical Expenses	Directors' Bonuses in 2007	Total Remuneration
6.	Mr. Tongchat Hongladaromp Independent Director and Chairman of the Risk Management Committee	362,500	-	12,220	231,472	606,192
7.	Mr. Tawee Butsunorn Independent Director, Chairman of the Remuneration Committee and Chairman of the Good Corporate Governance Committee	387,500	-	1,500	231,472	620,472
8.	Mr. Prateep Buphaintr Independent Director, Audit Committee Member, and Nomination Committee Member	475,000	-	1,500	231,472	707,972
9.	Mr. Taweesak Senanarong Director, Remuneration Committee Member and Risk Management Committee Member	370,000	-	1,500	231,472	602,972
10.	Mr. Kamol Juntima Director, Nomination Committee Member and Good Corporate Governance Committee Member	390,000	-	1,500	231,472	622,972
11.	Mr. Somchai Pipitvijitkorn Director, Executive Director, Remuneration Committee Member and Risk Management Committee Member	550,000	-	1,500	231,472	782,972
12.	Mr. Permpoon Krairiksh Director and Executive Director	405,000	-	1,500	231,472	637,972
13.	Mr. Nuttawit Boonyawat* Director and Executive Director	280,000	-	1,500	231,472	512,972
14.	Mr. Yuke Sutarat** Director and Executive Director	200,000	-	1,500	-	201,500
15.	Mr. Piya Viriyaprapaikit Director, Executive Director and Good Corporate Governance Committee Member	520,000	-	1,500	231,472	752,972
16.	Mr. Win Viriyaprapaikit*** Director, Executive Director and President	-	-	-	-	-

Remark:

* Mr. Nattawit Boonyawat resigned from the positions on July 31, 2008.

** Mr. Yuke Sutarat was appointed as director and executive director in replacement of Mr. Nattawit Boonyawat on August 11, 2008.

*** Mr. Win Viriyaprapaikit, President, serves as an employee of the Company, thus is not entitled to receive meeting allowance, director's remuneration and bonus.

Remunerations for Sahaviriya Steel Industries PLC's independent directors who take a position of director in West Coast Engineering Co., Ltd. (SSI's affiliated companies)

(Unit: Baht/Year)

No.	Name and Position	Meeting Allowance	Directors' Bonuses in 2007	Total Remuneration
1.	Mr. Visith Noiphan Chairman	186,000	55,000	241,000
2.	Mr. Tongchat Hongladaromp Director	150,000	50,000	200,000

1.6 Remuneration for executives at the Vice President level and higher, in the form of salaries, retirement compensation, vehicle allowances, insurances and traveling allowances for nine people plus the President, totaled Baht 31,236,819.69 for the year.

2. Other Forms of Remuneration

Contributions to the provident fund for executives at the level of Vice President and higher, for nine people plus the President, totaled Baht 2,078,868.26 for the year.

(4) Remuneration for the Auditor in 2008

1. Audit Fees

The Company and its subsidiaries (Prachuap Port Co., Ltd. and West Coast Engineering Co., Ltd.) paid an audit fee of Baht 5,076,847 to the auditing office of Ernst & Young Office Limited, of which the auditor, a person or business related to the auditor and an office of the auditor is a member, for the past fiscal year.

2. Non-Audit Fees

The Company and its subsidiaries (Prachuap Port Co., Ltd. and West Coast Engineering Co., Ltd.) must pay for other services, namely the auditing of a project that received investment support and for which an exemption from annual income tax may be requested. Payment of Baht 301,500 was made to the auditing office of which the auditor is a member or entity related to the auditor and the auditing office, as the service has not been completed during the past fiscal year.

(5) Shareholding in the Company by Directors and Management

No.	Director and Executive Name	As of December 31, 2007 at Baht 1 each	As of December 31, 2008 at Baht 1 each	Increase (Decrease) in Shares Held During 2007 at Baht 1 each
1.	Mr. Maruey Phadoongsidhi Spouse: Mrs. Pittaya Phadoongsidhi	- 2,100,000 shares	- 2,100,000 shares	- -
2.	Mr. Wit Viriyaprapaikit	100 shares	100 shares	-
3.	Mrs. Prapa Viriyaprapaikit	100 shares	100 shares	-
4.	Mr. Visith Noiphan	-	-	-
5.	Mrs. Kesree Narongdej	-	-	-
6.	Mr. Tongchat Hongladaromp	-	-	-
7.	Mr. Tawee Butsunton	-	-	-
8.	Mr. Prateep Buphaintr	-	-	-
9.	Mr. Taweesak Senanarong	-	-	-
10.	Mr. Kamol Juntima	1,070,000 shares	1,070,000 shares	-
11.	Mr. Somchai Pipitvijitkorn	-	-	-
12.	Mr. Permpoon Krairiksh	-	-	-
13.	Mr. Yuke Sutarat	-	-	-
14.	Mr. Piya Viriyaprapaikit	-	-	-
15.	Mr. Win Viriyaprapaikit	-	-	-
16.	Mr. Kittisak Mapanao	-	960,000 shares	-
17.	Mrs. Vilai Chattanrassamee	-	-	-
18.	Miss Wanna Tungcharoenjing	-	-	-
19.	Mr. Prueng Piyachart Spouse: Mrs. Tavitha Piyachart	272,000 shares 50,000 shares	272,000 shares 50,000 shares	272,000 shares (272,000 shares)
20.	Mr. Nava Chantanasurakon	-	-	-
21.	Mr. Jira Chotinuchit Spouse: Mrs. Chantiva Chotinuchit	- 200,000 shares	- 200,000 shares	- -
22.	Mr. Wichien Tungsuknirundorn	-	-	-
23.	Miss Sunee Wattanapholmongkol	-	-	-
24.	Mr. Somsak Sivapaiboon	-	1,410,000 shares	-

Dividend Policy

The Company's has a policy to pay dividends at a rate of no less than 25 percent of net profit after income tax, legal reserve, and other reserves, from the Company's stand-alone financial statements in each year. Dividend payment, nonetheless, depends on economic conditions, operating profit, investment plans, covenant in various contracts, and other appropriated factors, both at present and in the future, beginning with the results of operations for 2005.

According to the Board of Directors' resolution on the dividend payment, dividend payment shall be approved by shareholders' meeting, unless an interim dividend payment in which the Board of Directors is authorized to approve interim dividend payment and then submit such interim dividend payment to the next meeting of shareholders for acknowledgement.

As for the dividend policy of the Company's subsidiaries, the Company does not fix any particular rates of dividend payment. It depends on the results of operations of each subsidiary, and the Board of Directors of that subsidiary will make the decision concerning dividends on a case-by-case basis.

The Annual General Meeting of Shareholders No. 19 held on April 29, 2009 passed resolutions to approve the allocation of 2007 net profit to be set aside as the legal reserve of Baht 50,323,458.57 in order to maintain its legal reserve at the rate of no less than 10 percent of its shares capital, and to approve the dividend payment from 2007 results of operation ending December 31, 2007 at Baht 0.05 per share (calculating from par value at Baht 1 per share) in total amount of Baht 655,064,000.-.

Details of the Board of Directors

1. Mr. Maruey Phadoongsidhi

Chairman of the Board of Directors and Executive Director
Age 79 years

Family Relation among Management: -None-
Tenure: 11 years (from December 4, 1997 to December 31, 2008)
Number of Shares: -None-
Number of Shares held by spouse: 2,100,000 Shares
Percentage of Shareholding: 0.016%

Education

- Ph.D. (Bus.), University of Wisconsin, U.S.A.

Director Training Program

- The Role of the Chairman Program (RCP 4/2001), Thai Institute of Directors Association
- Director Accreditation Program (DAP 55/2006), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 4), Capital Market Academy

Work Experience

- 2000 - 2003 • Chairman of the Board of Directors, Thai Cold Rolled Steel Sheet Public Company Limited
- 1997 • Chairman of the Board of Executive Directors, First Bangkok City Bank Public Company Limited
- Deputy Minister of Finance
- 1992 - 1997 • Commission Member, The Securities and Exchange Commission of Thailand
- Commission Member of the Council National Science and Technology Development Agency, Ministry of Science, Technology and Energy
- Director, First Bangkok City Bank Public Company Limited

Current Position in Other Organization

In listed companies: -None-

In non-listed companies:

- Chairman of the Board of Directors, Prachuap Port Company Limited
- Director and Chairman of the Board of Executive Directors, West Coast Engineering Company Limited

In listed companies other organization that may cause any conflict of interest to SSI: -None-

The Attendance in year 2008

- | | | |
|---|-------|-------|
| 1. The Board of Directors Meeting | 6/6 | times |
| 2. The Board of Executive Directors Meeting | 12/12 | times |
| 3. The Annual General Meeting of Shareholders | 1/1 | time |

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

2. Mr. Wit Viriyaprapaikit

Director and Chairman of the Board of Executive Directors
Age 73 years

Family Relation among Management: Brother of
Mrs. Prapa Viriyaprapaikit
Tenure: 14 years (from January 4, 1994 to December 31, 2008)
Number of Shares: 100 Shares

Education

- Honorary B.A., Rajamungala Institute of Technology

Director Training Program -None-

Work Experience

- 1990 - 2003 • Director and Chairman of the Board of Executive Directors, Thai Cold Rolled Steel Sheet Public Company Limited
- 1982 - 2000 • Director, SVOA Public Company Limited
- 1982 - 1998 • Director, Bank of Ayudhya Public Company Limited

Current Position in Other Organization

In listed companies:

- Chairman of the Board of Directors, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- Chairman of the Board of Directors, Thai Cold Rolled Steel Sheet Public Company Limited
- Director, Thai Coated Steel Sheet Company Limited
- Director, Prachuap Port Company Limited
- Director, Sahaviriya Group Company Limited
- Director, Sahaviriya Panich Company Limited
- Director, Sahaviriya Iron and Steel Company Limited

In listed companies other organization that may cause any conflict of interest to SSI:

- Director and Chairman of the Board of Executive Directors, Sahaviriya Plate Mill Public Company Limited
- Director, B.S. Metal Company Limited
- Director, Bangpakong Lighter Company Limited
- Director, Bangpakong Port Company Limited
- Director, Prapawit Building Property Company Limited
- Director, Sahaviriya Panich International Company Limited
- Director, Western Housing Company Limited

The Attendance in year 2008

- | | | |
|---|-------|-------|
| 1. The Board of Directors Meeting | 6/6 | times |
| 2. The Board of Executive Directors Meeting | 11/12 | times |
| 3. The Annual General Meeting of Shareholders | 1/1 | time |

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

3. Mrs. Prapa Viriyaprapaikit

Director

Age 78 years

Family Relation among Management: Sister of

Mr. Wit Viriyaprapaikit

Tenure: 14 years (from January 4, 1994 to December 31, 2008)

Number of Shares: 100 Shares

Education

- Honorary Ph.D. (Economics), Medford University, U.S.A.
- Honorary Ph.D. (Agricultural Science), Chiang Mai University

Director Training Program

- Directors Accreditation Program (DAP 26/2004), Thai Institute of Directors Association

Work Experience

- 1990 - 2001 • Director, Thai Coated Steel Sheet Company Limited
- 1990 - 1998 • Director, Thai Cold Rolled Steel Sheet Public Company Limited

Current Position in Other Organization

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- Director, Prachuap Port Company Limited
- Director, Sahaviriya Group Company Limited
- Director, Sahaviriya Panich Company Limited
- Director, Sahaviriya Iron and Steel Company Limited

In listed companies other organization that may cause any conflict of interest to SSI:

- Director, Sahaviriya Plate Mill Public Company Limited
- Director, B.S. Metal Company Limited
- Director, Bangpakong Lighter Company Limited
- Director, Bangpakong Port Company Limited
- Director, Prapawit Building Property Company Limited
- Director, Sahaviriya Panich International Company Limited
- Director, Western Housing Company Limited

The Attendance in year 2008

- | | | |
|---|-----|-------|
| 1. The Board of Directors Meeting | 0/6 | times |
| 2. The Annual General Meeting of Shareholders | 1/1 | time |

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

4. Mr. Visith Noiphan

Independent Director, Audit Committee Member and Chairman of the Nomination Committee

Age 75 years

Family Relation among Management: -None-

Tenure: 14 years (from March 1, 1994 to December 31, 2008)

Number of Shares: -None-

Education

- B. Eng. (Civil Engineering), Chulalongkorn University
- M. Eng. (Sanitary Engineering), Chulalongkorn University
- The National Defence Regular Course

Director Training Program

- Director Accreditation Program (DAP 5/2003), Thai Institute of Directors Association
- The Role of the Chairman Program (RCP 20/2008), Thai Institute of Directors Association

Work Experience

- 1992 - 1993 • Advisor to the Office of Prime Minister
- Acting of Permanent Secretary, Ministry of Industry
- Deputy Permanent Secretary, Ministry of Industry
- 1988 - 1992 • Director General Department of Mineral Resources, Ministry of Industry
- 1986 - 1988 • Secretary General Thai Industrial Standards, Ministry of Industry
- 1984 - 1986 • Director General Department of Industrial Promotion, Ministry of Industry
- 1982 - 1984 • Director General Department of Industrial Works, Ministry of Industry

Current Position in Other Organization

In listed companies:

- Independent Director, Bangsaphan Barmill Public Company Limited
- Chairman of the Board of Directors and Independent Director, TPI Polene Public Company Limited

In non-listed companies:

- Chairman of the Board of Directors, West Coast Engineering Company Limited
- Chairman of the Board of Directors, Thai Coated Steel Sheet Company Limited

In listed companies other organization that may cause any conflict of interest to SSI:

- Chairman of the Board of Directors, Sahaviriya Plate Mill Public Company Limited

The Attendance in year 2008

- | | | |
|---|-----|-------|
| 1. The Board of Directors Meeting | 6/6 | times |
| 2. The Independent Directors Meeting | 4/4 | times |
| 3. The Audit Committee Meeting | 9/9 | times |
| 4. The Nomination Committee Meeting | 4/4 | times |
| 5. The Annual General Meeting of Shareholders | 1/1 | time |

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

Additional information on holding independent directors status

1. Not be relative to management, major shareholder of the Company or subsidiary companies.
2. Not be relative to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be director as part of management, employees, or consultant who receives regular salary.
 - Not be professional service such as auditor or legal counsel.
 - Have no significantly relate to business that affect to independent perform.

5. Professor Kesree Narongdej

Independent Director and Audit Committee Chairperson
Age 71 years

Family Relation among Management: -None-

Tenure: 10 years (from April 28, 1998 to December 31, 2008)

Number of Shares: -None-

Education

- Master's Degree in Professional Accounting, The University of Texas at Austin
- Bachelor's Degree in Accountancy, Thammasat University
- Bachelor's Degree in Commerce, Thammasat University
- Professor Emeritus of Accounting Faculty of Commerce and Accountancy, Thammasat University
- Honorary Doctorate Degree in Accounting, Thammasat University
- Honorary Doctorate Degree in Accounting, University of the Thai Chamber of Commerce

Director Training Program

- Directors Certification Program (DCP 2/2000), Thai Institute of Directors Association
- DCP Refresher Course 5/2007, Thai Institute of Directors Association

Work Experience

- Board Member of International Federation of Accountant (IFAC)
- Chairman of the Audit Committee, Bank of Thailand
- Chairman of the Audit Committee, Malee Sampran Public Company Limited
- Audit Committee in Public Sector, Ministry of Foreign Affairs

Current Position in Other Organization

In listed companies:

- Advisor of the Audit Committee, Thai Airways International Public Company Limited

In non-listed companies:

- President of the Federation of Accounting Professions under the Royal Patronage of His Majesty The King
- Public Sector Audit and Evaluation Committee
- Public Sector Audit and Evaluation Sub-Committee for Central Provincial Group
- Council Member of Insurance Commission Board
- Chairperson of Audit Committee - Insurance Commission

In listed companies other organization that may cause any conflict of interest to SSI: -None-

The Attendance in year 2008

1. The Board of Directors Meeting	6/6 times
2. The Independent Directors Meeting	3/4 times
3. The Audit Committee Meeting	9/9 times
4. The Annual General Meeting of Shareholders	1/1 time

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

Additional information on holding independent directors status

1. Not be relative to management, major shareholder of the Company or subsidiary companies.
2. Not be relative to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be director as part of management, employees, or consultant who receives regular salary.
 - Not be professional service such as auditor or legal counsel.
 - Have no significantly relate to business that affect to independent perform.

6. Mr. Tongchat Hongladaromp

Independent Director and Chairman of the Risk Management Committee
Age 69 years

Family Relation among Management: -None-

Tenure: 14 years (from March 1, 1994 to December 31, 2008)

Number of Shares: -None-

Education

- Ph.D. Eng. (Civil), Northwestern University, U.S.A.
- The National Defence Regular Course

Director Training Program

- Directors Accreditation Program (DAP 36/2005), Thai Institute of Directors Association
- Finance for Non-Finance Director 24/2005 (FN 24/2005), Thai Institute of Directors Association

Work Experience

- 2006 - 2008 • Director, PTT Exploration and Production, Public Company Limited
- 2003 - 2008 • Director, PTT Chemical Public Company Limited
- 2001 - 2003 • President, Thai Petrochemical Industry Public Company Limited
- 1997 - 2008 • Chairman of the Board of Directors, TMB Asset Management Company Limited
- 1996 - 2001 • President, Thai Telephone & Telecommunication Public Company Limited
- 1987 - 1991 • President, PTT Exploration and Production Public Company Limited

Current Position in Other Organization

In listed companies:

- Chairman of the Board of Directors, Samart Corporation Public Company Limited

In non-listed companies:

- Director, West Coast Engineering Company Limited
- President of the University Council King Mongkut's University of Technology Thonburi

In listed companies other organization that may cause any conflict of interest to SSI: -None-

The Attendance in year 2008

- | | |
|---|-----------|
| 1. The Board of Directors Meeting | 4/6 times |
| 2. The Independent Directors Meeting | 3/4 times |
| 3. The Risk Management Committee Meeting | 5/5 times |
| 4. The Annual General Meeting of Shareholders | 0/1 time |

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

Additional information on holding independent directors status

1. Not be relative to management, major shareholder of the Company or subsidiary companies.
2. Not be relative to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be director as part of management, employees, or consultant who receives regular salary.
 - Not be professional service such as auditor or legal counsel.
 - Have no significantly relate to business that affect to independent perform.

7. Mr. Tawee Butsumtorn

Independent Director, Chairman of the Remuneration Committee and Chairman of the Good Corporate Governance Committee

Age 69 years

Family Relation among Management: -None-

Tenure: 4 years (from February 26, 2004 to December 31, 2008)

Number of Shares: -None-

Education

- Bachelor Degree in Mechanical Engineering, (1st Class Hons.), Chulalongkorn University
- Honorary Ph.D. (Engineering), Chulalongkorn University
- Honorary Ph.D. (Engineering), Burapha University
- Honorary Ph.D. (Engineering), King's Mongkut Institute of Technology Ladkrabang
- AMP - The Advanced Management Program, Harvard University, Graduate School of Business Administration, U.S.A.
- The National Defence Regular Course

Director Training Program

- Directors Certification Program (DCP 22/2002), Thai Institute of Directors Association

Work Experience

- 2002 - 2003 • Chairman of the Board of Directors, Phayathai Asset Management Company Limited
- 2000 - 2003 • Director and Chairman of the Board of Executive Directors, TMB Bank Public Company Limited
- 1999 - 2002 • Advisor, The Siam Cement Public Company Limited
- 1992 - 1999 • Executive Vice President, The Siam Cement Public Company Limited

Current Position in Other Organization

In listed companies:

- Chairman of the Board of Directors, Bankthai Public Company Limited
- Chairman of the Board of Directors, NFC Fertilizer Public Company Limited

In non-listed companies:

- Chairman of the Board of Directors, Cathay Leaseplan Public Company Limited
- Chairman of the Board of Directors, DAI - ICHI Public Company Limited
- Chairman of the Committee for tax privilege in Energy Conservation, Ministry of Energy
- Honorary Consul of the Republic of Uganda to the Kingdom of Thailand
- Distinguished Councilor of Chulalongkorn University Council

In listed companies other organization that may cause any conflict of interest to SSI: -None-

The Attendance in year 2008

1. The Board of Directors Meeting	6/6 times
2. The Independent Directors Meeting	4/4 times
3. The Remuneration Committee Meeting	2/2 times
4. The Good Corporate Governance Committee Meeting	5/5 times
5. The Annual General Meeting of Shareholders	1/1 time

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

Additional information on holding independent directors status

1. Not be relative to management, major shareholder of the Company or subsidiary companies.
2. Not be relative to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be director as part of management, employees, or consultant who receives regular salary.
 - Not be professional service such as auditor or legal counsel.
 - Have no significantly relate to business that affect to independent perform.

8. Mr. Prateep Buphaintr

Independent Director, Audit Committee Member
and Nomination Committee Member
Age 69 years

Family Relation among Management: -None-

Tenure: 9 years (from April 29, 1999 to December 31, 2008)

Number of Shares: -None-

Education

- Bachelor's Degree in Commerce, Thammasat University

Director Training Program

- Director Accreditation Program (DCP 22/2002), Thai Institute of Directors Association

Work Experience

- 1997 - 1999 • Secretary of The Comptroller General's Department, Ministry of Finance
- 1995 - 1997 • Director of Disbursement Approval Branch 4, The Comptroller General's Department, Ministry of Finance

Current Position in Other Organization

In listed companies: -None-

In non-listed companies: -None-

In listed companies other organization that may cause any conflict of interest to SSI: -None-

The Attendance in year 2008

1. The Board of Directors Meeting	6/6 times
2. The Independent Directors Meeting	4/4 times
3. The Audit Committee Meeting	9/9 times
4. The Nomination Committee Meeting	4/4 times
5. The Annual General Meeting of Shareholders	1/1 time

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

Additional information on holding independent directors status

1. Not be relative to management, major shareholder of the Company or subsidiary companies.
2. Not be relative to the Company, subsidiary companies, associated companies, or a juristic entity that may have conflict of interest at present or the past 2 years.
 - Not be director as part of management, employees, or consultant who receives regular salary.
 - Not be professional service such as auditor or legal counsel.
 - Have no significantly relate to business that affect to independent perform.

9. Mr. Taweesak Senanarong

Director, Remuneration Committee Member
and Risk Management Committee Member
Age 72 years

Family Relation among Management: -None-

Tenure: 9 years (from November 8, 1999 to December 31, 2008)

Number of Shares: -None-

Education

- Diploma of Fine Art Royal Academy, Rome, Italy
- Bachelor of Fine Arts, Silpakorn University
- Honorary Ph.D., Silpakorn University
- The National Defence Regular Course

Director Training Program

- Director Accreditation Program (DAP 26/2004), Thai Institute of Directors Association

Work Experience

- 1994 - 1995 • Permanent Secretary, Ministry of Education

Current Position in Other Organization

In listed companies:

- Independent Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- Director, West Coast Engineering Company Limited
- Director, Prachuap Port Company Limited

In listed companies other organization that may cause any conflict of interest to SSI:

- Director, Sahaviriya Plate Mill Public Company Limited

The Attendance in year 2008

1. The Board of Directors Meeting	6/6	times
2. The Remuneration Committee Meeting	2/2	times
3. The Risk Management Committee Meeting	5/5	times
4. The Annual General Meeting of Shareholders	1/1	time

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

10. Mr. Kamol Juntima

Director, Nomination Committee Member
and Good Corporate Governance Committee Member
Age 70 years

Family Relation among Management: -None-

Tenure: 10 years (from April 28, 1998 to December 31, 2008)

Number of Shares: 1,070,000 Shares

Percentage of Shareholding: 0.0081%

Education

- M.P.A., National Institute of Development Administration (NIDA)
- The National Defence Regular Course (Class 33)

Director Training Program

- Directors Certification Program (DCP 3/2000), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 4/2001), Thai Institute of Directors Association
- Board & CEO 1/2003, Thai Institute of Directors Association
- DCP Refresher Course 4/2007, Thai Institute of Directors Association

Work Experience

2000 - 2002	• Chairman of the Board Financial Sector Restructuring Authority (FRA)
1998 - 2000	• Audit Committee Chairman, Provincial Electricity Authority
1998	• Comptroller General, Ministry of Finance
1993 - 1998	• Deputy Permanent Secretary for Finance, Ministry of Finance
1995 - 1999	• Director and Chairman of Executive Board, Government Housing Bank
1996 - 1998	• Chairman of the Board Government Lottery Office

Current Position in Other Organization

In listed companies:

- Chairman of the Board of Directors, IT CITY Public Company Limited
- Directors and Audit Committee Member, Electronic Industry Public Company Limited

In non-listed companies:

- Director, Prachuap Port Company Limited
- Director and Executive Director, West Coast Engineering Company Limited
- Chairman of Audit and Evaluation Committee, Ministry of Education
- Chairman of Ethics Committee, Federation of Accounting Professions

In listed companies other organization that may cause any conflict of interest to SSI: -None-

The Attendance in year 2008

1. The Board of Directors Meeting	6/6	times
2. The Nomination Committee Meeting	4/4	times
3. The Good Corporate Governance Committee Meeting	5/5	times
4. The Annual General Meeting of Shareholders	1/1	time

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

11. Mr. Somchai Pipitvijitkorn

Director, Executive Director, Remuneration Committee Member
and Risk Management Committee Member
Age 69 years

Family Relation among Management: -None-

Tenure: 5 years (from April 29, 2003 to December 31, 2008)

Number of Shares: -None-

Education

- M.B.A., Michigan State University, U.S.A.

Director Training Program

- Seminar on Directors' Compensation of Thai Companies 2004 held on February 22, 2005

Work Experience

1990 - 1999	• Director, Sahaviriya Steel Industries Public Company Limited
	• Director, Thai Cold Rolled Steel Sheet Public Company Limited
1986 - 1998	• Director, Siam City Cement Public Company Limited
1984 - 1999	• Director, Bank of Ayudhya Public Company Limited
1983 - 1999	• Director, Ayudhya Life Assurance Public Company Limited

Current Position in Other Organization

In listed companies:

- Deputy Chairman of the Board of Directors, Bangsaphan Barmill Public Company Limited

In non-listed companies: -None-

In listed companies other organization that may cause any conflict of interest to SSI:

- Director and Executive Director, Sahaviriya Plate Mill Public Company Limited

The Attendance in year 2008

1. The Board of Directors Meeting	6/6 times
2. The Board of Executive Directors Meeting	11/12 times
3. The Remuneration Committee Meeting	2/2 times
4. The Risk Management Committee Meeting	5/5 times
5. The Annual General Meeting of Shareholders	1/1 time

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

12. Mr. Permpoon Krairiksh

Director

Age 57 years

Family Relation among Management: -None-

Tenure: 9 years (from December 8, 1999 to December 31, 2008)

Number of Shares: -None-

Education

- B.A., Boston University, U.S.A.
- The Joint State-Private Sectors Regular Course

Director Training Program

- Directors Accreditation Program (DAP 3/2003), Thai Institute of Directors Association
- Understanding the Fundamental of Financial Statements (UFS 12/2007), Thai Institute of Directors Association

Work Experience

- 1999 - 2006 • Executive Vice President, Special Assets Group, Siam Commercial Bank Public Company Limited

Current Position in Other Organization

In listed companies:

- Executive Vice President, Division Head, Retail Credit and Business Support Division, Siam Commercial Bank Public Company Limited

In non-listed companies:

- Chairman of the Board of Directors, SCB Asset Management Company Limited

In listed companies other organization that may cause any conflict of interest to SSI: -None-

The Attendance in year 2008

1. The Board of Directors Meeting	5/6 times
2. The Board of Executive Directors Meeting	6/7 times
3. The Annual General Meeting of Shareholders	1/1 time

Remark: Resigned from the position of executive director on July 21, 2008.

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

13. Mr. Yuke Sutarat

Director and Executive Director

Age 46 years

Family Relation among Management: -None-

Tenure: 4 Months (from August 11, 2008 to December 31, 2008)

Number of Shares: -None-

Education

- M.B.A., Oklahoma City University, Oklahoma, U.S.A.

Director Training Program

- Directors Accreditation Program (DAP 26/2003), Thai Institute of Directors Association

Work Experience

- 1992 • Senior Investment Banking Officer, Dhana Siam Finance and Securities Public Company Limited
- 1989 - 1990 • Lending Officer, Real-estate Business Department, Siam Commercial Bank Public Company Limited

Current Position in Other Organization

In listed companies:

- Senior Vice President, SME Credit Risk Department, Bank of Ayudhya Public Company Limited

In non-listed companies:

- Director and Executive Director, Ayudhya Asset Management Company Limited

In listed companies other organization that may cause any conflict of interest to SSI: -None-

The Attendance in year 2008

1. The Board of Directors Meeting	2/2 times
2. The Board of Executive Directors Meeting	5/5 times

Remark: Being appointed as a director and an executive director in successor of Mr. Nuttawit Boonyawat on August 11, 2008.

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

14. Mr. Piya Viriyaprapaikit

Director, Executive Director and Good Corporate Governance
Committee Member

Age 59 years

Family Relation among Management: Son of Mrs. Prapa Viriyaprapaikit,
Nephew of Mr. Wit Viriyaprapaikit

Tenure: 13 years (from April 24, 1995 to December 31, 2008)

Number of Shares: -None-

Education

- M.S. (Economics), Portland State University, Oregon, U.S.A.
- M.S. (Psychology), Portland State University, Oregon, U.S.A.

Director Training Program -None-**Work Experience**

- 1996 - 2001 • Director, Thai Coated Steel Sheet Company Limited
- 1991 - 2000 • Director, SVOA Public Company Limited
- 1990 - 1998 • Director, Thai Cold Rolled Steel Sheet
Public Company Limited

Current Position in Other Organization

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

In non-listed companies:

- Director, Prachuap Port Company Limited
- Director, Sahaviriya Group Corporation Limited
- Director, Sahaviriya Panich Company Limited

In listed companies other organization that may cause any conflict
of interest to SSI:

- Director and Executive,
Sahaviriya Plate Mill Public Company Limited
- Director, Prapawit Building Property Company Limited
- Director, Western Housing Company Limited

The Attendance in year 2008

- | | | |
|--|-------|-------|
| 1. The Board of Directors Meeting | 6/6 | times |
| 2. The Board of Executive Directors Meeting | 11/12 | times |
| 3. The Good Corporate Governance Committee Meeting | 4/5 | times |
| 4. The Annual General Meeting of Shareholders | 1/1 | time |

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

15. Mr. Win Viriyaprapaikit

Director, Executive Director and President

Age 38 years

Family Relation among Management: Son of Mr. Wit Viriyaprapaikit,
Nephew of Mrs. Prapa Viriyaprapaikit

Tenure: 9 years (from June 30, 1999 to December 31, 2008)

Number of Shares: -None-

Education

- Bachelor Industrial Engineering, Keio University, Tokyo, Japan
- M.B.A., Sasin Graduate Institute of Business Administration,
Chulalongkorn University

Director Training Program

- Directors Certification Program (DCP 100/2008),
Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 20/2008),
Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5),
Capital Market Academy

Work Experience

- 1996 - 2005 • Director, Sahaviriya Plate Mill Public Company
Limited
- 1999 - 2003 • Director, Thai Cold Rolled Steel Sheet
Public Company Limited

Current Position in Other Organization

In listed companies: -None-

In non-listed companies:

- Director, and Chairman of the Board of Executive Directors,
Thai Cold Rolled Steel Sheet Public Company Limited
- Director, Executive Director and Acting Managing Director,
West Coast Engineering Company Limited
- Director, Prachuap Port Company Limited
- Director, Thai Coated Steel Sheet Company Limited
- Director, Sahaviriya Group Corporation Limited
- Director, Sahaviriya Inter Steel Holdings Company Limited
- Director, Sahaviriya Panich Company Limited
- Director, Sahaviriya Iron and Steel Company Limited

In listed companies other organization that may cause any conflict of
interest to SSI:

- Director, Sahaviriya Steel Group Company Limited
- Chairman of the Board of Directors,
Thai Steel Sales Company Limited
- Director, Prapawit Building Property Company Limited
- Director, Western Housing Company Limited

The Attendance in year 2008

- | | | |
|---|-------|-------|
| 1. The Board of Directors Meeting | 6/6 | times |
| 2. The Board of Executive Directors Meeting | 11/12 | times |
| 3. The Annual General Meeting of Shareholders | 1/1 | time |

Criminal offense record during the past 10 years

1. Never be sentence by a judgment in criminal offence.
2. Never be sentence by a judgment to be bankruptcy or insolvency.
3. Never be sentence by a judgment as management or authorized person in the bankrupt or insolvent company.

Details of Management

1. Mr. Win Viriyaprapaikit

Director, Executive Director and President
Age 38 years

Education

- Bachelor Industrial Engineering, Keio University, Tokyo, Japan
- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University

Director Training Program

- Directors Certification Program (DCP 100/2008), Thai Institute of Directors Association
- The Role of The Chairman Program (RCP 20/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 5), Capital Market Academy

Work Experience

- 1996 - 2005 • Director, Sahaviriya Plate Mill Public Company Limited
- 1999 - 2003 • Director, Thai Cold Rolled Steel Sheet Public Company Limited

2. Mr. Kittisak Mapanao

Vice President - Manufacturing Division
Age 42 years

Education

- B. Eng. (Industrial Engineering), Khonkaen University
- M.B.A., Chulalongkorn University

Work Experience

- 2008 • Executive Vice President, Manufacturing Division Thai Cold Rolled Steel Sheet Public Company Limited
- 2005 - Present • First Executive Vice President, West Coast Engineering Company Limited
- 1991 - 1992 • Industrial Engineer, Hana Coil Company Limited

3. Mrs. Vilai Chattanassamee

Vice President - Finance & Accounting Division and Secretary to the Risk Management Committee
Age 55 years

Education

- M.S. (Accounting), Thammasat University

Director Training Program

- Directors Certification Program (DCP 13/2001), Thai Institute of Directors Association
- DCP Refresher 2/2006, Thai Institute of Directors Association

Work Experience

- 2008 • Director and Executive Director, Thai Cold Rolled Steel Sheet Public Company Limited
- 1998 - 1999 • Chief Financial Officer, Grammy Entertainment Public Company Limited
- 1996 - 1998 • Executive Vice President, Siam Integrated Cold Rolled Steel Public Company Limited

4. Miss Wanna Tangcharoenching

Assistant Vice President - Commercial Division 3 (Slab Procurement) and Acting Vice President - Commercial Division 2
Age 50 years

Education

- M.B.A., Ramkhamhaeng University

Work Experience

- 1988 - 1991 • Trading Manager, Taipan Textile Company Limited

5. Mr. Prueng Piyachart

Vice President - Commercial Division 3
Age 52 years

Education

- B. Eng. (Mechanical), Kasetsart University

Director Training Program

- Directors Certification Program (DCP 19/2002), Thai Institute of Directors Association

Work Experience

- 1995 - 2000 • Assistant Vice President - International Business Division, Sahaviriya Steel Industries Public Company Limited

6. Mr. Nava Chantanasurakon

Vice President - Human Resources & Administration Division and Secretary to the Remuneration Committee
Age 43 years

Education

- Master of Public Administration (Public Policy & Project Management), National Institute of Development Administration (NIDA)

Work Experience

- 2003 - 2007 • Director, Corporate Affairs Division, Pikul-thong Lum-sum Group of Companies
- 1991 - 2003 • Deputy General Manager, Human Resources Department, Toyota Motor Thailand Company Limited

7. Mr. Jira Chotinuchit

Vice President, Office of the President
Age 41 years

Education

- Master of Comparative and International Law, University of IOWA, U.S.A.

Work Experience

- 2004 - Present • Director and Executive Director, Thai Cold Rolled Steel Sheet Public Company Limited
- 2000 - 2007 • Vice President, Sahaviriya Steel Group Company Limited

8. Mr. Wichien Tungsuknirundorn

Vice President, Office of the President
Age 50 years

Education

- B. Eng. (Industrial Engineering), Chulalongkorn University
- M.B.A., Thammasat University

Director Training Program

- Directors Certification Program (DCP 22/2002), Thai Institute of Directors Association

Work Experience

- 2008 • Director, Executive Director and President, Thai Cold Rolled Steel Sheet Public Company Limited
- 1995 - 1996 • Sales and Marketing Manager, Amcor Containers Packaging (Thailand) Company Limited

9. Miss Sunee Wattanapholmongkol

Vice President, Office of the President
Age 43 years

Education

- Bachelor Degree in Accounting, Thammasat University
- M.B.A., University of Texas at Arlington

Work Experience

- 1995 - 2008 • Vice President - Finance & Accounting Division, Thai Cold Rolled Steel Sheet Public Company Limited
- 1992 - 1995 • Manager, Dhana Siam Finance and Securities Public Company Limited

10. Mr. Somsak Sivapaiboon

Vice President, Office of the President
Age 46 years

Education

- Bachelor of Business Administration, Sukhothai Thammathirat Open University

Director Training Program

- Directors Accreditation Program (DAP 60/2006), Thai Institute of Directors Association
- Directors Certification Program (DCP 84/2007), Thai Institute of Directors Association
- Finance for Non-Finance Director (FN 34/2007), Thai Institute of Directors Association

Work Experience

- 2006 - Present • Deputy Chairman of the Board of Directors, Chu Kai Public Company Limited
- 2005 - Present • President, Line Transport Company Limited
- 2004 - Present • Director and Executive Director, Thai Cold Rolled Steel Sheet Public Company Limited
- 2001 - Present • President, Prachuap Port Company Limited
- 2000 - 2005 • President, Bangsaphan Transport Company Limited
- 1997 - 2000 • General Manager - Sales & Marketing, Thai Steel Sales Company Limited

11. Mr. Chartchai Pomloy

Assistant Vice President - Commercial Division 1
Age 42 years

Education

- B. Eng. (Mechanical), Khonkaen University
- M.B.A., Ramkhamhaeng University

Work Experience

- 1989 - 1992 • Gas Separation Plant, Petroleum Authority of Thailand

12. Mr. Wera Kosacarn

Assistant Vice President - Commercial Division 2
Age 45 years

Education

- B. Eng. (Mechanical Engineering), Chulalongkorn University
- M.B.A., Thammasat University

Work Experience

- 1996 - 1999 • Sales Manager, Lock Focus Company Limited

13. Mr. Soontorn Wasansaerekul

Assistant Vice President - Manufacturing Division
(Operations 1)
Age 43 years

Education

- B. Eng. (Industrial), Khonkaen University

Work Experience

1989 - 1992 • Production Engineer, Siam Fiber Cement Co., Ltd.

14. Mr. Thinnakorn Phadungwong

Assistant Vice President - Manufacturing Division
(Operations 2)
Age 41 years

Education

- B. Eng. (Industrial Engineering), Kasetsart University
- Master's Degree of Metallurgical Engineering, Chulalongkorn University

Work Experience

2000 - 2004 • Metallurgy & Quality Assurance Manager, Sahaviriya Steel Industries Public Company Limited

15. Mr. Somkiat Panichkul

Assistant Vice President - Manufacturing Division
(Maintenance & Utility)
Age 45 years

Education

- B. Eng. (Mechanical Engineering), King Mongkut's University of Technology Thonburi
- M.B.A., Rangsit University

Work Experience

2000 - 2002 • Engineering and Maintenance Department Manager, National Fertilizer Public Company Limited
1995 - 1999 • OFF Site and Utility Division Manager, National Fertilizer Public Company Limited

16. Mr. Thavorn Cananub

Assistant Vice President - Manufacturing Division
(Planning & Logistic Operations)
Age 45 years

Education

- B. Eng. (Production Engineering), King Mongkut's University of Technology Thonburi
- M. Eng. (Engineering Management), Kasetsart University

Work Experience

1996 - 2005 • Production Planning and Control Department Manager, Sahaviriya Steel Industries Public Company Limited

17. Mr. Narongrit Chotnuchittrakul

Assistant Vice President - Finance & Accounting Division
(Accounting)
Age 38 years

Education

- M.B.A., Dhurakijpundit University

Work Experience

1997 - 2002 • Management Accounting Department Manager, Sahaviriya Steel Industries Public Company Limited

18. Mr. Vuthi Asvasermcharoen

Assistant Vice President - Finance & Accounting Division
(Finance)
Age 41 years

Education

- M.B.A., Indiana University of Pennsylvania, U.S.A.

Work Experience

2001 - 2004 • Vice President, Heavy Industries Lending Group, Corporate Banking, Bangkok Bank Public Company Limited
1997 - 2001 • Vice President, Business Development Division, Electricity Generating Public Company Limited

19. Mrs. Kanok Aroonrasamesopa

Assistant Vice President - Human Resources & Administration Division (Training & Development)
Age 46 years

Education

- Master of Business Administration, Burapa University

Work Experience

2001 - 2007 • Training & Development Manager, Sahaviriya Steel Industries Public Company Limited

20. Mr. Matee Rattanasoontorn

Assistant Vice President - Information Technology Division
Age 42 years

Education

- B. Eng. (Mechanical Engineering), Kasetsart University
- M. Eng. (Engineering Management), Pennsylvania State University, U.S.A.
- M. Eng. (Industrial Engineering), Lamar University, Beaumont, Texas, U.S.A.

Work Experience

- 2003 - 2005 • Account Manager, Electronic Data System (Thailand) Co., Ltd.
- 1996 - 2003 • Project Manager, Electronic Data System (Thailand) Co., Ltd.

21. Mrs. Wanee Sirikanchana

Chief, Internal Audit Office, Secretary to the Audit Committee and Secretary to the Good Corporate Governance Committee
Age 53 years

Education

- M.S. (Accounting), Thammasat University

Director Training Program

- Directors Certification Program (DCP 13/2001), Thai Institute of Directors Association
- Audit Committee Program (ACP 5/2005), Thai Institute of Directors Association

Work Experience

- 1988 - 1998 • Vice President - Internal Audit Department, The Stock Exchange of Thailand

22. Mr. Surasak Ngamsidhipongsa

Assistant Vice President - Corporate Secretariat Office, Company Secretary, Secretary to the Board of Executive Directors and Secretary to the Nomination Committee
Age 50 years

Education

- M.A. (Economic Law), Chulalongkorn University
- LL.M. (Business Law), Ramkhamhaeng University
- M.P.P.M., National Institute of Development Administration (NIDA)
- Barrister-at-law, Institute of Legal Education Thai Bar Association

Director Training Program

- Directors Certification Program (DCP 15/2002), Thai Institute of Directors Association
- Company Secretary Program (CSP 5/2004), Thai Institute of Directors Association

Work Experience

- 1988 - 1993 • Deputy Secretary to the Board of Directors, Siam Realty and Services Company Limited
- 1985 - 1993 • Senior Analyst, Bank of Ayudhya Public Company Limited

23. Mr. Srijaroung Bandhaya

Assistant Vice President, Office of the President
Age 50 years

Education

- M.P.A., National Institute of Development Administration (NIDA)
- M.B.A., Dhurakijpundit University

Work Experience

- 2008 • Vice President - General Administration Division, Thai Cold Rolled Steel Sheet Public Company Limited
- 1993 - 1994 • General Administration Manager, Sahaviriya Plate Mill Public Company Limited

24. Mr. Natcharintorn Siriwattana

Assistant Vice President, Office of the President
Age 43 years

Education

- B.A. (Economics), Thammasat University
- B.A. (Accounting), Sukhothai Thammathirat Open University
- M.B.A. (Finance), Kasetsart University

Work Experience

- 2008 • Deputy Managing Director, (Finance & Accounting Division), West Coast Engineering Company Limited
- 2006 - 2008 • Financial Controller, Rodenstock Asia Company Limited
- 2005 - 2006 • Finance & Accounting Manager, Boehme Thai Company Limited

25. Mr. Mana Rattanacherdkiet

Assistant Vice President, Office of the President
Age 40 years

Education

- B.B.A., University of the Thai Chamber of Commerce

Work Experience

- 2003 - Present • Vice President - Sales & Marketing Division, Thai Cold Rolled Steel Sheet Public Company Limited
- 2003 - 2008 • Assistant Vice President, Thai Steel Sales Company Limited
- 2000 - 2003 • General Manager, Thai Steel Sales Company Limited

Good Corporate Governance

The Board of Directors at Sahaviriya Steel Industries Public Co., Ltd. (SSI) is well aware of their role and responsibilities, and the fiduciary duties assigned to them by the Company's shareholders, who expect the Board to govern the Company to ensure an efficient and transparent management that create trust and confidence amongst all stakeholders, so that the Company's businesses develop and prosper at a stable and sustainable rate. In view of the importance that the Board of Directors consequently accords to good corporate governance, the Board is determined to enhance the standard of its corporate governance in keeping with best practices as required by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) which is in accordance with the principles of the Organization for Economic Co-operation and Development (OECD). The principles are presented in 5 categories namely,

1. Right of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board

Good Corporate Governance Policy

The Board of Directors aims for the enhancement of good corporate governance within the organization, which requires the collaboration of four parties, namely the Board itself, the Company's management, the Company's independent auditors, and the Company's internal auditors. The Board of Directors needs to have a clear policy in this regard. In 2002, therefore, the Board of Directors officially approved a good corporate governance policy for SSI that closely corresponds to the fifteen principles of good corporate governance laid down by the Stock Exchange of Thailand.

Subsequently, in December 2007, at a meeting of the Board of Directors, it was resolved that a revised good corporate governance policy for SSI be adopted to conform to the SET's principles of good corporate governance for listed companies, published in 2006, which are:

1. The Board of Directors is well aware of its responsibility to protect the rights and interests of shareholders, to promote the rights of shareholders as provided by laws, and to treat shareholders equally as well as provide each of them with equal access to corporate information.

**Principles 1 - 3 :
Rights of Shareholders
and Equal Treatment
of Shareholders**

2. The Board of Directors shall ensure that shareholder meetings and disclosures of corporate information are conducted in accordance with the laws and the guidelines laid down by the Securities and Exchange Commission and the Stock Exchange of Thailand.

3. The Board of Directors shall ensure that guidelines concerning the use and protection of insider information for trading of the Company's securities are implemented and thoroughly communicated to all relevant parties.

4. The Board of Directors shall attend to the rights of stakeholders and oversee that the Company's operations are conducted in compliance with all relevant laws.

**Principles 4 - 5 :
Rights of Stakeholders**

5. The Board of Directors is aware of the importance of its duties to uphold its corporate social responsibility, and shall ensure that clear guidelines concerning the Company's policy on corporate social responsibility are established, and followed as well as communicated to all stakeholders.

6. The Board of Directors recognizes the transparency of its business operations, whereby conflicts of interest between the company and its shareholders, and directors, employees, shareholders, and other stakeholders will be eliminated. The Board shall oversee and monitor procedures on conflicts of interest in ways that are scrupulous, honest, reasonable, independent, and moral.

Stakeholders with interests in any transaction must not participate in decision making relating to such transactions, and decisions must be made based on the benefit to the Company and its shareholders. Transaction-related information must be disclosed correctly, completely, and promptly.

7. The Board of Directors shall ensure that investors will have confidence in such a way that disclosures of corporate information are accurate, complete, and promptly.

8. The Board of Directors must consist of no less than three independent directors.

9. The Board of Directors may establish various committees, whose purpose is to perform the tasks assigned by the Board of Directors, and to study or consider matters before submitting them for consideration to the Board. These committees are the Board of Executive Directors, Audit Committee, Nomination Committee, Remuneration Committee, Good Corporate Governance Committee, and Risk Management Committee. Other committees may be established for ensuring efficiency, fairness, and transparency of the directors' work.

10. The Board of Directors has seen fit to divide the functions of the Chairman of the Board of Directors, the Chairman of the Board of Executive Directors, and the President, among separate and different individuals, with the authority and duties of each position being clearly defined. It has also seen fit to adjust the Manual of Authorization Chart from time to time to clarify the scope of authority to be exercised by the Board and by those in management who have been assigned authority.

11. The Board of Directors is responsible for determining the Company's vision, mission, and business strategies as well as ensuring that management conducts company business according to these plans.

12. The Board of Directors is well aware of its responsibility to oversee risk management and internal control systems of the Company, and the Board has established an independent Office of Internal Audit within the Company.

13. The Board of Directors shall commit to the Company's business philosophy and shall ensure that the Company's operations are conducted according to the Company's business ethics, a code of ethics for directors, a code of ethics for employees, and shall inform relevant parties.

14. The Board of Directors must hold regular meetings at least once every three months, and other special meetings may be held at other times if necessary. Each meeting must be arranged in advance, along with a clear agenda for the meeting. All documents necessary for the meeting must be prepared and sent to board members, as written in the Company Articles, so that they have sufficient time to peruse the documents before the meeting.

Principles 6 - 7 :
Information
Disclosure and
Transparency

Principles 8 - 16 :
Responsibilities of
Board of Directors

15. Each sub-committee must have meetings on a regular basis: the Board of Executive Directors must have meetings at least once a month, the Audit Committee must have meetings at least once every three months, the Good Corporate Governance Committee and Risk Management Committee must have meetings at least twice a year, and the Nomination Committee and Remuneration Committee must have a meeting at least once a year. Other special meetings may be held at other times if necessary. Each meeting must be arranged, along with a clear agenda for the meeting. All documents necessary for the meeting must be prepared and sent to the Board / Committee members, so that they have sufficient time to peruse the documents before the meeting.

16. The Board of Directors is responsible for considering remuneration for company directors and president as proposed by the Remuneration Committee. Remuneration for president is determined by a resolution made at the Board of Directors meeting, and any other remuneration for directors is determined by a resolution made at a shareholder meeting, whereby the amount of remuneration is considered appropriate, transparent and has no conflicts of interest.

To ensure that the above principles are seriously implemented, the Board of Directors' meeting in December 2007 resolved to appoint a Good Corporate Governance Committee to relieve some of the burden of the Board of Directors' responsibility for this matter. This sub committee comprises three directors, one of whom is an independent director serving as the Chairman of the Committee.

In practice, the Good Corporate Governance Committee co-ordinates its affairs with the Good Corporate Governance Working Committee, which was established by the Company in 2005, to conduct operations in this area. The Company's President serves as the Chairman of the Working Committee, whose members comprise executives of the level of Vice-President and the Secretary of the Company.

In 2008, corporate action related to the Good Corporate Governance Policy can be summarized as follows:

Rights of Shareholders and Equal Treatment of Shareholders

o Shareholders' Meetings

In every shareholder's meeting, the Board of Directors is well aware of the shareholders' right to receive equal treatment and adequate facilities in terms of information, place and time. They are also entitled to a meeting conducted according to Company Articles, pertinent legislation, and the regulations of the Stock Exchange of Thailand (SET). The Company must notify the SET of the closure date of the share register to determine entitlement to participate in the shareholders' meetings fourteen days in advance of the closure date, in which steps taken by the Company were as follows.

1. Before the Shareholders' Meeting

- The Company sent a notice of meeting, which set forth the meeting's agenda and details of each item on the agenda, and contained the opinions of the Board of Directors regarding each item on the agenda, together with important information for consideration in decision-making including the 2007 Annual Report, the Company's Articles of Association relating to shareholders' meeting, and proxy form, to all shareholders no less than seven days before the meeting date.

- The Company also published a notice of the shareholders' meeting and all supporting documents, especially those for decision-making in the meeting, on the Company's website thirty-one days before the 19th Annual General Meeting of Shareholders on April 29, 2008 to facilitate shareholders' quick and continuous access to this information and give them time to consider it before receiving the actual documents.

Principles 8 - 16 : Responsibilities of Board of Directors

- For the 19th Annual General Meeting of Shareholders, held on April 29, 2008, the Company gives an opportunity to minor shareholders to suggest what they consider important and useful matters for inclusion in the agenda. They are also given the right to propose qualified candidates for the position of Company director, and to submit questions concerning the Company's operational results in advance within the time frame, conditions, and guidelines published on the Company's website at <http://www.ssi-steel.com>. This opportunity was made available since the 18th Annual General Meeting. Shareholders are also able to communicate with the Chairman, the President, Company directors, and the Company Secretary via e-mail address at agm19@ssi-steel.com or by regular mail, within the determined time frame, and necessary details shall be provided for the purpose of further contact by the Company.

In preparation for the 20th Annual General Meeting of Shareholders to be held on April 29, 2009, all of the above were already informed to the Stock Exchange of Thailand via SETPORTAL system on November 12, 2008 and December 29, 2008 respectively. All suggested matters received via e-mail at agm20@ssi-steel.com or by regular mail within the time frame, conditions, and guidelines must be considered by the Board of Directors. If they are approved, or they are pursuant to the law, the Company Secretary will include those matters in the agenda, which will be itemized in the notice of the 20th Annual General Meeting of Shareholders, and then explain as well as answer them in the meeting.

- The Company sends three types of proxy forms, provided by the Ministry of Commerce, along with each notice of meeting in order that shareholders have an opportunity to exercise their voting rights without being able to attend in person. Each shareholder is free to appoint a proxy in the way he or she prefers. Since Extraordinary General Meeting of Shareholders No. 1/2004 on November 18, 2004, the Company has provided more alternatives for absent shareholders with the new Proxy Form C, provided by the Ministry of Commerce, in which shareholders are able to appoint an independent director to attend and vote on their behalf. The Company has designated people capable of being authorized for the 19th Annual General Meeting of Shareholders, namely two independent directors, or the Chairman of the Board of Directors, or the Company's management, or any other person whom the shareholders choose. A shareholder may select any one of these.

2. On the Day of the Shareholders' Meeting

- In 2008, the Company organized the 19th Annual General Meeting of Shareholders on April 29, 2008 at the Holiday Inn Hotel, Silo Road, Bangkok. Most Company directors were present to take pertinent questions from shareholders, and in particular the chairpersons of the various committees. Only the Chairman of the Risk Management Committee could not attend due to some important matter. Other persons who did attend were senior executives and the Company auditor.

- On the day of the meeting, the Company started the registration about two hours ahead of time. Computer system was used to identify shareholders name in order to facilitate shareholders' registration and reduce waiting times. Before commencing the meeting, the Chairman of the Board of Directors, who was the chairman of the meeting, read out the shareholders' rights according to Company Articles, the procedures of the meeting, and equal votes.

- The Chairman controlled the meeting in accordance with Company Articles, and conducted the meeting in accordance with the agenda as contained in the notice of meeting. If the meeting proposes that the order of the agenda be changed, it must be approved by two thirds of the attending shareholders before the Chairman may do so. As of 2008 there has never been an instance of a request to change the order of the agenda, nor has there ever been a request by one third of the votes to introduce other matters not previously listed on the agenda. Neither has the Company ever added a new agenda without previously notifying shareholders by way of the notice of meeting.

- The Chairman of the meeting allotted sufficient time to shareholders for them to express their opinions and make inquiries during the meeting. The Chairman of the Board of Directors, the chairpersons of the various committees, and the Company directors were presented to answer the questions that concerned their particular function or position. Shareholders were also free to offer advice to the Board of Directors.

- Directors are elected in a shareholders' meeting by the majority vote, according to the following procedure:

- 1) Each shareholder has votes equal to number of shares he/she owns.

- 2) Each shareholder may use his or her votes, as per 1), to elect one or more directors. If many directors are to be elected, he or she must use all of his or her votes as per 1). He or she may not divide his or her votes among more than one candidate at any one time.

- 3) Candidates who receive the most votes, in order of high to low, are deemed elected, up to the number of positions available.

If the last position available is claimed by two or more candidates who have received an equal numbers of votes, the Chairman shall cast the deciding vote.

3. After the Shareholders' Meeting

- The Company Secretary always prepares minutes of the meeting within the period prescribed by law after every shareholders' meeting. The major elements of the report are the names of the directors and executives who attended, and the names of directors who did not attend, the voting methods, a summary of announcements, explanations, observations, questions, and answers, as well as the resolutions of the meeting, and the votes including the votes cast for and against them, as well as abstentions.

- The Company has published the minutes of annual general and extraordinary general shareholders' meetings within fourteen days of the meeting date on the Company's website, at <http://www.ssi-steel.com>, since Extraordinary Shareholders' Meeting number 1/2005.

- The Company Secretary has supervised and filed the minutes and notices of shareholders' meetings ever since the Company was founded.

○ Use and Protection of Inside Information for Trading of the Company's Securities

Details are to be found under the heading of Supervising the Use of Inside Information.

The Rights of Stakeholders

○ Business Philosophy

The Company's management for the sake of sustainable growth is based on the Company's Business Philosophy, which comprises:

1. Devotion to excellence.
2. Adherence to quality of products and services.
3. Belief in the value of our personnel.
4. Commitment to honesty and ethics.
5. Dedication to our social and environmental responsibilities.

On January 24, 2007, at Board of Directors meeting number 1/2007, a new business plan for 2007 to 2009 was approved to replace the previous plan and serve as a framework for company operations over the next three years. The Company's vision and mission were revised and new goals and strategies were formulated. The part of the mission that deals with responsibilities to stakeholders was expanded from the community to include the wider society, as follows:

“The Company shall enhance quality of life in the community, preserve the local environment, and be responsible to society.”

The Company is truly concerned for the quality of life of all stakeholders, including employees and their families, the community, the society, and the environment. The Company aims to develop its steel industry in parallel with the quality of the community, society, and the environment. This commitment to sustainable development involves the establishment of effective systems of management for safety, occupational health, and the environment in accordance with ISO 14001 Environmental Management Standards and TIS 18001 Occupational Health and Safety Management Standards. Among the awards pertaining to these areas of concern, in 2008 the Company received the following:

Type of Award	Awarding Body	Date
Prime Minister's Industry Award 2008 For Environmental Quality Preservation	Ministry of Industry	June 28, 2008
Thailand Energy Award 2008 (TEA 2008)	Ministry of Energy	July 20, 2008
Honorary Award for the Outstanding Workplace in Labour Relations and Welfare Benefits (received 5 years in succession from 2004 - 2008)	Ministry of Labour	September 23, 2008

○ Equitable treatment of stakeholder

The Company places an importance to the right of every stakeholder, namely shareholders, employees, customers, partners, creditors, communities, society, and environment. Subsequently, it has established working mechanism to promote activities/or foster relationship between the Company and every stakeholder. As a means to encourage participation from the stakeholders, the Company has spelt out stakeholders participation methods including customers and employees opinion surveys, shareholders' opinion and enquiries hearing and answering at the Shareholders' Annual Meeting. Contact channels for stakeholder to submit suggestion via website and report “tip” and “complaint” to the Good Corporate Governance Committee are also developed. In addition, the Company has virtually ensured adequate disclosure of information to efficiently encourage participation from stakeholders; for instance, publishing product procurement news of the Company on the website to inform business partners and interested parties. Furthermore, divisions or committee or working committee or working subcommittee specifically in charge of assignments are set up to take care of every stake holder e.g. shareholders, employees, customers, partners, creditors, community, society and environment. The activities below illustrate the Company's commitment to ascertain equitable treatment of each stakeholder in the year 2008.

Stakeholder: shareholders

- The Corporate Secretariat Office performed duties delegated by the Board of Directors according to articles specified under a section of rights and equitable treatment of shareholder.

Stakeholder: employees

- The Human Resources and Administration Division performed duties delegated by the Company based on the Company's principles that regard "human resources are one of the best assets of the Company and the best and quality employees contribute to the success of the company". Hence, various activities and projects to maintain the healthy working condition of employees are continuously carried out. The Company has designed various programs to provide welfare and benefit for the employees e.g. provident fund, health insurance, life and accident insurance as well as support of employees' saving cooperative, training and seminar, scholarship, and transportation service for the employees at Bang Saphan. In 2008, the Company revised the working regulations to correspond to the New Labor Protection Act and increase management efficiency of labor at advanced level according to Thai Labor-Standard: TLS 8001-2546 (2003). Last but not least, the Company increased a cost-of-living subsidy at supervisory and operational levels and a medical fee at every level to be in line with current economic condition and build better life quality of employees.

Stakeholder: customers

- The Service Quality Improvement Working Subcommittee carried out a number of activities to foster relationship with the customers, monitor problems and welcome complaints from the customers. In addition, it accepted voices and suggestion from the customers to improve services in an effort to meet their expectations accordingly, through customer visits, monthly meetings with major customers, and customer satisfaction surveys twice a year. Furthermore, it conducted product trainings for the customers in need as well as advised and assisted in the event of difficulties regarding the products of the Company as well as answered enquiries and suggested the products information via website at <http://www.ssi-steel.com>.

Stakeholder: partners and creditors

- The Slab Suppliers Audit Working Subcommittee performed activities to strengthen relationship with the suppliers through the information sharing to update working knowledge as well as experience. In 2008, the Company invited two overseas suppliers to attend meeting with the company to review technical protocol and specification which concerned raw material development for more varieties and better response to the customers' requirement. The meeting helped define direction of solution in improving raw material quality and other problems.
- The Company's Purchasing Department performed the following tasks:
 - Sourcing new suppliers and service providers on an ongoing basis in order to have suppliers, service providers and producers with high potential and ability to produce high quality according to the requirement of the Company. In this regard, every entrepreneur is given equal opportunity.
 - Disclosing procurement news of the Company via <http://www.ssi-steel.com> to inform the partners and interested parties wishing to sell products and offer services to the Company. They are invited to register to become vendors of the Company via the Company's website as well as offer procurement bid for maximum efficiency and transparency of the Company's procurement.
 - Organizing annual seminar and meeting with suppliers and service providers. The meeting in March 2009 was to inform the Company's procurement policy as well as safety and environment policy.
 - Visiting suppliers to study production process and management system on special occasions to examine their process and ascertain product quality to meet the requirement of the Company.

Stakeholder: community, society and environment

- The Public Relations and Community Relations Office undertook programs as specified under a section of "Community and Social Responsibility".

- The Purchasing Department purchased community products as well as suggested the communities on product development to suit the needs of the Company which helps increase production capabilities as well as distribution of the community and local products.
- The Climate Change Initiative Working Committee organized assorted programs and activities to combat global warming as described below:
 - participated in the projects with central government organizations. The implemented projects were the Life Cycle Assessment environmental database development program for midstream and downstream steel production organized by Thailand Environment Institute, Tax Incentive for Energy Conservation Project Phase II organized by Department of Alternative Energy Development, Ministry of Energy.
 - Organized the projects in cooperation with local government organizations. The projects included Youth Conservation Camp, Clean Technology Teacher Camp, Organic agricultural project, Organic fertilizer bank, and “Crab Freeing and Reforestation Project to honor Her Majesty the Queen’s 81st Anniversary on August 12th”.
 - Organized six projects and six activities in the company to promote energy saving in production which resulted in over 4,464 tons/year of carbon dioxide emission reduction.
 - Organized internal and external public relations activities, for instance, logo and motto contests, Climate Change Caravan to promote awareness and participation in solving climate change and “Safety and Occupational Health and Environment Week (SHE Week 2008)”. The climate change topic was introduced through a number of major community relations activities such as a National Mother Day, art teacher training program, and educational management training program, etc.
 - Conducted a study on climate change, for instance, Green Label Project and Carbon Label Project under responsibility of Thailand Environment Institute as well as Green Procurement Project of Ministry of Natural Resources and Environment.

Regarding the compensation for the stakeholder in the event of damage from business violating the laws, the Company endorsed some actions i.e. offering insurance for stakeholders of the company which cover life, health and accident for the employees and the Board of directors, Directors and Officers Liability Insurance, Marine Cargo Insurance as well as Public Liability Insurance, etc.

Despite the fact that guidelines and practices on equitable treatment for stakeholders and measures already were laid out and implemented in the past, the Good Corporate Governance Committee viewed that the policy should be put in writing for more clarity. The policy is under consideration to be implemented.

○ Tip and complaint reporting

Realizing an importance of stakeholders’ participation in supervising the Company, the Good Corporate Governance Committee has arranged the tips and complaints reporting channel which allows the Company to acknowledge information from employees and every group of stakeholder e.g. shareholders, customers, partners and community. The reports can be any concerns, for instance, law violation or unethical practice or corruption or violation on conflict of interest or inaccurate report of financial statement or improper internal control and any actions harmful to the reporters or the Company. The report can be directly forwarded to the Good Corporate Governance Committee as announced as criteria in the Company’s website. Such channel allows the Company to obtain more in-depth information or problems, the Company can thus analyze information for solution and establish stringent measures which will lead to increased efficient management.

On August 11, 2008, the Company announced the Board of Directors’ policy on tips or complaints reporting and guidelines concerning tips and complaints reporting channels which took effect on September 1, 2008. The Company communicated the said policy to employees and internal/external stakeholders to inform channels and methods of reporting tips and complaints as below:

1. Organized the meeting with employees at both executive and managerial levels to enable them to understand the issues and further inform employees at other levels on this matter. Other means of communication have been used to achieve this objective. For example, the information will be displayed on Pop-up windows on computer screen when each employee switches on his/her computer, the company intranet at <http://ssi.net>, PR News posted at Public Relations Board, and “SSI Loves All Newsletter” which is an in-house electronic publication.
2. Disseminated information and communicated with external stakeholders through website: www.ssi-steel.com.
3. Any whistleblower can report tip and complaint via two channels:
 - **By E-mail** at e-mail: ssicg@yahoo.com or
 - **By Post** The letter can be sent to The Good Corporate Governance Committee at P.O. Box 534 Delivery post office Bangrak, Bangkok 10500

The Good Corporate Governance Committee is responsible for designing a “Whistleblower” process in handling tips or complaints as well as a protection policy for the whistleblower. Information pertaining to the whistleblowing case will be kept confidential and eligibility of the person who can access whistleblowers’ information is also instituted.

Information Disclosure and Transparency

The Board of Directors recognizes the importance of disclosing significant information about the Company, both financial and non-financial, to investors, and that such information must be accurate, complete, timely, and transparent. Such disclosure must also take place according to the principles laid down by the SEC and SET regarding good corporate governance, in which shareholders should have equal access to corporate information, since such information has a major impact on the price of Company shares on the SET. The Board has clearly declared its commitment to these ideals in item No. 1 and 7 of the Company’s Good Corporate Governance Policy mentioned earlier.

The Company established a unit directly responsible for disclosing corporate information to investors and as a main contact in communication with investors, shareholders, and securities analysts, namely the Investor Relations Office. Another unit responsible for contacts with mass media and the general public the Public Relations and Community Relations Office, was also formed.

The unit responsible for disclosing corporate information to the SET and the SEC is the Corporate Secretariat Office. In 2008, the Company disclosed corporate information to various stakeholders through the following channels:

1. The Investor Relations Office

- Published the Company’s financial and non-financial information, its good corporate governance policy, its business philosophy, and its code of ethics both in Thai and English on its website, www.ssi-steel.com. The website gives investors and shareholders convenient, continuous, and equal access to updated corporate information.
- Arranged for better communication between investors and shareholders and the Company. Investors and shareholders can ask questions of executives or request more information from the Company through its e-mail address pr-ir@ssi-steel.com. They can also register to receive e-mail updates through the Company’s website.
- Organized analyst meetings on a quarterly basis to announce the Company’s operational results and financial status on the work day following the disclosure of the Company’s non-reviewed or unaudited financial statements to the SET. A quarterly update was also provided to those attending each meeting.
- Arranged seven one-on-one meetings between senior executives of the Company and Thai and foreign institutional investors and securities analysts.

2. The Public Relations and Community Relations Office

- Prepared quarterly news releases for the mass media concerning the Company's financial status and operational results on the work day following disclosure of the Company's non-reviewed or unaudited financial statements to the SET.
- Issued press releases and photo releases regarding corporate activities to reporters, so that information about the Company reaches investors and the general public from time to time.
- Set up interviews with corporate executives when so requested by the mass media, to foster understanding and/or promote accurate knowledge of the Company.
- Arranged for publication of information and articles about the Company through various media, including:
 - print materials such as newspapers, annual reports, and books and brochures.
 - participation in and organization of exhibits presenting corporate information to target groups and the general public.
 - special and electronic media, such as videos and the corporate website, <http://www.ssi-steel.com>, <http://www.blogssi.com/360degree/>, <http://www.blogssi.com/ssiarsa/>
 - provision of channels for comments, questions, and requests for additional corporate information via e-mail, at pr-ir@ssi-steel.com.

3. The Corporate Secretariat Office

- Disclosed all information necessary for investors to make decisions, according to the rules laid down by the SET and SEC, in particular the Company's quarterly and annual financial statements, both the non-reviewed and unaudited reports, to the SET, and the quarterly and annual financial statements, both reviewed and audited reports, to the SET and the SEC.
- Sent the 2006 Annual Report (Form 56-2) to the Company's shareholders, along with a notice of meeting for the Annual General Meeting of Shareholders, and informed the SET and the SEC of the same, no later than 110 days from the end of the fiscal year.
- Released the 2006 56-1 Report (Form 56-1) for the fiscal year ending December 31, 2008 to the SET and SEC no later than three months from the end of the fiscal year.

Responsibilities of the Board of Directors

o The Board of Directors: Structure, Role, and Duties

The Board of Directors consists of fifteen people, five of whom are independent directors, in accordance with item No. 8 of the above policy. The definition of "independent director" is found in item No. 1, Management, under the heading of Shareholding Structure and Management. Of the ten non-independent directors, one director, namely Mr. Win Viriyaprapaikit, the President, occupies management positions as well, and another two directors are representatives from banks, namely Mr. Permpoon Krairiksh and Mr. Yuke Sutarat, representing Siam Commercial Bank Public Co., Ltd. and the Bank of Ayudhya Public Co., Ltd., respectively.

The Board of Directors has decentralized its authority and duties by establishing a number of committees to ease its burden of responsibility, in which these committees help study and sort through matters of importance delegated to them in meetings of the Board of Directors. The six committees are:

- 1) the Board of Executive Directors;
- 2) the Audit Committee;
- 3) the Nomination Committee;

- 4) the Remuneration Committee;
- 5) the Good Corporate Governance Committee; and
- 6) the Risk Management Committee.

The second to sixth committees have an independent director serving as chairman. All members of the Audit Committee are independent directors. Most of the members of the Nomination Committee are independent directors. Most of the members of the Remuneration Committee are not independent directors. The Board of Directors will consider increasing the number of independent directors henceforth as the need arises. The scope of authority, duties, and responsibilities of the Board of Directors, and of the other committees are to be found in item No. 1, Management, under the heading of Shareholding Structure and Management.

The Company's Secretary offers advice on matters of law and regulations that the Board of Directors needs to know, handles the activities of the Board of Directors, and ensures that the resolutions of the Board of Directors are implemented.

At present, the Company's policy does not specify that the Chairman of the Board of Directors must be an independent director, as this might deprive the Company of people suitable to fill the position. The steel industry requires personnel with specialized skills and experience, in addition to a broad vision and managerial expertise to maximize benefits for the Company, its shareholders, and stakeholders.

In the area of management structure of the Company, key positions are divided among various people. Dr. Maruey Phadoongsidhi is the Chairman of the Board of Directors, Mr. Wit Viriyaprapaikit is the Chairman of the Board of Executive Directors, and Mr. Win Viriyaprapaikit is the President. Each position has clear and separate scope of authority and responsibility, which is in accordance with the Company's Good Corporate Governance Policy mentioned earlier in item No. 10.

The term of office for board member is in pursuant with the Public Limited Company Act. The term of office for each of five committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, the Good Corporate Governance Committee, and the Risk Management Committee, has been specified by the Company, but the number of terms a director may retain in the same position for succession period has not been specified. This is for flexibility in finding suitable persons with the special experience and competence required for the tasks assigned and nature of the Company's business. The Company is presently considering what policy it should adopt regarding the Company's directors and senior executives holding common directorships in related companies, and what measures to take and types of information disclosure would be appropriate.

- **Meetings of the Board of Directors**

The Company arranges in advance the meetings of the Board of Directors and the other committees, and informs each director and the relevant departments of the schedules of the meetings. The Board of Directors is required to meet every three months, and may meet more often as necessity requires. Each director may suggest items to be included in the agenda. The Chairman and the President jointly consider what items to be included in the agenda of meetings of the Board of Directors to ensure that important matters are given sufficient attention.

During meetings of the Board of Directors and the other committees, senior executives directly involved in the matter under consideration participate so as to provide additional information and enable the directors to become familiar with the executive concerned. This familiarity is helpful when considering on succession plans.

At each meeting of the Board of Directors, the Board receives reports on business operations and follow-up reports on the progress of work it had assigned, and considers on matters within its scope of authority. The Board of Directors oversees the implementation by management and the various committees of the policies and plans for which they are severally responsible to the Board. The Company Secretary

facilitates meetings which, according to Good Corporate Governance Policy, item No. 14, mentioned above, require, as per Company Articles, delivery of a notice of meetings at least seven days before the meeting date. In 2008, the Board of Directors met six times, i.e. in February, May, July, August, November, and December. Notices of meetings and supporting documents were sent to directors approximately ten days in advance of the date of meeting.

The Board of Executive Directors is required to meet once a month, and may have additional special meetings as necessary. The Company Secretary arranges the meetings and the prior delivery of documents in the same way as for meetings of the Board of Directors. The Audit Committee meets to perform their functions independently, within the scope of their duties and responsibilities as assigned by the Board of Directors. The Secretary of the Audit Committee organized these meetings and issued notices of meetings and documents at least seven days in advance and three days in advance, respectively, as per the Company's Audit Committee Charter (volume 3).

Meetings of other committees in 2008 can be summarized as follows:

- 1) The Board of Executive Directors met twelve times, namely once a month.
- 2) The Audit Committee met nine times, in January, February, April, May, July, August, September, November and December.
- 3) The Nomination Committee met four times, once each in January, February, August, and December.
- 4) The Remuneration Committee met two times, namely in February, and April.
- 5) The Good Corporate Working Committee met five times, once each in January, February, March, July, and December.
- 6) The Risk Management Committee met 5 times, once each in January, March, April, July, and October.

In addition, the Company also held specific meetings for the five independent directors. In 2008, they met four times, once each in February, May, August, and November, to discuss problems related to the Company's management. If there were any important issues, the independent directors would present them to a meeting of the Board of Directors for further consideration.

Furthermore, every director took part in corporate management. Informal meetings of directors would also be arranged to discuss particular issues concerning which knowledge, experience, or ideas would be contributed by those directors, such as topics related to engineering, production, or management. Certain matters are also discussed over the telephone with directors experienced in that issue on a regular basis.

Directors' Attendance at Meetings in 2008 (Number of Meetings Attended / Number of Meetings)

Name	Board of Directors	Board of Executive Directors	Audit Committee	Nomination Committee	Remuneration Committee	Good Corporate Governance Committee	Risk Management Committee
1. Mr. Maruey Phadoongsidhi Chairman	6/6	12/12					
2. Mr. Wit Viriyaprapaikit Director	6/6	11/12					
3. Mrs. Prapa Viriyaprapaikit Director	0/6						
4. Mr. Somchai Pipitvijitkorn Director	6/6	11/12			2/2		5/5
5. Mr. Taweesak Senanarong Director	6/6				2/2		5/5

Directors' Attendance at Meetings in 2008 (Number of Meetings Attended / Number of Meetings)

Name	Board of Directors	Board of Executive Directors	Audit Committee	Nomination Committee	Remuneration Committee	Good Corporate Governance Committee	Risk Management Committee
6. Mr. Visith Noiphan Independent Director	6/6		9/9	4/4			
7. Mr. Tongchat Hongladaromp Independent Director	4/6						5/5
8. Prof. Kesree Narongdej Independent Director	6/6		9/9				
9. Mr. Tawee Butsunton Independent Director	6/6				2/2	5/5	
10. Mr. Prateep Buphaintr Independent Director	6/6		9/9	4/4			
11. Mr. Kamol Juntima Director	6/6			4/4		5/5	
12. Mr. Piya Viriyaprapaikit Director	6/6	11/12				4/5	
13. Mr. Win Viriyaprapaikit Director	6/6	11/12					
14. Mr. Permpoon Krairiksh Director	5/6	6/12					
15.* Mr. Nuttawit Boonyawat Director	2/4	5/7					
16.**Mr. Yuke Sutarat Director	2/2	5/5					

Note: Some directors did not attend scheduled meetings, as shown in the table above, due to urgent business that necessitated their absence. All directors who were absent had always given advance notice of their absence. If any such director had a comment or proposal to make concerning any item in the agenda, he or she could submit the same through the Company Secretary or the secretary of the particular committee of which he or she was a member for discussion in the meeting.

* No. 15 Mr. Nuttawit Boonyawat resigned from the board on July 31, 2008.

** No. 16 Mr. Yuke Sutarat was appointed to be a board member in replacement of Mr. Nuttawit Boonyawat on August 11, 2008.

- **Assessing the Performance of the Board of Directors**

In 2008, the Board of Directors assessed its own performance, using the Board of Directors Self-Assessment Guide of the Stock Exchange of Thailand. Its first use of this method was in early 2006 to assess its own performance in 2005. It has since employed this same approach every year until present. However, the Board of Directors does not employ this approach at the individual level.

The Audit Committee also conducts self assessment once a year, according to the Audit Committee Self-Assessment Guide from the Thai Institute of Directors (IOD) and the American Institute of Certified Public Accountants (AICPA). The Audit Committee has been doing this since 2000, and submitting its reports to the Board of Directors annually as well.

- **Compensation for Directors and Executives**

At the 16th Annual General Meeting of Shareholders on April 5, 2005, it was resolved that the guidelines and payment rates for directors be adjusted to more appropriate levels. The Board of Directors and the Board of Executive Directors were to receive monthly compensation, while other committee members would be compensated for each meeting. The President, an executive position, would be compensated only for his/her executive role, but not as a director. Remuneration for directors and executives would be based on their scope of responsibility, and the Company's overall performance. Remuneration for executives would also be based on their goals program. Directors' and executives' remuneration packages should be attractive enough to keep the qualified persons, and should be comparable to that of other companies rated "good" in corporate governance, and other companies in similar industries. Remuneration for directors and executives was consistent with the criteria proposed by the Remuneration Committee, approved by the Board of Directors, and authorized by a meeting of shareholders. Detailed information on compensation for directors and executives is presented as item No. 3, Remuneration for Directors and Executives for 2008, under the heading of Shareholding Structure and Management.

At the 19th Annual General Meeting of Shareholders on April 29, 2008 it was resolved that 2007 bonuses to be paid to all fourteen directors (not including the President, who is also an executive of the Company) according to the guidelines for directors' bonuses. These guidelines specify that directors continue to receive bonuses only for as long as shareholders are paid dividends. Thus, compensation for directors is linked to the overall performance of the Company.

- **Development Program for Directors and Executives**

It is Company policy to encourage and support directors and executives who take courses or engage in activities that enhance their knowledge and competence so that they might contribute to improvements in company operations. Such courses might be arranged in-house or outside at other institutions. Most of the Company's directors and senior executives receive their training at the Thai Institute of Directors (IOD). Among the courses offered are as follows:

- 1) Director Certificate Program (DCP)
- 2) Director Certificate Program (DCP) for Board & CEO
- 3) Director Accreditation Program (DAP)
- 4) Role of the Chairman Program (RCP)
- 5) DCP Refresher Course
- 6) Audit Committee Program (ACP)
- 7) Understanding the Fundamentals of Financial Statements (UFS)
- 8) Finance for Non-Finance Director (FND)

9) Diploma Program of Thai Institute of Directors

10) Company Secretary Program (CSP)

Another program offered by the Capital Market Academy, the Stock Exchange of Thailand which was participated by the Company's directors and senior executives is the Capital Market Academy Leaders Program (CMA). The Company has also established policies and procedures on personnel development. Guidelines for staff training and seminars and reimbursement have also been set.

In 2008, the five directors whose terms expired were re-elected for a new term, and training in such cases remained as described in the previous paragraph. If a new director were to be inducted, however, the Chairman would explain the Company's nature of business and business operation guidelines, and provide documents and information helpful in performing his/her duties, such as the Director's Manual, the Corporate Authorization Manual, the Code of Ethics, the Corporate Information, and others. For new executives, the introduction to the Company's business and operation is provided by executives in each department, along with the documents, manuals, and information he/she needs to perform his/her functions.

○ **Directors and Executives Secondment**

The executives were seconded to assume a position of directors/president/or executive officers in West Coast Engineering Company Limited and Prachuap Port Company Limited, which are both subsidiaries of the Company and Thai Cold Rolled Steel Sheet Public Company Limited, a jointly-controlled entity. Management fee for seconding the executive to these companies are mutually agreed.

○ **The Succession Plan**

The Company has formulated the Human Resource Management Policy and Procedure (Extra Volume No. 2/2005) regarding succession plans as a way of preparing for future manpower needs and identifying successors to key positions.

On February 12, 2007, the Company formed a Succession Plan Working Subcommittee to make plans and set ways of grooming successors through individual development plans that enable them to achieve a full measure of competencies as described in the Company's guidelines. The successors to key positions were identified and individual development plans for each successor were completed in September 2008.

○ **Business Ethics**

The Company has established a business philosophy, a code of business conduct, and a code of ethics for employee in 2000. In 2001, the Company announced Human Resource Management Policy and Procedures concerning Code of Ethics for Employee, and Procedures on Ethics and Ethical Guidelines. In the same year, the Board of Directors approved a code of ethics for company directors. The Company printed its codes of ethics as manuals and distributed them to all employees as practical guidelines. The above information was also published in the Company's website. The Code of Business Conduct, the Code of Ethics for Directors, and the Code of Ethics for Employees are as they appear below:

● **Code of Business Conduct**

The Company must conduct itself responsibly, transparently, honestly, and with competitive competence while treating each of the following groups fairly:

1. Shareholders and Investors

The Company must maintain good operating results to ensure good returns to the shareholders and investors.

2. Customers

The Company must provide reasonably priced, high-quality products and services that meet the needs of customers.

3. Business Partners and Creditors

The Company must conduct its operations on a basis of fair and mutual support.

4. Competitors

The Company must conduct its operations on the basis of fair competition.

5. Employees

The Company must offer employees a good standard of living at wages that are competitive with similar jobs in the labour market, with appropriate benefits, with opportunities for career advancement, and in a safe, healthy working environment.

6. The Government

The Company must work to promote national prosperity and progress, in obedience to the laws of the land and conformity to general business practices.

7. The Community and Society

The Company must take its share of responsibility for the community and society and consider the impact of its operations on natural resources and the environment.

The Company will aim for the appropriate balance among the needs of these various groups and give them all equal consideration.

- **Code of Ethics for Company Directors**

1. The Company's directors must fulfill their duties in the spirit of the Company's principles of good business conduct and adhere to the code of ethics established by the Company.

2. The Company's directors must fulfill their duties in compliance with the law, the objectives and the Company's Articles of Association, and the resolutions of shareholders' meetings, and with all due honesty, integrity, and care for the interests of the Company.

3. The Company's directors must dedicate sufficient time and knowledge, competence, and managerial skill to the fulfillment of their duties and responsibilities, for the prosperity and stability of the Company and for good returns.

4. The Company's directors must fulfill their duties as a responsibility to the shareholders and with all due concern for the interests of stakeholders, and must treat all groups as fairly and prudently as possible.

5. The Company's directors must not use their position for wrongful gain, must not disclose the Company's secrets to outsiders, must not seek gain for themselves or those related to them by means of information not yet publicly disclosed, and must not do anything that would result in a conflict of interest.

- **Code of Ethics for Employees**

1. Respect for the Organization

Employees must join in strengthening and upholding the honour of the Company in their attitudes and behaviour. Good employees demonstrate pride in the Company, defend and maintain its respectability, and help to enhance its public image.

2. Loyalty and Honesty

Employees must act with integrity. They must not seek remuneration or gain from outside, nor use their position in the Company for their own interests or those of their families, relatives, or other people.

3. Diligence

Employees must perform the work for which they are responsible with all due care and diligence. They must devote themselves to the work of the Company with all their ability and strive for the success of their work and the greater good of the Company.

4. Discipline

Employees must comply with the Company's policies, regulations, orders, rules, and good corporate culture, and must learn the said policies, regulations, orders, and rules with the clarity needed to practice them correctly.

5. Preserving Secrecy

Employees must keep corporate information confidential and not disclose any of it or use it for personal benefit, either one's own or others', without permission from those in authority. Exempt from this prohibition is information that needs to be disclosed in the normal conduct of business or has already been disclosed to the public.

6. Using and Protecting Corporate Assets

Employees must use and protect the Company's assets for the greatest possible benefit of the Company, not for personal benefit, either one's own or others'. All assets must be maintained in good condition for the sake of their effective, long-term use.

7. Conflicts of Interest

Employees must not engage in any activity that conflicts with the interests of the Company, results in loss or diminishment of benefits for the Company, or seeks to share in the Company's benefit, such as:

- 7.1 Conducting any business or activity that competes directly or indirectly with the Company's activities.
- 7.2 Conducting any business or activity that sells goods or services to the Company, accepts contracted work from the Company, or may be considered as representing any person or organization that sells goods or services to the Company or accepts contracted work from the Company.
- 7.3 Having any financial interest or owning shares or interests in any business competing with the Company or having any type of transaction with the Company, such as clients, sales agents, contractors, or suppliers of goods or services, providing the said interest or share is one which may be affected by any commission or omission of the employee in the employee's normal course of duties in the Company.

8. Accepting Gifts

Employees must not accept abnormally expensive gifts and/or offerings at events or gatherings of any type from those who do business with the Company or anyone who might benefit from their normal course of duties. If such a gift is accepted, only to discover later that its value is considered abnormal, the recipient must inform his/her superior of the fact and await whatever consequences are considered appropriate.

9. Personal Behaviour

Employees must conduct themselves in a manner befitting a representative of the Company in terms of behaviour, manners, type of dress, character, and attitude. Employees must not behave in ways that devalue themselves or the Company. They must strive to develop their knowledge and abilities in ways that enhance the value of their work and promote the greater prosperity of the Company.

10. Conduct of Superiors and Subordinates

Employees with superior positions must act as leaders and set good examples for those under them in terms of behaviour, developing morale, listening to the opinions of their subordinates, and protecting them with all due fairness and reasonableness.

Employees who are subordinate must listen and obey their superiors and conform to the discipline and regulations of the Company. They must not act in a stubborn, aggressive, or hostile manner to their superiors, but rather respect them and observe the appropriateness of time and place.

11. Utilizing Social and Political Rights

Employees are free to engage in social activities, but must avoid activities that are illegal, immoral, inappropriate, unproductive or harmful to society. They must protect their own dignity and ensure that the Company's position in the community and society is not impaired by their actions.

Employees are free to utilize their political rights, such as voting in elections and participating in political parties, but must not do anything to promote the understanding that the Company is involved in or favours any one political party.

Since 2003, the Company has organized campaigns to promote consciousness and compliance with the Company's ethics and values throughout the organization as integral parts of the corporate culture. Publicity, communications, and events that highlight these issues are arranged by the Employee Ethics and Values Promotion Working Subcommittee, and the Working Subcommittee for Publicizing and Promoting Employee Ethics and Values.

In 2008, the Working Subcommittee and the Working Subcommittee improved communication efficiency of the Company's intranet. Good role model employees were revealed in "SSI Loves All" Newsletter. Furthermore, employees' ethics and value concerning "loyalty and honesty", "discipline", and "using and protecting corporate assets" had been communicated and campaigned throughout the entire organization through various activities as described below:

1. 2008 Ethics Week from August 18 - 22, 2008 at the Head Office in Bangkok and the office of Bang Saphan Plant.

The activities included

- Public relations through in-house wired voice
 - Ethics songs
 - "Ethics in your mind, you can do it" photo contest, Ethics Board, and Ethics poem concerning three employees' ethics which were campaigned in 2008.
 - Lucky Call (ethics game)
 - Mobile ethics
 - SSI signage throughout the plant
2. Other activities
 - 2.1 Communications through website i.e. ethics corner on SSI intranet at www.ssi.net to disseminate information on employee's ethics as well as establish questions and answers activities (Q&A) to encourage more participation from employees e.g.
 - From February - March 2008, the still pictures to complement presentation to campaign on "Exercising your social and politics rights" were made.
 - In April, 2008, a short play to campaign on "Treasuring the Pride of the institution" was organized.
 - 2.2 Social contribution activities to promote consciousness among employees with an aim to improve morale and pride of the Company were organized. For instance, the employees took part in "Art as Inspiration and Love Sharing" Project organized by the Public Relations and Community Relations Office at Children Village School, Kanchanaburi Province.
 - 2.3 Q&A activities on ethics through in-house wired voice.

Furthermore, the Company held trainings and seminars under the topic of “ethics and good corporate governance” for the employees as follows.

Topic	Date	Speaker
Policy on tips and complaints reporting	August 29, 2008	Mr. Tawee Butsoonthorn Company Director
Liabilities of Damage arising from Unsafe Products Act BE (2551) 2008	October 21, 2008	Mr. Suraphol Orn-ura Allen & Overy (Thailand) Co., Ltd.

○ Conflicts of Interest

The operations of the Company rely on the support of related companies in many ways. The most important of these are distribution channels, inland and sea transportation, and repair and maintenance of plant machinery. For this reason, related parties and related transactions arise under the ordinary course of business and general trading conditions.

The Company has undertaken numerous measures to ensure transparency, clarity, and accountability in its related transaction reports, mentioned earlier. Such reports enhance the Company's accountability and its success in conducting business, for example:

2004:	<ul style="list-style-type: none"> • Policies on trade discounts as a means of increasing competitiveness, increasing sales and market share, and rewarding loyal customers who continue their purchase of the Company's hot rolled coil.
	<ul style="list-style-type: none"> • Rules and procedures governing the extension of commercial credit in order to systematize the authorization of credit and minimize the credit risk.
	<ul style="list-style-type: none"> • Reports on the Company's sales volume and prices to the meetings of the Audit Committee on a quarterly basis, since the first quarter of 2004. This is to ensure that transactions between the Company and related parties are under the ordinary course of business and general trading conditions.
2006:	<ul style="list-style-type: none"> • Establishment of a Credit Committee in August to analyze and sort the amounts and types of commercial credit suitable for each client, considering the client's needs and repayment ability, along with types of guarantees to prevent or reduce the risk of giving credit. The Committee also consider on giving extensions of credit terms on a client-by-client basis.
2007:	<ul style="list-style-type: none"> • Reports on the Company's sales volume and prices to the meetings of the Board of Executive Directors on a monthly basis, since October. The reports are of the same type as those given to the Audit Committee.

When any conflict-of-interest transaction is discussed by the Board of Directors, all directors with interest in that transaction must not participate in the discussion, and must absent themselves while that transaction on the agenda is under consideration.

- **Internal Control and Internal Audit Systems**

Details can be found under the topic of Internal Controls.

- **Risk Management**

Details can be found under the topic of Risk Management.

- **Others**

In 2008, the results of the Company assessment and survey relating to good corporate governance activities are as follows.

- The Company was evaluated by the Securities and Exchange Commission in cooperation with Thai Investors Association and Thai Listed Companies Association, on the quality of The Annual General Meeting: AGM for the year 2008. The meeting was rated “excellent” (from all 486 companies holding the meetings between March - April 2008) and the Company was acknowledged the result from the letter dated July 28, 2008.

- Following the survey of corporate governance activities of the Thai listed companies in 2008 under “Corporate Governance Report of Thai Listed Companies 2008” program organized by the Securities and Exchange Commission in conjunction with the Stock Exchange of Thailand and Thai Institute of Directors, the Company was acknowledged on November 21, 2008 that it was rated “Very good” with an average score of 88 (very good score is 80 - 89).

Supervising the Use of Inside Information

The Board of Directors seeks to prevent unfair and irregular activities related to the buying and selling of the Company's securities, and strictly adheres to the Securities and Stock Exchange Act of 1992. The Company realizes the importance of equitable treatment of shareholders according to the principles of good corporate governance. This position is stated in the Board of Directors Policy number 1/2007 on the topic of Good Corporate Governance, which is a revision of the Board's previous Policy Statement of 2002, which declares that "The Board of Directors shall regulate, supervise, and monitor compliance with its guidelines concerning the use and protection of inside information for trading of the Company's securities, and communicate them to all relevant parties."

In December 2007 the Company announced guidelines for the Board of Directors regarding the use and protection of inside information for trading of the Company's securities in conformity with the aforementioned Board of Directors Policy number 1/2007. The stated intention of the Board of Directors was "that there be equality and fairness among all shareholders. It is therefore the duty of every director and employee, at every level, who knows or might know inside information that has not yet been disclosed to the public, to not engage in any activity related to buying or selling Company securities", details of which may be summarized as follows:

- Directors and employees must not use inside information from reports that have been or will be made regarding the Company's business activities for the benefit of themselves or others. Moreover, they must not advise others on the buying or selling of securities based on such information.
- Any changes in management holdings of the Company's securities must be reported within three working days from the date of buying or selling of the said securities, so that
 - Directors and executives as defined by announcements of the Securities and Exchange Commission (SEC) can report their transactions in Company securities directly to the SEC, or request that the Company Secretary make such a report on their behalf.
 - Executives not so defined by announcements of the SEC report their transactions in Company securities to the Company's Legal Office.
- Directors and employees who possess inside information that has not yet been disclosed to the public must protect such information with all possible care and must limit access to such information to only those who need to know it, and must not disclose it to the public or express an opinion concerning it except as legally required or with the permission of the appropriate corporate authority or his/her assigned representative.

In addition, the Company has defined best practices which were announced as the Employees' code of ethics in 2000 pertaining "keeping confidentiality of corporate information" and as the Board of Directors' code of ethics in 2001 regarding "keeping confidentiality of corporate information" and "wrongful exploitations for personal gain" as stipulated below:

"Employees must keep the confidentiality of all corporate information and avoid disclosing any news or information before it has been disclosed to the public, such information must not be used for their own or others gain. Only disclosed information and matters relating to ordinary operations of the Company can be used for ones own or other gain."

"The Companys' directors must not use their position for wrongful gain, must not disclose the Company's secrets to outsiders, must not seek gain for themselves or those related to them by use of information not yet publicly disclosed, and must not do anything that would result in a conflict of interest."

The Company has administered the punishment for employees violating the aforementioned guidelines of board of directors and employees' ethics. Regarded as disciplinary abuse, those will be subject to disciplinary action according to the Human Resource Management Policy and Procedure regarding discipline and punishment in which the maximum penalty is termination of employment.

Through the past years, the Company has been consistently active in the following ways:

- The Company has been careful in its use of inside information and restricted it to a limited number of executives and employees on a need-to-know basis. Important corporate information must be immediately disclosed to the Stock Exchange of Thailand (SET), after it has been divulged by the Board of Directors.

- The Company must disclose important Company information on an official basis through the SET before publicizing it through other channels. In this way, investors have equal access to corporate information without any investors gaining advantage over others. Also, only particular people are directly responsible for the disclosure of Company information and explaining it, thus enhancing clarity of communication and preventing misunderstanding.

- A report on the shareholdings of Company directors and executives must be made at every meeting of the Board of Directors, no matter whether any changes in such holdings have occurred or not. If any change has occurred, to whatever degree, the Company or the executive involved must report the transaction in form 59-2 and disclose it in the manner required to the SEC.

- A report on the shareholdings of Company management must be presented to the Good Corporate Governance Committee's meeting every quarter, in addition to requirement notifications of the Securities and Exchange Commission (SEC), which requires a report of shareholdings to be submitted to the Company Legal Office where shareholdings and changes of shareholdings according to the guidelines of the Board of Directors as previously stated.

Internal Controls

The Board of Directors of Sahaviriya Steel Industries Public Co., Ltd. (SSI) recognizes the importance of good and effective internal controls, as stated in the Good Corporate Governance Policy of the Company, in helping to prevent harm, minimizing risk to its business activities and in achieving the Company's vision and mission.

To that end, the Company established in 1998 an Internal Audit Office to audit and review its system of internal controls, and extended the Office's scope of inquiry to include its subsidiaries, West Coast Engineering Co., Ltd. and Prachuap Port Co., Ltd. The Board of Directors has, moreover, assigned to the Audit Committee, which was appointed in 1999, to ensure the appropriateness and effectiveness of the Company's systems of internal controls and internal auditing.

Practically, the Internal Audit Office has studied International Standards for the Professional Practice of Internal Auditing produced by the Institute of Internal Auditors (IIA) and applied those deemed appropriate to its own working guidelines. Areas of audit encompass the financial control, accounting, operational, management, and compliance to laws and regulations of government agencies and especially the regulatory bodies, as well as maintain the security of its information systems. Reports on the audit findings, its recommendations, and results of monitoring and improving various departments within the Company are made to the corporate management, the Audit Committee, and the Board of Executive Directors for their acknowledgement, consideration, and further action.

Every year, the Board of Directors acknowledges the report on an internal control of the Company and internal audit system from the Audit Committee, which contains 1) the self-assessment results of the Company's internal control system of the Audit Committee based upon the evaluation form of the Securities and Exchange Commission, 2) the self-assessment results of the Company's internal control system of the corporate management based upon the evaluation form of the company auditor, and 3) important issues from audit report of audit project from the Internal Audit Office.

The framework of controls adhered and referred to by the Internal Audit Office and the Audit Committee in their operations has been set forth as the Internal Control Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework consists of five main control components, namely:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communications
5. Monitoring and evaluation

The details of these main control components of the Company's internal control system can be summarized as follows:

Control Environment

- Tone at the top: At the end of 2007 The Board of Directors appointed two sub committees: Risk Management Committee and Good Corporate Governance Committee, to assist the Board of Directors in overseeing the Company.

- The Company recognizes the importance of honesty and ethics. To promote and support the Business Ethics and Employees' Ethics, the Company has organized various activities e.g. "Ethics Week" every year. In addition, in order to lay out a clear and concrete framework and direction of corporate social responsibility programs which have been undertaken continuously, the Company has drafted a corporate social responsibility policy which is underway now.

- In 2008, the Company reorganized the Company's structure to suit the changing business conditions for more appropriateness as well as rotated some executives under a new organizational structure. With respect to human resources development, the Company held in-house training as well as sent employees for outside training. Furthermore, in the beginning of 2008, the Knowledge Management Steering Committee was formed in order to establish a system of knowledge creation, search and sharing within the company. The system allows employees to become continuous learners. Additionally, the Knowledge Management Subcommittee is set up to fulfill mission in knowledge base creation in the company which will benefit every employee. For instance, "Training Corner", a knowledge-sharing venue among employees was set up.
- The Company has established a "Whistle Blower System", a channel which enables stakeholders to report tips and complaints to the Good Corporate Governance Committee. Also, in the process, protection policy for the "whistleblowers" has been arranged.

Risk Assessment

- The Risk Management Committee has the duty in closely supervising corporate risk management. The Committee consists of the Risk Management Working Committee and the Risk Management Working Subcommittee as supporting mechanism. Upon reviewing "Major risk assessment and management report", they consider size and levels of risk as well as measures in managing risks presented by risk owners. "Major risk assessment and management report" scrutinized by the Risk Management Committee and reviewed by the Audit Committee must be presented together with suggestions to the Board of Directors each quarter, as mentioned under the topic of Risk Management.

Control Activities

- The Company has defined corporate regulations, policies, and guidelines to ensure proper procedures. In addition, a manual of authorization chart has been published clearly specifying the scope of authority accorded to the Board of Directors, the Board of Executive Directors, and management at each level in each functional area of the Company. In this way, the Authorization Chart is clearly shown and those delegated are held responsible and accountable. This manual is also periodically reviewed. In January 2007 the Operational Authorization and Procedure Working Subcommittee was established to review changes or amendments of the authorization, and to scrutinize a new set of operational procedures before the publication, in order to ensure that authorization is properly delegated and sufficiently flexible to be of practical use.
- The Company has established a mechanism of control to ensure strict compliance with the law. All legislation pertaining to the Company's business has been compiled into a database and a staff member assigned to correct, complete, and update this database at all times. A system of monitoring such compliance has also been set up, with each department reporting on its compliance with relevant legislation to the Legal Office on a quarterly basis. The compliance report must be submitted to the Board of Executive Directors' meeting and the Audit Committee's meeting for acknowledgement accordingly.
- The Company has instituted a number of standard management systems for its operations, including ISO 9001:2000 quality management standards, ISO 14001:2004 environmental management standards, and TIS 18001 occupational health and safety standards. It has also been certified for TIS 17025-2548 (ISO/IEC 17025:2005) laboratory performance standards, JIS Mark product quality standards for hot-rolled steel sheet, ISO/TS 16949:2002 quality management standards for the automotive industry, and the European Union's CE Mark EN10025-1:2004 product quality standards. All these accreditation regimens have their own regular audit and monitoring systems to ensure that the Company's operations conform to these international standards from the date of certification onwards. Significant changes in 2008 can be summarized as follows:

- Received the certification for the Occupational Health and Safety Management System (OHSAS 18001:2007)
- Participated with the Department of Welfare and Labor Protection, Ministry of Labor in the program of “Industry Relations Development for Peace and Sustainable Productivity at Workplace” through an implementation of Thai Labor Standard Standard TIL 8001-2003.

Information and Communication

○ The information technology system is set up as the company has been implementing Enterprise Resource Planning System - ERP since 2005 to increase efficiency of the management and company's resources management and planning. With the system, work situation and caveats can be identified immediately; decisions then can be made promptly. This system connects sub systems within the company i.e. finance & accounting, procurement, production planning, sales & distribution, and human resources management. In addition, various communication systems were installed to enhance communication versatilities and data retrieval performances serving the entire company. These included office computer network, computer network between Bangkok - Bang Saphan, intranet and internet. In 2008, additional improvement was carried out.

- Improvement of computers in the Enterprise Resource Planning System - ERP in order to serve the improvement of business process and business expansion. By adoption of advance computer technology, the company thrives to increase efficiency of both in house and outside communication and ensure uninterrupted communication.

- Study and improvement of Management Information System - MIS, in order to enable management to obtain information intended for decision making promptly, correctly and precisely which will increase competitive edge to the company.

○ The President has placed importance on employee communication and achieved the task through consistently communicating via a monthly in-house electronic magazine since 2006. The communicated issues in 2008 were a situation and direction of the Company's business. At the same time, this communication channel served as a means to improve morale and moral supports of the employees. Commendation and supports were delivered to the employees who joined “What a good suggestion!” activities and gave the best suggestion. The activities were aimed at encouraging more employees' participation in improving work efficiency.

Monitoring and Evaluation

- The Company requires that all divisions report on their operational results at a monthly management meeting.
- Reports and operational result assessments are screened by the Board of Executive Directors to compare achievements with targets on a monthly basis. If there is any significant impact, the committee can then act accordingly.
- Various committees produce regular reports on their activities and resolutions from their meetings for the benefit of the Board of Directors when so required.

Related Transactions

Unit: Million Baht

Related Parties	Relationship	2008 Related Transactions	Outstanding balance		
Thai Coated Steel Sheet Co., Ltd.	Shareholding by the Company and common directors	Sell spare parts and equipment	0.002	Trade accounts receivable	0.42
		Provide deep sea port service	0.54	Other accounts receivable	0.15
		Provide maintenance service	0.93	Accrued income	6.00
		Other income	7.46		
Thai Cold Rolled Steel Sheet PLC	Jointly controlled entity	Sell hot rolled coils	1,886.81	Trade accounts receivable	5.66
		Sell spare parts and equipment	0.03	Other accounts receivable	0.52
		Provide deep sea port service	48.72	Accrued income	0.72
		Provide maintenance service	15.79		
		Other income	7.23		
		Compensation for damaged coils	0.06		
Bangsaphan Transport Co., Ltd.	Direct and indirect shareholding by the Company's director (s)	Other income	0.76	Trade accounts payable	0.00025
				Other accounts payable	0.04
Bangsaphan Barmill PLC	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Provide deep sea port service	10.72	Trade accounts receivable	0.96
		Provide maintenance service	0.06	Other accounts receivable	0.14
		Other income	0.23	Accrued income	0.16
		Buy deformed steel bars	0.38		
B.S. Metal Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Sell hot rolled coils / steel scrap	4,759.36	Trade accounts receivable	2,526.51
		Provide deep sea port service	0.42	Other accounts receivable	0.24
		Provide maintenance service	0.31	Accrued income	0.26
		Other income	1.95	Trade accounts payable	0.22
		Use steel-cutting service	4.63	Accrued expense	0.64
Sahaviriya Plate Mill PLC	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Provide maintenance service	1.69		
		Buy raw materials	11.98		
B.P. Wire Rod Co., Ltd.	The aggregate direct and indirect shareholding by the Company's director (s)	Buy raw materials	225.06		
Prapawit Building Property Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Lease head office space	14.07	Deposit	6.95
				Accounts payable	0.98
Western Housing Co., Ltd.	Common directors and aggregate direct shareholding by the Company's director (s)	Use accommodations	1.66	Accounts payable	0.16
				Accrued expense	0.07
Sahaviriya Steel Group Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Use internet and hotline services	0.05		
C.A.R. Services Co., Ltd.	The aggregate direct and indirect shareholding by the Company's director (s)	Provide maintenance service	0.82	Trade accounts receivable	0.43
		Use domestic transportation service	56.68	Trade accounts payable	0.80
		Other income	0.11	Accrued expense	2.31
Sahaviriya Panich International Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Sell hot rolled coils	7,449.44	Trade accounts receivable	645.25
		Provide deep sea port service	0.06	Accrued expense	0.74
		Revenue from sale commission	4.52		
		Compensation for damaged coils	0.54		
		Buy raw materials	159.51		

Unit: Million Baht

Related Parties	Relationship	2008 Related Transactions	Outstanding balance		
Line Transport Co., Ltd.	Common directors with the subsidiary and aggregate direct and indirect shareholding by the Company's director (s)	Provide deep sea port service	7.20	Trade accounts receivable	0.007
		Other income	0.39	Other accounts receivable	0.19
		Use short-distance domestic transportation service	101.07	Trade accounts payable	9.25
				Other accounts payable	0.05
				Accrued expense	0.21
Bangpakong Lighter Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Provide deep sea port service	0.54	Trade accounts receivable	0.03
		Other income	0.20	Other accounts receivable	0.04
		Use vessal transportation service	113.35		
Bangpakong Port Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Use short-distance domestic transportation service	3.56		
Prachuap S.M.O. Co., Ltd.	The aggregate indirect shareholding by the Company's director (s)	Provide maintenance service	0.07		

The auditor's opinion on related transactions between the Company and related parties is stated in Note 6 to the financial statements.

Necessity and Reasonability of Related Transactions

Transactions with related companies are transactions in the ordinary course of business having terms and conditions which are considered the most beneficial to the Company. The Company has pricing policy for related transactions with related companies at prices, terms and conditions normally applicable to transactions with third parties.

Approval Policy for Related Transactions

The President is authorized by the Board of Directors to approve transactions between the Company and related companies or related parties under the ordinary course of business and under trading conditions that comply with the Securities and Exchange laws, the regulations, announcements, directions, or provisions of the Stock Exchange of Thailand as well as the provisions of related transaction disclosure and the acquisition or disposal of corporate assets of the Company and its subsidiaries, stipulated by the Federation of Accounting Professions under the Royal Patronage of Majesty the King.

Any transaction with related companies or related parties of the Company or its subsidiaries shall be reported at the Board of Directors' meeting and determined by the audit committee whether the matter is necessary and appropriate. A director who is involved in the transaction cannot vote on such matters. In case the audit committee has no experience in examining a related transaction, an independent expert or the Company's auditor shall express an opinion on such transactions to be used as a component of a decision of the Board of Directors or the shareholders correspondingly. In addition, the related transactions shall be stated in the note to the financial statements examined by the Company's auditor.

Future Related Transactions

Related transactions are subject to change in the future depending on demand and supply as well as the company's selling prices and the cost of the service providers.

Management Discussion and Analysis of the Company's Financial Status and Performance

Operational Results

● Total revenues and income from sales and services

In 2008 total revenue of the Company and its subsidiaries were Baht 27,894 million comprising of Baht 26,966 million sales of hot-rolled steel sheet in coils, Baht 482 million sales of steel scrap, Baht 309 million income from sales and services of subsidiaries, Baht 204 million gain on exchange, and Baht 33 million other income. Sales of hot-rolled steel sheet in coils consisted of 94 percent domestic sales and 6 percent export sales, of which high-grade products accounted for 38 percent and commercial-grade products 62 percent. While in 2007 total revenues of the Company and its subsidiaries were Baht 28,964 million comprising of Baht 27,738 million sales of hot-rolled steel sheet in coils, Baht 110 million sales of steel raw material, Baht 515 million sales of steel scrap, Baht 281 million income from sales and services of subsidiaries, Baht 278 million gain on exchange, and Baht 42 million other income. Sales of hot-rolled steel sheet in coils consisted of 83 percent domestic sales and 17 percent export sales, of which high-grade products accounted for 48 percent and commercial-grade products 52 percent.

Sales of hot-rolled steel sheet in coils declined by 3 percent compared to 2007, resulted from 23 percent reduction of sales volume, despite 26 percent increase of the selling price per unit.

The total revenues from the Company's two subsidiaries: Prachuap Port Co., Ltd. and West Coast Engineering Co., Ltd., amounted to Baht 682 million, which included Baht 378 million of related party transactions, increasing by 4 percent compared with income from services of Baht 655 million in 2007, which included Baht 374 million of related party transactions.

● Cost of Sales and services

In 2008, the Company's cost of sales amounted to Baht 25,516 million, or 93 percent of sales of hot-rolled steel sheet in coils and steel scrap while in 2007, the Company's cost of sales amounted to Baht 25,943 million, or 91 percent of sales of hot-rolled steel sheet in coils and steel scrap.

In 2008, the Company's subsidiaries' cost of sales and services was Baht 470 million, or 69 percent of their income from sales and services to the Company, other group companies, and outside clients. In 2007, the Company's subsidiaries recorded Baht 456 million sales and services cost, or 70 percent of their income from sales and services to the Company, other group companies, and outside clients.

The major cost of sales for hot-rolled steel sheet in coils was slab cost, which accounted for 85 - 90 percent of the total cost of sales. After that was conversion cost, such as the cost of fuel, electricity, parts, supplies, and the rest was depreciation.

The Company continued to implement cost-saving measures, both direct and indirect, to reduce production costs, and also studied how production could be made more efficient in terms of productivity per working hour and quality of product.

● Gross Profit

In 2008, the Company's gross profit amounted to Baht 1,939 million, or 7 percent of the total sales of hot-rolled steel sheets in coil and steel scrap. In 2007, the Company's gross profit amounted to Baht 2,420 million, or 9 percent of the total sales of hot-rolled steel sheets in coil and steel scrap. The lower margin was resulted from increase of raw material cost.

Gross profit of the Company's subsidiaries amounted to Baht 212 million, or 31 percent of the total income from sales and services to Company, other group companies, and outside clients. In 2007, the Company's subsidiaries gross profit amounted to Baht 199 million, or 30 percent of the total income from sales and services to Company, other group companies and outside clients.

- **Expenses**

Most of selling expenses varied with the volume of sales, and consisted mainly of freight and transportation expenses. In 2008, the total selling expenses of the Company and its subsidiaries amount to Baht 407 million, down 28 percent from 2007, due to a decrease of sales volume. Administrative expenses amounted to Baht 518 million, up 61 percent from 2006, due to a fixed cost arising from temporary shut-down of Baht 206 million which accounted for 40 percent of the total administrative expenses.

The Company recorded a provision of loss on diminution in value of inventories of Baht 5,417 million, whereas in 2007 the Company recorded a provision of loss on diminution in value of inventories of Baht 106 million. The significant increase of provision was due to a high fluctuation of raw material price, where the price of raw materials rose sharply and continuously since early 2008 before dropped drastically and rapidly in mid 2008.

- **Financing Expenses**

The Company's and its subsidiaries' financing expenses consisted of interest expenses and bank fees, which amounted to Baht 686 million and Baht 25 million respectively, down 33 percent from Baht 1,051 million and Baht 17 million in 2007 respectively. This decrease was resulted from the reduction of the short-term loans and the interest rates on short-term loans for the first nine-months of 2008, compared to the same period of 2007, as well as the interest obligation on the debentures was ended in the first quarter of 2008.

- **Loss from investment in jointly controlled entity**

In 2008, the Company's and its subsidiaries realized a share of loss of jointly controlled entity under the equity method (shareholding of 50.15 percent) with effective date on October 1, 2008 in the amount of Baht 323 million.

In 2007, the shareholding in joint controlled entity was 18.78 percent and the investment was realized under the cost method.

- **Net Profit or Loss**

In 2008, the Company realized a net loss of Baht 4,885 million, compared to Baht 927 million in 2006, as a result of the above-mentioned factors.

The subsidiaries earned a net profit of Baht 71 million. The Company and its subsidiaries, therefore, realized a net loss of Baht 5,166 million, compared to a net profit of Baht 837 million in 2007.

The Company realized a loss per share of Baht 0.37, a net loss margin of 17.71 percent, an average return on asset of -13.19 percent, and an average return on equity of -25.97 percent.

The Company and its subsidiaries realized a loss per share of Baht 0.39, a net loss margin of 18.52 percent, an average return on asset of -13.20 percent and an average return on equity of -26.74 percent.

Financial Status

- **Assets**

Proportion of assets owned by the Company and its subsidiaries;

Unit: Percent	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006
Trade Accounts Receivable	8	9	9
Inventories	27	24	40
Land, Buildings, Machinery and Equipment	53	62	46
Others	12	5	5
Total Assets	100	100	100

As of December 31, 2008 the net trade accounts receivable of the Company and its subsidiaries amounted to Baht 3,391 million, up 8.7 percent from a 2007 year-end balance due to the increase of past-due receivables. The Company's provision for doubtful debts, namely accounts overdue by more than six months, was Baht 284 million as of December 31, 2008, the same amount as in the previous year.

As of December 31, 2008, the Company and its subsidiaries' raw materials and finished goods inventories amounted to Baht 11,450 million, up 29.7 percent compared to a 2007 year-end balance. This increase was caused by the sharp rise of raw materials price in early 2008. Despite cautious procurement of raw materials, the Company was exposed to the risk arising from unprecedented price fluctuation as it maintained the minimum inventories of raw materials and finished goods in order to ensure a smooth production and sale. During the year, the Company was adversely affected by the drastic drop of the market price, where the Company was required to realize the value of its inventories at the expected selling prices and thus causing the additional provision for diminution in value of inventories as mentioned above.

The consolidated and separate financial statements of the Company have been prepared according to the Revenue Department's letter Ref. No. Kor Khor 0722/2571 dated May 22, 2008 which approved the Company to change its accounting policy on calculation of raw materials from the specific identification method to the weighted-average method for the fiscal year of 2008 onward. Therefore, the unappropriated retained earnings as of January 1, 2008 carried forward in the consolidated and separate financial statements were restated from Baht 3,523 million to Baht 3,489 million, and Baht 3,144 million to Baht 3,110 million respectively. For comparison purpose, the net profits in the consolidated and separate financial statements of the Company were restated as follows:

(Baht million)

Net profit attributable to equity holders of the parent	2008	2007
Consolidated financial statements		
- Before	(5,156)	916
- Restated	(5,166)	837
Separate financial statements		
- Before	(4,908)	1,007
- Restated	(4,885)	927

The Company and its subsidiaries had appointed an independent professional appraiser to revalue land, buildings and building improvement, machineries and equipment in production line, roads, berth and berth facilities, and tug boats. Therefore, the non-current assets were stated at revalued amount according to the revaluation in the year 2007.

As of December 31, 2008, the total assets of the Company and its subsidiaries increased Baht 5,267 million, compared with the assets as of December 31, 2007. The increase mainly consisted of the increase of the investment in jointly controlled entity, and the current assets which included trade accounts receivable and finished goods inventories.

- **Liabilities and source of fund**

Debt to equity ratio of the Company and its subsidiaries are as follows;

Percent	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006
Short-term loans and trade financing facilities	34	12	28
Trade accounts payable	2	3	5
Long-term loans	19	17	17
Debentures	-	-	2
Other liabilities	6	6	3
Shareholders' equity	39	62	45
Total liabilities and shareholders' equity	100	100	100

The Company has short-term trade financing facilities from financial institutions for the total amount of Baht 20,429 million. The loans carries interests at money market rates and are secured by the pledge of raw materials and finished goods owned by the Company, and for those banks providing both short-term and long-term loans the Company has additionally made a second mortgage of land and construction thereon, machinery of the Company and assigned beneficiary rights under insurance policies to the lenders. Bank overdrafts and short-term loans from financial institutions consists of bank overdrafts, letter of credit, trust receipts, promissory note, discounted bills of exchange, packing credit, and bank guarantee.

As of December 31, 2008, the Company and its subsidiaries had the outstanding balance of bank overdrafts and short-term loans of Baht 3,770 million.

The Company and its subsidiaries had obligations to banks regarding the outstanding of a letter of credit amounting to Baht 1.2 million and US\$ 0.7 million, bank guarantee of Baht 1,587 million, bank overdrafts and trade financing facilities of Baht 14,323 million, in which all of short-term loans were up 237 percent from that as of December 31, 2007.

The long-term loans, and long-term finance leases of the Company and its subsidiaries amounted to Baht 10,782 million, and Baht 685 million respectively, with 5 - 10 years maturity, carrying interest at the fixed rates of 4.0 percent, the average MLR rates less 0.5 - 1.5 percent. The long-term loans are secured by the second-ranked mortgage of land, buildings, and machinery, and the assignments of insurance proceeds to the lenders. The lending financial institutions of both short-term and long-term loans are secured for additional by a second-ranked pledge of raw materials and finished goods inventories owned by the Company.

As of December 31, 2008, the Company and its subsidiaries' long term loans, and long-term finance leases amounted to Baht 9,300 million, and Baht 235 million, respectively, up 38 percent from that as of December 31, 2007 due to the increase of long-term loans at the end of the year 2008.

As of December 31, 2008, the shareholders' equity of the Company and its subsidiaries was Baht 16,014 million, down 29 percent from that as of December 31, 2007. The debt to equity ratio was 1.56 times, up from 0.58 times as of December 31, 2007 due to the increase in both short-term and long-term loans, and the operational loss of 2007 as mentioned above.

- **Liquidity**

1. *Cashflow*

In 2008, the Company and its subsidiaries presented net cash provided by operating activities before interest of Baht 1,910 million. Net cash provided by changes in operating assets and operating liabilities amounted to Baht 9,020 million, which was mainly contributed by increases in inventories, trade accounts receivable, and input tax refundable, as well as cash paid for interest expense and corporate income tax of Baht 652 million. These resulted in net cash flows used in operating activities of Baht 7,762 million. The Company and its subsidiaries presented net cash used in investing activities of Baht 3,553 million, mainly in buying additional shares in jointly-controlled entity and partly in buying land, building, and equipment. With respect to financing activities, the Company and its subsidiaries presented net cash flows provided by financing activities of Baht 11,312 million, mainly from cash receipt from short-term loans trade financing facilities, and long-term loans respectively.

In 2008, the Company and its subsidiaries realized net decrease in cash and cash equivalents of Baht 4 million, and cash and cash equivalents as of December 31, 2008 of Baht 47 million.

2. *Liquidity Ratios*

From the above analysis, the liquidity ratios of the Company and its subsidiaries were as follows:

	2008	2007	2006
Average working capital ratio (times)	0.90	1.73	1.37
Average collection (days)	46	48	40
Average sales turnover (days)	62	74	109

- **Share Prices**

During 2008, the Company's share price ("SSI") reached its lowest level at Baht 0.29 per share on November 13, 2008, and peaked at Baht 1.37 per share on May 23, 2008. The average daily trading volume was 23.67 million shares and average daily trading value of Baht 21.14 million. The average share price for the year was Baht 0.89 per share. On December 31, 2008, the share price closed at Baht 0.53 per share.

Nomination Committee's Report for 2008

To the Board of Directors of Sahaviriya Steel Industries Public Company Limited:

1. The meeting of the Board of Directors of Sahaviriya Steel Industries Public Company Limited on November 9, 2007 resolved that the Nomination Committee be appointed to select candidates suitable for nomination as directors, or as the President of the Company, and submit their names to the Board of Directors' meeting or shareholders' meeting, as the case might be, for further consideration. Their term in office starts from November 24, 2007 to November 23, 2010. The Nomination Committee consists of at least three company directors, in which at least one of them is independent director and the Corporate Secretary is assigned as the Secretary to the Nomination Committee as the followings.

(1)	Mr. Visith	Noiphan	Chairman of the Nomination Committee
(2)	Mr. Kamol	Juntima	Nomination Committee Member
(3)	Mr. Prateep	Buphaintr	Nomination Committee Member
(4)	Mr. Surasak	Ngamsidhipongsa	Secretary to the Nomination Committee

The Nomination Committee had performed the duties assigned to it by the Board of Directors. In 2008, the Nomination Committee had four meetings. The major agendas of the meetings included acknowledgement of the Company's management structure, the name list and the number of those directors who were due to retire by terms and were eligible for re-election at the Annual General Shareholders' Meeting, acknowledgement of resignation of the Company's directors and nomination of directors replacement and acknowledgement of the important matters such as results of quality assessments of the shareholders' meeting of the year 2008 organized by the Securities and Exchange Commission (SEC), and invitation to the shareholders to submit the agenda for the next Annual General Shareholders' Meeting in advance as well as the candidates for nomination as directors. At these meetings, the Committee was also able to exchange important knowledge and experience regarding the nomination and appointment of directors during the year.

2. As one thirds of the Company's directors must retire by term at each Annual General Shareholders' Meeting, the Nomination Committee must consider who is suitable to fill these vacant positions. The consideration process of the Nomination Committee is as follows:

(1) The Nomination Committee acknowledges a name list of directors who must retire by terms and a name list of the outsiders who are nominated either by shareholders or the directors of the Company.

(2) The Nomination Committee considers a name list of those who are suitable for being directors. A prospective director must have the necessary qualifications and not being under any prohibition according to the law for public companies. The number of directors must be more than five but no more than sixteen, and at least half of them must have residence in the Kingdom of Thailand.

(3) The Nomination Committee approves a list of suitable candidates to be directors.

(4) The Nomination Committee submits the list to the Company's Board of Directors' meeting for consideration and presentation to the Annual General Shareholders' Meeting.

3. At the Annual General Shareholders' Meeting of 2009, five directors are due to retire by terms, namely:

- | | | | |
|-----|--------------|-----------------|--|
| (1) | Mrs. Prapa | Viriyaprapaikit | Director |
| (2) | Mr. Wit | Viriyaprapaikit | Director and Chairman of the Board of Executive Directors |
| (3) | Mr. Tawee | Butsuntorn | Director, Independent Director,
Chairman of the Remuneration Committee
and Chairman of the Good Corporate Governance Committee |
| (4) | Mr. Taweesak | Senanarong | Director, Remuneration Committee Member
and Risk Management Committee Member |
| (5) | Mr. Piya | Viriyaprapaikit | Director, Executive Director
and Good Corporate Governance Committee Member |

The directors, who are due to retire by term as afore-mentioned, are entitled for re-election by the shareholders' meeting for another term.

4. The Company had sent a notice to the shareholders via its website and the electronic system of the Stock Exchange of Thailand (SET) to invite all of the Company's shareholders to propose in advance qualified candidates for nomination as the Company's directors from November 14, 2008 to January 31, 2009. At the expiry date of such period, none of shareholders proposed in advance qualified candidates for nomination as the Company's directors.

5. At the Nomination Committee Meeting No. 2/2009 on February 13, 2009, the Nomination Committee considered the candidates suitable for replacing the directors who were retiring by term, based on their educational qualifications, past and present work experiences, and participation in various committees. After considering one-by-one in order, the Committee was of a view that the five retiring directors had the best claim of competence and experience in their various fields in addition to providing considerable support to the competent management, sustainable growth, and prosperity of the Company. The Committee therefore resolved to propose that the said five directors be re-elected as directors for another term, and to take positions of Chairman of the Board of Executive Directors, Executive Director, Independent Director, Chairman of Remuneration Committee, Remuneration Committee Member, Chairman of the Good Corporate Governance Committee, Good Corporate Governance Committee Member and Risk Management Committee Member, as the case be, as before.

The Nomination Committee hereby reports the results of its selection of directors to replace those who are retiring by term to the Board of Directors' Meeting for acknowledgment and presentation to the Annual General Shareholders' Meeting of 2009 accordingly.



(Mr. Visith Noiphan)

Chairman of the Nomination Committee

February 13, 2009

Remuneration Committee's Report for 2008

To the Board of Directors of Sahaviriya Steel Industries Public Company Limited:

1. At meeting number 5/2004 on November 24, 2004, the Board of Directors of Sahaviriya Steel Industries Public Co., Ltd. resolved to appoint a Remuneration Committee. The Committee consists of at least three Company directors, of whom one is an independent director. The Vice-President in charge of Human Resources and Administration serves as the Committee's Secretary. The Committee members' names were as follows:

(1) Mr. Tawee Butsunton	Chairman of the Remuneration Committee
(2) Mr. Taweesak Senanarong	Remuneration Committee Member
(3) Mr. Somchai Pipitvijitkorn	Remuneration Committee Member
(4) Vice-President in charge of Human Resources and Administration	Secretary of the Remuneration Committee

Their task was to set guidelines for the remuneration of directors of the Board, members of various committees appointed by the Board of Directors, the President, and the compensation structure of senior executives. The principles and methodology of determining remuneration needed to be established, and the structure governing such compensation had to be fair and reasonable. Their term of office ran from November 24, 2004 until November 23, 2007. At the Board of Directors' meeting number 6/2007 on November 9, 2007, it was resolved that the same members of the Remuneration Committee continue in their respective positions for another period from November 24, 2007 until November 23, 2010.

2. To perform the duties assigned to it by the Board of Directors, the Remuneration Committee met two times in 2008 and considered the following:

2.1 Payment of Bonus to Company Directors

On February 22, 2008 the Remuneration Committee met to deliberate on the bonus to be paid to directors for 2007. The principles for such payment are that directors' gratuities are paid only when dividends are paid to shareholders, and at a rate of 0.25 percent to 0.50 percent of the amounts paid to shareholders. The Chairman of the Board of Directors and the Chairman of the Executive Board of Directors receive bonuses that are respectively 10 percent and 5 percent higher than those paid to other directors. If any director does not complete a full year in his/her position, the bonus to be paid him/her should be of the same proportion as the fraction of the year spent in that position.

After due deliberation, the Committee unanimously resolved to pay bonuses to directors at a rate of 0.5 percent of the payment of dividends, which amounted to Baht 3.28 million.

2.2 Adjusting the Annual Salary for the Position of President

On April 4, 2008 the Remuneration Committee met to deliberate on adjusting the salary for the President by a rate commensurate with adjustments in the salaries of regular employees for 2008. A survey by the Company shows that such adjustments are comparable to those accepted by other companies in the same industry. Among the principles considered by the Committee were the Company's operational results for 2007 and the President's responsibilities, which the Committee was of the opinion that it would enhance the Company's operations and the stability in the long term.



(Mr. Tawee Butsunton)

Chairman of the Remuneration Committee

February 16, 2009

Report of the Risk Management Committee

To the Board of Directors of Sahaviriya Steel Industries Public Company Limited

1. As the Board realized that a more efficient and effective risk management would improve the Company's chance of success in the pursuit of its objectives and goals, the Board thus on December 3, 2007 resolved to establish a board-level Risk Management Committee to assist the Board in the oversight of the Company's risk management activities. Pursuant to the Board resolution, the Risk Management Committee shall be comprised of at least three Company directors and the Vice President in charge of finance and accounting shall act as the secretary to the Committee. Currently, the Risk Management Committee has three Company directors as its members, the names of whom are as follows:

1. Dr. Tongchat Hongladaromp	Chairman
2. Mr. Somchai Pipitvijitkorn	Member
3. Mr. Taweesak Senanarong	Member
4. Vice President in charge of Finance and Accounting	Secretary

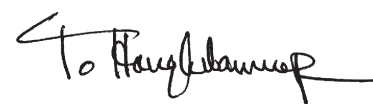
2. To perform its duties as assigned by the Board, five meetings were held by the Risk Management Committee and the results of the meetings may be summarized as follows:

2.1 To understand the Company's past risk management systems and practices, risk management policies and process as implemented by the Company for the past periods were reviewed and discussed with the management and it was found that they had been implemented by the management in a systematic and consistent manner.

2.2 Reports on the management of the Company's major risks for the first, second and third quarters of 2008 as submitted by the Risk Management Working Committee was reviewed and discussed with the management. It was found that the process for assessing and managing such risks had been properly carried out on an ongoing basis.

2.3 The Committee discussed with the management about the potential risk posed by the hike in the oil price which had risen rapidly since the beginning of the year and reached its peak in July of 2008. The Committee was interested in this matter because it was noted that the Company's energy cost consisting of electricity and fuel oil was one of the Company's major costs of production and a significant price increase would have a material adverse effect on the Company's operating result. To alleviate such potential threat the Committee suggested to the management to do a feasibility study on the use of alternative energy such as natural gas, the price of which was significantly lower than that of fuel oil.

2.4 As the company's sales and operating result for the third quarter of 2008 suffered greatly from the unprecedented volatility of the steel industry in 2008, the Committee thus expressed its concern about the rising threat of liquidity risk which might arise in the future. To prepare for such risk, the Committee suggested that greater attention should be paid to the monitoring of the liquidity position of the Company. The Committee suggested further that cash inflows and outflows projection should be prepared on a regular basis as it would provide information on the Company's liquidity status in advance so that the management can deal with the future liquidity problem on a timely basis.



(Dr. Tongchat Hongladaromp)

Chairman of the Risk Management Committee

January 22, 2009

Good Corporate Governance Committee's Report for 2008

To the Board of Directors of Sahaviriya Steel Industries Public Company Limited

At the Meeting No. 7/2007 held on December 2007, the Board of Directors of Sahaviriya Steel Industries Public Company Limited appointed a Good Corporate Governance Committee to perform its duties on setting good corporate governance policy and ensuring compliance with good corporate governance practices. The Committee consists of three directors, one of whom is an independent director serving as the chairman, the chief of the Internal Audit Office also serves as the secretary of the Committee as follows:

1. Mr. Tawee	Butsuntorn	Chairman of the Good Corporate Governance Committee
2. Mr. Kamol	Juntima	Good Corporate Governance Committee Member
3. Mr. Piya	Viriyaprapaikit	Good Corporate Governance Committee Member
4. Mrs. Wannee	Sirikanchana	Secretary to the Good Corporate Governance Committee

The Committee has performed its duties in setting and overseeing the Company's compliance with good corporate governance practices in order to allow continuous development of good corporate governance as well as ensuring the Company's compliance with the good corporate governance practices of a listed company.

In 2008, the Committee met five times to undertake its duties and responsibilities defined by the Board of Directors and as specified according to the guidelines of good corporate governance and periodically reported its performance to the Board as summarized below:

1. Formulated a policy and the direction of the Company's good corporate governance.

2. Announced the Board of Directors' policy on tips or complaints reporting and guidelines concerning tips and complaints reporting channels which took effect from September 1, 2008. It held an employees' meeting to inform the channels of reporting tips and complaints. The information is also disseminated to other stakeholders: stockholders, investors, partners, customers through the Company's website. The Good Corporate Governance Committee has taken steps in designing a "Whistleblower" process to handle the tips and complaints as well as a protection policy for the whistleblower. The process starts with assigning people eligible to access information from tips and complaints reporting and provides means of communication which are specially arranged i.e.

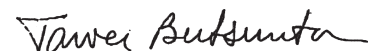
(1) **By e-mail** via e-mail address: ssigcg@yahoo.com

(2) **By post:** The letter can be mailed to the Good Corporate Governance Committee at P.O. Box 534 Delivery Post Office Bangrak, Bangkok 10500

3. Oversaw a report on the shareholdings of the Company's directors and executives including President, Vice Presidents, and Assistant Vice Presidents as well as Managers in the finance and accounting departments in order to prevent the use of inside information for trading in the Company's securities.

4. Steered and supported the establishment of the Company's corporate social responsibility policy in writing to serve activities in areas of the involved community, society and environment in which we have served since the opening of the plant.

The Good Corporate Governance Committee believes that the raising of good corporate governance standards of the Company is crucial and their continued adoption is a necessity. The year 2008 marked another success in creating a vital foundation and mechanism of good corporate governance i.e. a whistleblower channel for reporting tips or complaints. Reported information could concern actions of directors or employees regarding violation or abuse of laws or business ethics, corruption or malpractice, violation of policy on conflicts of interests, etc. The improvement and development of good corporate governance of the Company throughout the years partly resulted from the suggestions from the Securities and Exchange Commission and the Stock Exchange of Thailand which specify the principles and guidelines of good corporate governance practices for listed companies referring to internationally-accepted practices of the Organization for Economic Co-operation and Development. The Board of Directors and the Committee are dedicated to forging ahead to create stability and prosperity for the Company in a sustainable way.



(Mr. Tawe Butsunton)

Chairman of the Good Corporate Governance Committee

February 12, 2009

Report on the Responsibility of the Board of Directors for the Financial Reports of 2008

The Board of Directors of Sahaviriya Steel Industries Public Co., Ltd. is directly responsible for ensuring that the Company's activities comply with policies of good corporate governance and that the financial statements of the Company and its subsidiaries and other financial information found in each annual report are accurate, complete, and presented in accordance with generally accepted accounting principles. The Board chooses accounting policies and/or practices considered appropriate and consistent, and careful judgement is employed in these evaluations, along with all due circumspection as to their suitability. All-important information is sufficiently disclosed and audited by an independent certified public accountant who expresses an unqualified opinion.

The Board of Directors has established and maintained systems of risk management and internal controls that are sufficiently effective to provide reasonable assurance that the Company's assets are well supervised and protected from fraud and significant irregularities. The Audit Committee, meanwhile, which consists of independent directors, investigates whether the Company's systems of internal controls and auditing are appropriate and effective enough to guarantee that the Company's financial statements are of the quality affirmed by the Audit Committee in its findings, as disclosed in this annual report.



(Mr. Maruey Phadoongsidhi)

Chairman

on behalf of the Board of Directors

Report of Independent Auditor

To the Shareholders of Sahaviriya Steel Industries Public Company Limited

I have audited the accompanying consolidated balance sheets of Sahaviriya Steel Industries Public Company Limited, its subsidiaries, and its jointly controlled entity as at 31 December 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Sahaviriya Steel Industries Public Company Limited for the same period. These financial statements are the responsibility of the management of the Company, its subsidiaries and its jointly controlled entity as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity and of Sahaviriya Steel Industries Public Company Limited as at 31 December 2008 and 2007, the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matters as discussed in Note 4 to the financial statements, in 2008 the Company changed its accounting policy on the method used for calculating the value of its steel slab raw material from the specific method to the weighted average method. The Company has thus restated the consolidated and separate financial statements as at 31 December 2007 and for the year then ended to reflect this accounting change. In my opinion, the adjustments made for the preparation of such financial statements are appropriate and have been properly applied. In addition, as presented in Note 6 to the financial statements, in 2008 the Company sold goods to related companies in the normal course of business totaling Baht 14,103 million, which comprises 51 percent of the Company total sales (2007: Baht 13,660 million, 48 percent of the Company total sales). As at 31 December 2008 the outstanding balances of those related companies amounted to Baht 3,172 million (2007: Baht 2,674 million). The outstanding balances of those related companies as at 31 December 2008 included overdue balances of Baht 2,527 million of a related company debtor (approximately Baht 1,152 million past due longer than 3 months but less than 6 months and approximately Baht 1,375 million past due less than 3 months). The uncertainty of the current economic situation could adversely affect the debtor's ability to make payment in the future.



Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Balance sheets

As at 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2008	2007 (Restated)	2008	2007 (Restated)
Assets				
Current assets				
Cash and cash equivalents	47,039,948	50,740,210	21,059,981	45,278,992
Trade accounts and notes receivable				
Related parties	6	3,179,261,656	2,688,774,179	3,171,953,654
Other companies		495,845,003	715,489,210	475,444,764
Less: Allowance for doubtful accounts		(283,808,960)	(283,808,960)	(283,808,960)
Total trade accounts and notes receivable - net	7	3,391,297,699	3,120,454,429	3,363,589,458
Amounts due from and advances paid to related parties	6	1,281,516	4,310,803	2,058,567
Inventories - net	8	11,449,730,281	8,828,591,843	11,452,686,373
Other current assets				
Advances payment		7,747,490	16,351,573	7,710,393
Input tax refundable		380,472,465	-	380,472,465
Prepaid expenses		18,882,425	12,386,275	17,703,095
Accrued income from related parties	6	7,147,705	9,065,639	7,510,459
Undue input vat		47,330,948	30,399,996	42,681,354
Others		7,237,440	20,337,529	858,519
Total current assets		15,358,167,917	12,092,638,297	15,296,330,664
Non-current assets				
Investments in subsidiary companies	9	-	-	278,999,930
Investment in jointly controlled entity	10	4,179,440,824	-	4,502,797,025
Other long-term investments	11	-	1,610,035,881	-
Property, plant and equipment - net	12	22,179,723,495	22,742,773,503	19,740,689,226
Intangible assets - net	13	56,011,562	60,878,083	55,481,229
Other non-current assets - net	14	12,994,037	12,815,632	8,386,404
Total non-current assets		26,428,169,918	24,426,503,099	24,586,353,814
Total assets		41,786,337,835	36,519,141,396	39,882,684,478
				34,198,632,533

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

Balance sheets (continued)

As at 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2008	2007 (Restated)	2008	2007 (Restated)
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts and short-term loans				
from financial institutions	15	14,322,592,907	4,246,190,492	14,226,076,662
Trade accounts payable				
Related parties	6	10,267,547	9,797,563	31,440,799
Other companies		906,966,243	969,511,647	886,599,993
Total trade accounts payable		917,233,790	979,309,210	918,040,792
Amounts due to and advances received				
from related parties	6	5,204,828	39,560,369	22,405,683
Current portion of long-term loans	16	1,424,034,567	568,619,918	1,308,400,000
Current portion of debentures	17	-	725,000,000	-
Current portion of liabilities under finance lease agreements	18	198,213,010	206,460,621	170,769,561
Current portion of liabilities under hire purchase agreements		4,625,629	5,245,032	2,736,099
Other current liabilities				
Value added tax payable		1,925,805	60,874,340	-
Accrued interest		78,538,217	31,064,206	78,352,902
Accrued expenses		66,073,864	62,197,076	60,846,268
Advances received from sales of goods and provision of services		27,455,543	192,241	27,455,543
Retention payable		12,939,668	42,618,684	4,224,456
Others		35,409,782	34,593,960	22,191,504
Total current liabilities		17,094,247,610	7,001,926,149	16,841,499,470
				6,672,103,261

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

Balance sheets (continued)

As at 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007 (Restated)	2008	2007 (Restated)
Liabilities and shareholders' equity (continued)					
Non-current liabilities					
Long-term loans, net of current portion	16	7,876,371,986	5,935,861,360	7,383,600,000	5,392,000,000
Liabilities under finance lease agreements, net of current portion	18	30,162,246	196,759,446	-	170,769,561
Liabilities under hire purchase agreements, net of current portion		2,423,936	3,880,428	1,218,952	2,150,970
Total non-current liabilities		7,908,958,168	6,136,501,234	7,384,818,952	5,564,920,531
Total liabilities		25,003,205,778	13,138,427,383	24,226,318,422	12,237,023,792
Shareholders' equity					
Share capital					
Registered					
13,101,500,000 ordinary shares of Baht 1 each		13,101,500,000	13,101,500,000	13,101,500,000	13,101,500,000
Issued and fully paid-up					
13,101,280,000 ordinary shares of Baht 1 each		13,101,280,000	13,101,280,000	13,101,280,000	13,101,280,000
Premium (discount) on share capital					
Discount on share capital		(2,171,280,000)	(2,171,280,000)	(2,171,280,000)	(2,171,280,000)
Revaluation surplus on assets	19	6,974,531,885	7,761,254,462	6,715,052,182	7,480,117,228
Retained earnings (deficit)					
Appropriated - statutory reserve	20	441,796,917	441,796,917	441,796,917	441,796,917
Unappropriated		(2,332,290,048)	3,488,733,000	(2,430,483,043)	3,109,694,596
Equity attributable to the company's shareholders		16,014,038,754	22,621,784,379	15,656,366,056	21,961,608,741
Minority interest - equity attributable to minority shareholders of subsidiary		769,093,303	758,929,634	-	-
Total shareholders' equity		16,783,132,057	23,380,714,013	15,656,366,056	21,961,608,741
Total liabilities and shareholders' equity		41,786,337,835	36,519,141,396	39,882,684,478	34,198,632,533

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

Income statements

For the years ended 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007 (Restated)	2008	2007 (Restated)
Revenues					
Revenue from sales		27,448,082,742	28,362,950,333	27,454,912,175	28,363,188,686
Revenue from rendering of services		308,775,278	280,967,810	-	-
Other income					
Exchange gain		104,153,025	277,510,347	104,085,987	279,242,912
Others		33,259,518	42,101,500	32,700,219	39,009,870
Total revenues		27,894,270,563	28,963,529,990	27,591,698,381	28,681,441,468
Expenses					
Cost of sales		25,412,830,407	25,793,203,637	25,516,131,819	25,942,769,271
Cost of rendering of services		198,169,865	192,993,133	-	-
Selling expenses		407,234,927	575,876,309	405,969,422	576,409,544
Administrative expenses		522,531,198	313,507,716	445,283,935	219,111,181
Other expenses					
Recovery of doubtful accounts		-	(11,461,736)	-	-
Record (reversal) of allowance for diminution in value of raw material and finished goods		5,417,460,803	(106,253,718)	5,417,460,803	(106,253,718)
Record (reversal) of allowance for diminution in value of spare parts and consumable goods		22,501,163	(13,649,404)	22,501,163	(13,649,404)
Loss on impairment of property, plant and equipment	12	10,005,134	338,437,806	10,005,134	113,138,934
Loss on revaluation of land and machinery	12	-	80,591,559	-	8,487,738
Total expenses		31,990,733,497	27,163,245,302	31,817,352,276	26,740,013,546

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

Income statements (continued)

For the years ended 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007 (Restated)	2008	2007 (Restated)
Income (loss) before finance cost and corporate income tax		(4,096,462,934)	1,800,284,688	(4,225,653,895)	1,941,427,922
Finance cost		(711,357,448)	(1,067,876,364)	(659,705,244)	(1,014,392,285)
Share of loss of jointly controlled entity	10.2	(323,356,201)	-	-	-
Income (loss) before corporate income tax		(5,131,176,583)	732,408,324	(4,885,359,139)	927,035,637
Corporate income tax	21	(10,157,768)	(9,134,088)	-	-
Net income (loss) for the year		(5,141,334,351)	723,274,236	(4,885,359,139)	927,035,637
Net income (loss) attributable to					
Equity holders of the parent		(5,166,204,548)	836,679,534	(4,885,359,139)	927,035,637
Minority interests of the subsidiaries		24,870,197	(113,405,298)		
		(5,141,334,351)	723,274,236		
Basic earnings (loss) per share	24				
Net income (loss) attributable to equity holders of the parent (Baht per share)		(0.39)	0.06	(0.37)	0.07
Weighted average number of ordinary shares (shares)		13,101,280,000	13,101,280,000	13,101,280,000	13,101,280,000

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

Statements of changes in shareholders' equity

For the years ended 31 December 2008 and 2007
Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

	Note	Consolidated financial statements							(Unit: Baht)		
		Issued and paid-up share capital		Premium (discount) on share capital		Retained earnings		Total equity attributable to the parent's shareholders		Minority interest - equity attributable to minority shareholders of subsidiary	Total
		Discount on share capital	Revaluation surplus on assets	Discount on share capital	Revaluation surplus on assets	Appropriated	Unappropriated				
Balance as at 31 December 2006 - as previously reported		13,101,280,000	(2,171,280,000)	4,954,891,951	391,473,459	2,985,015,213	19,261,380,623	765,456,922	20,026,837,545		
Cumulative effect of the change in accounting policy for raw material calculation method	4	-	-	-	-	44,816,911	44,816,911	-	44,816,911		
Balance as at 31 December 2006 - as restated		13,101,280,000	(2,171,280,000)	4,954,891,951	391,473,459	3,029,832,124	19,306,197,534	765,456,922	20,071,654,456		
Income and expenses recognised directly in equity:											
Record revaluation surplus on assets	19	-	-	2,996,355,310	-	-	2,996,355,310	115,197,868	3,111,553,178		
Reversal of revaluation surplus on assets		-	-	(650,899)	-	-	(650,899)	(625,373)	(1,276,272)		
Amortisation of revaluation surplus on assets		-	-	(189,341,900)	-	-	(189,341,900)	(7,694,485)	(197,036,385)		
Net income and expenses recognised directly in equity		-	-	2,806,362,511	-	-	2,806,362,511	106,878,010	2,913,240,521		
Net income for the year - restated		-	-	-	-	836,679,534	836,679,534	(113,405,298)	723,274,236		
Dividend paid	27	-	-	-	-	(327,455,200)	(327,455,200)	-	(327,455,200)		
Unappropriated retained earnings transferred to statutory reserve	20	-	-	-	50,323,458	(50,323,458)	-	-	-		
Balance as at 31 December 2007 - restated		13,101,280,000	(2,171,280,000)	7,761,254,462	441,796,917	3,488,733,000	22,621,784,379	758,929,634	23,380,714,013		
Balance as at 31 December 2007 - as previously reported		13,101,280,000	(2,171,280,000)	7,761,254,462	441,796,917	3,523,349,623	22,656,401,002	758,929,634	23,415,330,636		
Cumulative effect of the change in accounting policy for raw material calculation method	4	-	-	-	-	(34,616,623)	(34,616,623)	-	(34,616,623)		
Balance as at 31 December 2007 - as restated		13,101,280,000	(2,171,280,000)	7,761,254,462	441,796,917	3,488,733,000	22,621,784,379	758,929,634	23,380,714,013		
Expenses recognised directly in equity:											
Amortisation of revaluation surplus on assets		-	-	(225,101,131)	-	-	(225,101,131)	(14,706,528)	(239,807,659)		
Reversal of revaluation surplus on assets as a result of business combination		-	-	(561,621,446)	-	-	(561,621,446)	-	(561,621,446)		
Net expenses recognised directly in equity		-	-	(786,722,577)	-	-	(786,722,577)	(14,706,528)	(801,429,105)		
Net income for the year		-	-	-	-	(5,166,204,548)	(5,166,204,548)	24,870,197	(5,141,334,351)		
Dividend payment	27	-	-	-	-	(654,818,500)	(654,818,500)	-	(654,818,500)		
Balance as at 31 December 2008		13,101,280,000	(2,171,280,000)	6,974,531,885	441,796,917	(2,332,290,048)	16,014,038,754	769,093,303	16,783,132,057		

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

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2008 and 2007
Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

Separate financial statements							Total
Issued and paid-up share capital	Premium (discount) on share capital		Retained earnings		Unappropriated	Total	
	Discount on share capital	Revaluation surplus on assets	Appropriated	Unappropriated			
13,101,280,000	(2,171,280,000)	4,830,282,180	391,473,459	2,515,620,706		18,667,376,345	
4					44,816,911	44,816,911	
13,101,280,000	(2,171,280,000)	4,830,282,180	391,473,459	2,560,437,617		18,712,193,256	
19		2,831,168,402	-	-	-	2,831,168,402	
		(181,333,354)	-	-	-	(181,333,354)	
		2,649,835,048	-	-	-	2,649,835,048	
27		-	-	927,035,637	-	927,035,637	
		-	-	(327,455,200)	-	(327,455,200)	
20		-	50,323,458	(50,323,458)	-	-	
	13,101,280,000	(2,171,280,000)	7,480,117,228	441,796,917	3,109,694,596	21,961,608,741	
	13,101,280,000	(2,171,280,000)	7,480,117,228	441,796,917	3,144,311,219	21,996,225,364	
4					(34,616,623)	(34,616,623)	
	13,101,280,000	(2,171,280,000)	7,480,117,228	441,796,917	3,109,694,596	21,961,608,741	
			(203,443,600)			(203,443,600)	
			(561,621,446)			(561,621,446)	
			(765,065,046)			(765,065,046)	
					(4,885,359,139)	(4,885,359,139)	
					(654,818,500)	(654,818,500)	
27							
	13,101,280,000	(2,171,280,000)	6,715,052,182	441,796,917	(2,430,483,043)	15,656,366,056	

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

Cash flow statements

For the years ended 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007 (Restated)	2008	2007 (Restated)
Cash flows from operating activities				
Net income before tax	(5,131,176,583)	732,408,324	(4,885,359,139)	927,035,637
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	566,740,297	554,322,815	437,447,539	429,959,450
Withholding tax written off	483,021	428,560	483,021	428,560
Reversal of allowance for doubtful accounts	-	(11,461,736)	-	-
Record (reversal) of allowance for diminution in value of raw materials and finished goods	5,417,460,803	(106,253,718)	5,417,460,803	(106,253,718)
Record (reversal) of allowance for diminution in value of spare parts and consumable goods	22,501,163	(13,649,404)	22,501,163	(13,649,404)
Share of loss from investment in jointly controlled entity	323,356,201	-	-	-
Loss on disposal of deteriorated raw materials	2,664,541	6,700,182	2,664,541	6,700,182
Loss on impairment of property, plant and equipment	10,005,134	338,437,806	10,005,134	113,138,934
Loss on revaluation of land and machinery	-	80,591,559	-	8,487,738
Gain on sales of property, plant and equipment	(1,730,085)	(1,468,711)	(1,705,745)	(1,115,659)
Loss on written off of property, plant and equipment	3,545,308	278,979	3,432,735	262,439
Unrealised loss on exchange	9,497,653	37,754,817	9,497,653	37,754,817
Interest expense	686,404,842	1,051,183,119	635,505,251	998,012,524
Income from operating activities before changes in operating assets and liabilities	1,909,752,295	2,669,272,592	1,651,932,956	2,400,761,500

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

Cash flow statements (continued)

For the years ended 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007 (Restated)	2008	2007 (Restated)
Operating assets (increase) decrease				
Trade accounts and notes receivable - related parties	(490,487,477)	934,652,443	(498,452,646)	939,438,512
Trade accounts and notes receivable - other companies	219,391,367	(75,426,772)	225,188,803	(92,679,373)
Amounts due from and advances paid to related parties	3,029,287	200,069	5,431,182	(2,837,842)
Inventories	(8,211,475,263)	9,061,899,429	(8,198,401,578)	9,103,190,403
Other current assets	(390,278,403)	1,365,090,174	(392,300,710)	1,365,435,670
Other non-current assets	(178,405)	11,405,275	(210,804)	(14,717)
Operating liabilities increase (decrease)				
Trade accounts payable - related parties	469,984	1,821,706	16,723,597	(17,186,226)
Trade accounts payable - other companies	(57,633,109)	(1,206,325,736)	(61,926,829)	(1,192,242,102)
Amounts due to and advances received from related parties	(34,355,541)	17,597,709	(38,011,531)	21,049,093
Other current liabilities	(58,629,250)	(53,702,266)	(18,054,216)	(6,664,122)
Cash flows from (used in) operating activities	(7,110,394,515)	12,726,484,623	(7,308,081,776)	12,518,250,796
Cash paid for interest expense	(639,130,831)	(1,014,928,841)	(587,736,707)	(962,071,193)
Cash paid for corporate income tax	(12,501,963)	(23,183,930)	(552,654)	(483,021)
Net cash flows from (used in) operating activities	(7,762,027,309)	11,688,371,852	(7,896,371,137)	11,555,696,582
Cash flows from investing activities				
Decrease in current investments	-	1,000,000	-	-
Decrease in restricted bank deposit	-	11,200,000	-	-
Acquisition of investment in jointly controlled entity	(3,454,382,589)	-	(3,454,382,589)	-
Acquisition of other long-term investment	-	(1,048,414,435)	-	(1,048,414,435)
Acquisitions of property, plant and equipment	(99,866,309)	(233,478,946)	(64,059,659)	(171,532,964)
Proceeds from sales of property, plant and equipment	3,897,484	1,812,567	3,033,354	1,458,142
Acquisitions of intangible assets	(3,121,005)	(2,204,700)	(3,074,504)	(2,204,700)
Dividend receipt	-	-	-	154,499,951
Net cash flows used in investing activities	(3,553,472,419)	(1,270,085,514)	(3,518,483,398)	(1,066,194,006)

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

Cash flow statements (continued)

For the years ended 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007 (Restated)	2008	2007 (Restated)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	10,076,402,415	(8,320,260,721)	10,082,076,662	(8,422,451,213)
Repayment of long-term loans	(529,074,724)	(755,247,610)	(416,000,000)	(596,000,000)
Cash receipt from long-term loans	3,325,000,000	182,370,000	3,300,000,000	-
Cash receipt from sale-leaseback of machinery and equipment	38,559,888	23,542,304	-	-
Repayment of debentures	(725,000,000)	(1,085,000,000)	(725,000,000)	(1,085,000,000)
Repayment of liabilities under financial lease and hire purchase agreements	(219,269,613)	(109,090,632)	(195,622,638)	(98,353,908)
Dividend payment	(654,818,500)	(425,455,200)	(654,818,500)	(327,455,200)
Net cash flows from (used in) financing activities	11,311,799,466	(10,489,141,859)	11,390,635,524	(10,529,260,321)
Net decrease in cash and cash equivalents	(3,700,262)	(70,855,521)	(24,219,011)	(39,757,745)
Cash and cash equivalents at beginning of year	50,740,210	121,595,731	45,278,992	85,036,737
Cash and cash equivalents at end of year	47,039,948	50,740,210	21,059,981	45,278,992
Supplemental cash flows information				
Non-cash transactions				
Assets acquired under financial lease and hire purchase agreements	3,651,636	26,445,468	2,225,100	1,035,513
Amortisation of revaluation surplus on assets	239,807,659	197,036,385	203,443,600	181,333,354

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

Notes to Financial Statements

For the years ended 31 December 2008 and 2007

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity

1. General information

1.1 Corporate information

Sahaviriya Steel Industries Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distributor of hot rolled coils and its registered addresses consisted of its head office located at 28/1 Prapawit Building, 2nd - 3rd Floor, Surasak Road, Khwaeng Silom, Khet Bangrak, Bangkok and its plant located at 9 Moo 7, Ban Klang Na Yai Ploy Road, Tambon Mae Rumphueng, Amphoe Bang Saphan, Prachuap Khiri Khan.

Since 2002, the government has introduced various measures to counteract dumping and subsidising of imported goods with the measures which are as follows:

a) On 22 May 2003, the Committee on Dumping and Subsidies, Department of Foreign Trade, Ministry of Commerce, under Sections 7, 49, 51, 53, 57 and 73(1) of the Antidumping and Countervailing Act B.E. 2542, announced the Committee's final judgment, dated 16 May 2003, that there had been dumping and damages as a result of dumping of coil and non-coil hot rolled steel originating from 14 countries, in accordance with Section 19(1) of the Antidumping and Countervailing Act B.E. 2542, and that thus antidumping duties were to be imposed with minimum and maximum rates of between 3.45 and 128.11 percent of CIF value, for a period of 5 years from 27 May 2003, except for hot rolled steel imported for re-export.

b) On 11 July 2003, the Committee on Dumping and Subsidies, Department of Foreign Trade, Ministry of Commerce issued an announcement approving the exemption of coil and non-coil hot rolled steel imported for cold-rolling and further processing for downstream users from antidumping duties, and assigned the Department of Foreign Trade to monitor imports in accordance with pre-determined volumes for a period of 5 years from 21 July 2003 to 26 May 2008.

On 23 May 2008, the Committee on Dumping and Subsidies, Department of Foreign Trade, Ministry of Commerce, announced that it had begun a review of the necessity of extending the measures to counteract dumping for coil and non-coil hot rolled steel originating from 14 countries. The Committee is currently considering these matters.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession 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 14 September 2001, 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 such financial statements in Thai language.

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 Sahaviriya Steel Industries Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2008 percent	2007 percent	2008 percent	2007 percent	2008 percent	2007 percent
Prachuap Port Company Limited	The provision of deep-sea port services and marine shipping services	Thailand	51.00	51.00	5.21	6.33	0.56	0.51
West Coast engineering Company Limited	The provision of machinery and equipment maintenance services	Thailand	99.99	99.99	0.89	1.00	0.56	0.47

b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.

d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

e) Investment in the subsidiary companies as recorded in the Company's books of account are eliminated against the equity of the subsidiary companies.

f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries and joint controlled entity under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows.

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 49 (revised 2007) is not relevant to the business of the Company, whereas TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 31 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007) and TAS 51 do not have any significant impact on the financial statements for the current period.

The following accounting standard has an impact to the financial statements for the current period.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) specified that the acquirer must reappraise the stipulation and measurement of values of assets, liabilities and contingent liabilities of the acquiree and reappraise the cost of the business combination. If the interest of acquirer in the net fair value of the transaction is higher than cost at the acquisition date, the acquirer must recognise the excess amount after reappraisal in the income statement immediately.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007) Impairment of Assets

TAS 54 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Change in accounting policy for recording raw material calculation method

During the second quarter of this year, the Company changed its accounting policy on the method used for calculating the value of its steel slab raw material from the specific method to the weighted average method, in order to bring itself in line with the practices of other companies in the same industry.

In this regard, the Company has restated the previous period's financial statements as though the method used for calculating the value of its steel slab raw material had originally been recorded using the weighted average method. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for raw material calculation method” in the statements of changes in shareholders' equity.

The effects of the change to the balance sheet as at 31 December 2007 and the income statements for the year ended 31 December 2007 are as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Balance sheet as at 31 December 2007		
Decrease in inventories - net	(34,616,623)	(34,616,623)
Decrease in retained earnings - unappropriated	(34,616,623)	(34,616,623)
Income statement for the year ended 31 December 2007		
Decrease in cost of sales	(183,364,787)	(183,364,787)
Decrease in reversal of allowances for diminution in value of raw material and finished goods	262,798,321	262,798,321
Decrease in net income attributable to equity holders of the parent	(79,433,534)	(79,433,534)
Decrease in basis earnings per share (Baht per share)	(0.01)	(0.01)

5. Significant accounting policies

5.1 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.

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

Trade accounts receivable 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.

Allowance for doubtful accounts is provided for those receivable balances over 6 months past due, at a rate of 100 percent.

5.4 Inventories

Raw materials are valued at the lower of cost, determined by the weighted average method, and net realisable value.

Finished goods and rolls that are part of consumable goods are valued at the lower of cost, determined by the specific method, and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

Other types of inventories are valued at the lower of cost, determined by the weighted average method, and net realisable value.

Raw materials, spare parts and consumable goods are charged to production costs whenever consumed.

5.5 Investments

- a) Investments in subsidiaries and joint controlled entity are accounted for in the separate financial statements using the cost method.
- b) Investments in joint controlled entity is accounted for in the consolidated financial statements using the equity method.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

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

5.6 Property, plant and equipment and depreciation

Land is stated at revalued amount. Plant and equipment are stated at cost/revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land, buildings and building improvement, machineries and equipment in production line, roads, berth and berth facilities, and tug boats are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

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

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease 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's assets, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on a straight-line basis over the following estimated useful lives, except for machinery and equipment in the production line, which are depreciated based on estimated units of production:

Land improvement	-	5	years
Leasehold right for land	-	10	years
Leasehold improvement	-	5	years
Buildings	-	20	years
Machinery and equipment in production line			
Hot rolled coil strip mill	-	Estimated units of production at a total of 55.8 million tons	
The first shearing line	-	Estimated units of production at a total of 14.0 million tons	
The second shearing line	-	Estimated units of production at a total of 8.3 million tons	
The first skin pass mill	-	Estimated units of production at a total of 12.0 million tons	
The second skin pass mill	-	Estimated units of production at a total of 14.0 million tons	
The third skin pass mill	-	Estimated units of production at a total of 14.6 million tons	
Pickling and oiling line	-	Estimated units of production at a total of 13.0 million tons	
Spare parts	-	Estimated units of production of the main machine	
Other machinery and factory equipment	-	5 - 10	years
Furniture, fixtures and office equipment	-	5	years
Motor vehicles	-	5	years
Roads	-	5, 20	years
Berth and berth facilities	-	5, 30	years
Tug boats	-	5 - 17	years
Customs cargo warehouse	-	5	years

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
 - Depreciation attributed to the surplus portion is deducted against revaluation surplus on assets in shareholders' equity.
- No depreciation is provided on land and assets under construction/installation.

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Intangible assets

Intangible assets acquired in a business combination are recognised at fair value on the date of acquisition. Other acquired intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the useful 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 the income statement.

The intangible assets-computer software has a finite useful life of 10 years.

Intangible assets arising from business combination with finite useful lives are as follow.

Customer relationships	-	8.25 years
Order backlog	-	Based upon outstanding orders

5.9 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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 Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates 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. Impairment losses relating to goodwill cannot be reversed in future periods.

5.10 Related party transactions

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

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

5.11 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. Assets acquired under finance leases is depreciated over the useful life of the assets.

5.12 Foreign currencies

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 balance sheet date.

Gains and losses on exchange are included in determining income.

5.13 Impairment of assets

At each reporting date, the Company and the subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and the subsidiaries also carry out annual impairment reviews in respect of goodwill. 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 and the subsidiaries 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 the income statement. However in cases where property, plant and equipment 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.

5.14 Employee benefits

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

5.15 Provisions

Provisions are recognised when the Company and the 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.

5.16 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

5.17 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Generally unrealised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Gains and losses from receivables and payables arising from not-for-trade forward exchange contracts performed for future highly probable incur transactions are not recorded in the income statement, and are instead recorded as part of the future underlying hedged transaction.

5.18 Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Significant judgments and estimates are as follow:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

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.

Allowance for diminution in value of inventory

In determining allowance for diminution in the value of inventory, the management exercises judgment in estimating the net realisable value of inventory based on the amount the inventories are expected to realise. These estimates are based on estimates of selling prices, which take into account events occurring after the end of the period and estimates of related costs and expenses.

Impairment of equity investments

The Company treats other investments as impaired when the management judgment that there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

Property, plant and equipment and depreciation

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

The Company and its subsidiaries measure land, buildings and building improvement, machineries and equipment in production line and roads at revalued amounts. Fair value from revaluation is determined by independent valuer using market approach for land and depreciated replacement cost approach for buildings and building improvement, machinery and equipment in production/service line, roads, berth and berth facilities, and tug boats. The valuation involves certain assumptions and estimates.

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 cost. 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 other intangible assets, 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.

Litigation

The Company and its subsidiaries have contingent loss and liabilities as a result of dispute and litigation. The Company and its subsidiaries' managements have used judgment to assess of the results of the dispute and litigation and have recorded full allowance for impairment of the land and assets located on that land for conservative purposes, but the management believes that no loss will result from the litigation. Therefore no contingent liabilities are recorded as at the balance sheet date. However, actual results could differ from the estimates.

Investment in jointly controlled entity

On 24 September 2008, the Company purchased additional shares of Thai Cold Rolled Steel Sheet Public Co., Ltd. ("TCRSS"). As a result, the Company holds 50.15 percent of the registered share capital of TCRSS. As a result of such additional investment, the Company entered into the Joint Venture Agreement with the Japanese shareholders, in which it is stipulated that the Company and the Japanese shareholders jointly control TCRSS. The Company therefore presented this investment as investment in jointly controlled entity and applied the equity accounting method for jointly controlled entity in the consolidated financial statements. The Company has jointly controlled TCRSS since 24 September 2008 (share purchase date) but the Company's management estimate that the assets and liabilities of TCRSS as at 24 September 2008 and 30 September 2008 are not materially different. In addition, the share of income/loss attributable to the Company's interest in TCRSS as from 24 September 2008 to 30 September 2008 is not material to the consolidated financial statements. The Company has therefore assumed that the date of the share acquisition was 30 September 2008 and will recognise share of income/loss in TCRSS as from 1 October 2008.

In determining the net fair value of the identifiable assets, liabilities and contingent liabilities of TCRSS on the acquisition date, the Company's management exercise a degree of judgment in establishing fair values of the identifiable assets, liabilities and contingent liabilities, using valuation techniques and models which involves certain data, assumptions and estimates. However, actual results could differ from the estimates.

6. Related party transactions

6.1 Business transactions with related parties

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 and those related parties.

	Nature of business	Relationship 31 December 2008	Relationship 31 December 2007
Subsidiary companies			
Prachuap Port Company Limited	Deep-sea port service	Subsidiary company	Subsidiary company
West Coast Engineering Company Limited	Maintenance service	Subsidiary company	Subsidiary company
Jointly controlled entity			
Thai Cold Rolled Steel Sheet Public Company Limited*	Producer of cold rolled coils	Jointly controlled entity	Shareholding by the Company and common directors with the subsidiary
Related companies			
Thai Coated Steel Sheet Company Limited	Producer of electro-galvanized coils	Shareholding by the Company and common directors	Shareholding by the Company and common directors

	Nature of business	Relationship 31 December 2008	Relationship 31 December 2007
Bangsaphan Barmill Public Company Limited	Producer of round steel bars and deformed steel bars	Common directors and aggregate direct and indirect shareholding by the Company's director(s)	Common directors and aggregate direct and indirect shareholding by the Company's director(s)
B.S. Metal Company Limited	Producer of processing steel products	Common directors and aggregate direct and indirect shareholding by the Company's director(s)	Common directors and aggregate direct and indirect shareholding by the Company's director(s)
Sahaviriya Plate Mill Public Company Limited (formerly known as Sahaviriya Plate Mill Company Limited)	Producer of hot rolled coil plates	Common directors and aggregate direct and indirect shareholding by the Company's director(s)	Common directors and aggregate direct and indirect shareholding by the Company's director(s)
Prapawit Building Property Company Limited	Lessor of office building space	Common directors and aggregate direct and indirect shareholding by the Company's directors(s)	Common directors and aggregate direct and indirect shareholding by the Company's director(s)
Western Housing Company Limited	Room rental services	Common directors and aggregate direct shareholding by the Company's directors(s)	Common directors and aggregate direct shareholding by the Company's director(s)
Sahaviriya Steel Group Company Limited	Internet, hotline and other services	Common directors and aggregate direct and indirect shareholding by the Company's director(s)	Common directors and aggregate direct and indirect shareholding by the Company's director(s)
C.A.R. Services Company Limited	Transport services	The aggregate direct and indirect shareholding by the Company's director(s)	The aggregate direct and indirect shareholding by the Company's director(s)
Sahaviriya Panich International Company Limited	Trader of metal products	Common directors and aggregate direct and indirect shareholding by the Company's director(s)	Common directors and aggregate direct and indirect shareholding by the Company's director(s)
Line Transport Company Limited	Transport services-short distance	Common directors with the subsidiary and aggregate direct and indirect shareholding by the Company's director(s)	Common directors with the subsidiary and aggregate direct and indirect shareholding by the Company's director(s)
B.P. Wire Rod Company Limited	Producer of wire rod	The aggregate direct and indirect shareholding by the Company director(s)	The aggregate direct and indirect shareholding by the Company director(s)
Bangpakong Lighter Company Limited	Marine transport services	Common directors and aggregate direct and indirect shareholding by the Company's director(s)	Common directors and aggregate direct and indirect shareholding by the Company's director(s)
Bangpakong Port Company Limited	Transport services-short distance	Common directors and aggregate direct and indirect shareholding by the Company's director(s)	Common directors and aggregate direct and indirect shareholding by the Company's director(s)
Bangsaphan Transport Company Limited	Transport services	Direct and indirect shareholding by the Company's director(s)	Direct and indirect shareholding by the Company's director(s)
Prachuap S.M.O. Company Limited	Producer of C-Channel	The aggregate indirect shareholding by the Company director(s)	The aggregate indirect shareholding by the Company director(s)

* Previously classified as related company and classified controlled entity as from 30 September 2008.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Transactions with related parties				
<u>Revenue from sales</u>				
<i>Subsidiary company (eliminated from the consolidated financial statements)</i>				
West Coast Engineering Company Limited	-	-	7.1	0.9
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	219.3	-	219.3	-
<i>Related Companies</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	1,667.5	2,320.6	1,667.5	2,320.6
B.S. Metal Company Limited	4,759.4	3,656.8	4,759.4	3,656.8
Sahaviriya Panich International Company Limited	7,449.4	7,549.0	7,449.4	7,549.0
Sahaviriya Plate Mill Public Company Limited (formerly known as Sahaviriya Plate Mill Company Limited)	-	133.4	-	132.8
	14,095.6	13,659.8	14,102.7	13,660.1
<u>Revenue from rendering of services</u>				
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	14.0	-	-	-
<i>Related companies</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	50.5	74.0	-	-
Bangsaphan Barmill Public Company Limited	10.8	4.3	-	-
Line Transport Company Limited	7.2	8.6	-	-
Thai Coated Steel Sheet Company Limited	1.5	2.2	-	-
Other related companies	3.9	4.5	-	-
	87.9	93.6	-	-
<u>Other income</u>				
<i>Subsidiaries (eliminated from the consolidated financial statements)</i>				
West Coast Engineering Company Limited	-	-	0.9	0.5
Prachuap Port Company Limited	-	-	0.9	-
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	2.9	-	2.9	-
<i>Related companies</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	4.3	4.3	4.3	4.3
Thai Coated Steel Sheet Company Limited	7.5	7.5	7.5	7.5
Other related companies	3.6	0.8	3.0	0.2
	18.3	12.6	19.5	12.5

* Previously classified as related company and classified as jointly controlled entity as from 30 September 2008.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<u>Purchases of goods and services</u>				
<i>Subsidiaries (eliminated from the consolidated financial statements)</i>				
Prachuap Port Company Limited	-	-	99.6	71.2
West Coast Engineering Company Limited	-	-	271.8	297.5
<i>Related companies</i>				
Line Transport Company Limited	69.4	108.5	69.4	108.5
B.S. Metal Company Limited	4.0	5.5	4.0	5.5
Other related companies	1.2	2.3	1.1	2.0
	74.6	116.3	445.9	484.7
<u>Purchases of raw materials</u>				
<i>Related companies</i>				
Sahaviriya Plate Mill Public Company Limited (formerly known as Sahaviriya Plate Mill Company Limited)	11.9	59.1	-	59.1
Sahaviriya Panich International Company Limited	159.5	-	159.5	-
B.P. Wire Rod Company Limited	225.1	-	225.1	-
	396.5	59.1	384.6	59.1
<u>Selling and administrative expenses</u>				
<i>Subsidiary company (eliminated from the consolidated financial statements)</i>				
Prachuap Port Company Limited	-	-	1.5	4.1
<i>Related companies</i>				
Prapawit Building Property Company Limited	14.1	13.8	12.3	11.9
Sahaviriya Panich International Company Limited	5.0	27.4	5.0	27.4
Line Transport Company Limited	31.6	48.6	31.1	48.4
Bangpakong Lighter Company Limited	113.3	135.6	113.3	135.6
C.A.R. Services Company Limited	56.0	77.8	56.0	77.8
Other related companies	5.9	3.8	5.6	3.2
	225.9	307.0	224.8	308.4

Business transactions and pricing policies are summarised as follows.

Transactions with the Company and subsidiary companies	Pricing policy
Revenue from sales	- Same prices as those charged to third parties, dependent on purchasing volume and relevant marketing considerations.
Other income	- Sales of scrap material are priced based on scrap weight and the prices set by the Company.
Purchases of goods and services	- The fees charged by the subsidiary for the production of parts and spare parts are based on prices, as charged to normal customers under terms and conditions normally applicable to transaction of similar nature. - Maintenance-related services are charged based on the long-term maintenance service agreements. The term of the agreement can be modified according to business circumstances. - Port services rendered are charged based on the rate determined by the Ministry of Transportation, dependent on service volume and relevant marketing considerations.
Selling and administrative expenses	- Port services rendered are charged based on the rate determined by the Ministry of Transportation, dependent on service volume and relevant marketing considerations.
Transactions with related companies	Pricing policy
Revenue from sales	- Same prices as those charged to third parties, dependent on purchasing volume and relevant marketing considerations.
Revenue from rendering of services	- Port services rendered are charged based on the rate determined by the Ministry of Transportation, dependent on service volume and relevant marketing considerations. - Charges for rendering of services and maintenance-related services are based on the agreement.
Other income	- Sales of scrap material are priced based on scrap weight and the prices set by the Company. - Revenue from providing management staff to related companies was charged at mutually agreed prices.
Purchase of goods and services	- Transportation charges are based on the transportation agreement and cargo weight and distance. - Rental of warehouse is charged based on the rental agreement. - Cut sheet services are charged based on agreement. - Rental charges for staff accommodation are fixed on an annual basis and agreed with the lessor.
Purchase of raw material	- At an agreed price
Selling and administrative expenses	- Domestic transportation services are charged based on the transportation agreement and cargo weight and distance. - Office rental is charged based on the rental agreement. - Rental charges for staff accommodation are fixed on an annual basis and agreed with the lessor. - Commission expense is charged based on agreement.

As at 31 December 2008 and 2007, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Trade accounts and notes receivable				
<i>Subsidiary company</i>				
West Coast Engineering Company Limited	-	-	217,337	-
Total trade accounts and notes receivable - subsidiary company	-	-	217,337	-
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	5,656,826	-	-	-
Total trade accounts and notes receivable - jointly controlled entity	5,656,826	-	-	-
<i>Related companies</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	-	57,412,694	-	46,865,111
B.S. Metal Company Limited	2,526,507,440	1,625,825,527	2,526,482,990	1,625,702,509
Sahaviriya Panich International Company Limited	645,253,327	1,000,933,388	645,253,327	1,000,933,388
Other related companies	1,844,063	4,602,570	-	-
Total trade accounts and notes receivable - related companies	3,173,604,830	2,688,774,179	3,171,736,317	2,673,501,008
Trade accounts and notes receivable - related parties	3,179,261,656	2,688,774,179	3,171,953,654	2,673,501,008

* Previously classified as related company and classified as jointly controlled entity as from 30 September 2008.

The uncertainty of the current economic situation could adversely affect the debtor's ability to make payment in the future.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Amounts due from and advances paid to related parties				
<i>Subsidiaries</i>				
Prachuap Port Company Limited	-	-	140,731	28,382
West Coast Engineering Company Limited	-	-	782,392	3,336,186
Total amounts due from and advances paid to subsidiaries	-	-	923,123	3,364,568
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	520,282	-	520,282	-
Total amounts due from and advances paid to jointly controlled entity	520,282	-	520,282	-
<i>Related companies</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	-	2,703,561	-	2,703,561
Other related companies	761,234	1,607,242	615,162	1,421,620
Total amounts due from and advances paid to related companies	761,234	4,310,803	615,162	4,125,181
Amounts due from and advances paid to related parties	1,281,516	4,310,803	2,058,567	7,489,749
Accrued income from related parties				
<i>Subsidiaries</i>				
Prachuap Port Company Limited	-	-	310,568	-
West Coast Engineering Company Limited	-	-	556,202	398,395
Total accrued income from subsidiaries	-	-	866,770	398,395
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	721,649	-	217,633	-
Total accrued income from jointly controlled entity	721,649	-	217,633	-
<i>Related companies</i>				
Thai Coated Steel Sheet Company Limited	6,004,781	5,650,190	6,004,781	5,650,190
Bangsaphan Barmill Public Company Limited	161,572	274,822	161,572	274,822
Other related companies	259,703	3,140,627	259,703	1,230,886
Total accrued income from related companies	6,426,056	9,065,639	6,426,056	7,155,898
Accrued income from related parties	7,147,705	9,065,639	7,510,459	7,554,293

* Previously classified as related company and classified as jointly controlled entity as from 30 September 2008.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Trade accounts payable				
<i>Subsidiaries</i>				
Prachuap Port Company Limited	-	-	15,196,034	-
West Coast Engineering Company Limited	-	-	5,977,218	4,919,639
Total trade accounts payable - subsidiaries	-	-	21,173,252	4,919,639
<i>Related companies</i>				
Line Transport Company Limited	9,245,457	1,195,053	9,245,457	1,195,053
Bangpakong Lighter Company Limited	-	7,568,636	-	7,568,636
C.A.R. Services Company Limited	800,461	611,850	800,461	611,850
B.S. Metal Company Limited	221,379	421,774	221,379	421,774
Bangsaphan Transport Company Limited	250	250	250	250
Total trade accounts payable - related companies	10,267,547	9,797,563	10,267,547	9,797,563
Trade accounts payable - related parties	10,267,547	9,797,563	31,440,799	14,717,202
Amounts due to and advances received from related parties				
<i>Subsidiaries</i>				
Prachuap Port Company Limited	-	-	-	10,886,274
West Coast Engineering Company Limited	-	-	17,288,427	10,082,144
Total amounts due to and advances received from subsidiaries	-	-	17,288,427	20,968,418
<i>Related companies</i>				
Bangsaphan Transport Company Limited	40,039	799,231	40,039	799,231
Line Transport Company Limited	263,281	10,096,084	214,275	10,068,264
Bangpakong Lighter Company Limited	-	13,537,422	-	13,537,422
C.A.R. Services Company Limited	2,308,605	8,266,567	2,308,605	8,266,567
Sahaviriya Panich International Company Limited	744,187	5,186,961	744,187	5,186,961
Bangpakong Port Company Limited	-	977,845	-	977,845
B.S. Metal Company Limited	638,893	350,279	638,893	350,279
Prapawit Building Property Company Limited	982,731	246,409	962,765	218,412
Other related companies	227,092	99,571	208,492	43,815
Total amounts due to and advances received from related companies	5,204,828	39,560,369	5,117,256	39,448,796
Amounts due to and advances received from related parties	5,204,828	39,560,369	22,405,683	60,417,214

6.2 Directors and management's remuneration

In 2008, the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 58.2 million (the Company only: Baht 48.8 million) (2007: Baht 56.6 million (the Company only: Baht 47.3 million)).

7. Trade accounts and notes receivable

The balances of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due dates, are summarised below:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Age of receivables				
<u>Related parties</u>				
Not yet due	544,915,235	2,653,132,742	539,721,169	2,643,899,937
Past due				
Up to 3 months	1,482,525,199	35,641,437	1,480,411,263	29,601,071
3 - 6 months	1,151,821,222	-	1,151,821,222	-
Total	3,179,261,656	2,688,774,179	3,171,953,654	2,673,501,008
<u>Other companies</u>				
Not yet due	207,547,520	44,902,078	191,635,804	37,586,190
Past due				
Up to 3 months	4,488,523	386,778,172	-	379,491,256
Over 12 months	283,808,960	283,808,960	283,808,960	283,808,960
Total	495,845,003	715,489,210	475,444,764	700,886,406
Less: Allowance for doubtful accounts	(283,808,960)	(283,808,960)	(283,808,960)	(283,808,960)
Total	212,036,043	431,680,250	191,635,804	417,077,446
Trade accounts and notes receivable - net	3,391,297,699	3,120,454,429	3,363,589,458	3,090,578,454

8. Inventories

Details of inventories as at 31 December 2008 and 2007 are as follows:

(Unit: Baht)

	Consolidated financial statements							
	Cost		Allowance of diminution in value of inventory				Inventory-net	
			Reduction cost to net realisable value		Stock obsolescence			
2008	2007	2008	2007	2008	2007	2008	2007	
Finished goods	5,502,641,036	3,181,195,528	(2,192,171,159)	(23,485,976)	-	-	3,310,469,877	3,157,709,552
Work in process	26,380,459	6,389,255	-	-	-	-	26,380,459	6,389,255
Raw materials	9,376,799,035	3,556,927,738	(3,071,022,930)	-	-	-	6,305,776,105	3,556,927,738
Goods in transit	879,921,170	804,227,036	(177,752,689)	-	-	-	702,168,481	804,227,036
Spare parts and factory supplies	1,259,359,203	1,521,826,755	-	-	(154,423,844)	(218,488,493)	1,104,935,359	1,303,338,262
Total	17,045,100,903	9,070,566,312	(5,440,946,778)	(23,485,976)	(154,423,844)	(218,488,493)	11,449,730,281	8,828,591,843

(Unit: Baht)

	Separate financial statements							
	Cost		Allowance of diminution in value of inventory				Inventory - net	
			Reduction cost to net realisable value		Stock obsolescence			
2008	2007	2008	2007	2008	2007	2008	2007	
Finished goods	5,518,307,024	3,197,202,827	(2,192,171,159)	(23,485,976)	-	-	3,326,135,865	3,173,716,851
Work in process	-	-	-	-	-	-	-	-
Raw materials	9,392,080,605	3,564,991,973	(3,071,022,930)	-	-	-	6,321,057,675	3,564,991,973
Goods in transit	879,921,170	804,227,036	(177,752,689)	-	-	-	702,168,481	804,227,036
Spare parts and factory supplies	1,257,748,196	1,520,174,253	-	-	(154,423,844)	(218,488,493)	1,103,324,352	1,301,685,760
Total	17,048,056,995	9,086,596,089	(5,440,946,778)	(23,485,976)	(154,423,844)	(218,488,493)	11,452,686,373	8,844,621,620

The Company has pledged all finished goods and raw materials to secure short-term and long-term loans from financial institutions as described in Note 15 and 16 to the financial statements.

9. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements as at 31 December 2008 and 2007 are as follows:

Companies	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2008 Million Baht	2007 Million Baht	2008 Percentage	2007 Percentage	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Prachuap Port Company Limited	400.0	400.0	51.00	51.00	204,000,000	204,000,000	-	-
West Coast Engineering Company Limited	75.0	75.0	99.99	99.99	74,999,930	74,999,930	-	-
Total investments in subsidiary companies					278,999,930	278,999,930	-	-

10. Investment in jointly controlled entity

10.1 Detail of investment in jointly controlled entity as at 31 December 2008 and 2007 are as follows:

Company's name	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method - net	
		2008 Percent	2007 Percent	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Thai Cold Rolled Steel Sheet Public Company Limited (31 December 2007: classified as other investment)	Producer and distributor of cold rolled coils	50.15	-	5,440,922,025	-	4,179,440,824	-
Total investment in jointly controlled entity				5,440,922,025	-	4,179,440,824	-

Company's name	Nature of business	Separate financial statements							
		Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on equity method - net	
		2008 Percent	2007 Percent	2008 Baht	2007 Baht	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Thai Cold Rolled Steel Sheet Public Company Limited (31 December 2007: classified as other investment)	Producer and distributor of cold rolled coils	50.15	-	5,440,922,025	-	(938,125,000)	-	4,502,797,025	-
Total investment in jointly controlled entity				5,440,922,025	-	(938,125,000)	-	4,502,797,025	-

Acquisition of shares of Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS) from Japanese shareholders

On 5 April 2007, the Board of Directors' Meeting No. 3/2550 and on 26 June 2007 an Extraordinary Shareholders' Meeting No. 1/2550 passed resolutions to approve the Company's purchase of a total of 335,790,500 shares in Thai Cold Rolled Steel Sheet Public Company Limited (comprising 214,525,510 ordinary shares and 121,264,990 preferred shares) under a total budget of not more than USD 95 million (equivalent to Baht 3,500 million) from its Japanese shareholders. This was in accordance with the Agreement on Option to Purchase Shares of TCRSS, whereby a related company has the right to purchase the shares from the Japanese shareholders. In addition, an extraordinary shareholders' meeting approved the Company's provision of collateral to secure credit facilities and its assumption of responsibility for liabilities of Thai Cold Rolled Steel Sheet Public Company Limited, in proportion to the shareholding of the Company.

On 26 February 2008, such related company transferred the right to purchase such shares to the Company. Consequently, on 6 March 2008, the Company, the related company, Japanese shareholders and Thai Cold Rolled Steel Sheet Public Company Limited entered into a joint venture agreement, which becomes effective when the Company is able to meet the conditions stipulated, such as the Company's obtaining credit facilities for Thai Cold Rolled Steel Sheet Public Company Limited, together with collateral to secure those credit facilities.

On 24 September 2008, the Company was able to fulfill the conditions stipulated in the joint venture agreement, and the Company therefore purchased 335,790,500 convertible preferred shares from the Japanese shareholders, paying USD 0.296 per share, plus direct costs incurred in relation to the share acquisition, or equal to Baht 3,454.4 million. After the acquisition, the Company converted 214,520,510 convertible preferred shares to 214,520,510 ordinary shares. As a result the Company holds 415,537,850 ordinary shares and 121,264,990 convertible preference shares, which is equal to 50.15 percent of the registered share capital. (1 preference share of TCRSS grant 1 vote, which is equal to the voting right of the ordinary shareholder).

As a result of such additional investment, the Company entered into the Joint Venture Agreement with the Japanese shareholders, in which it is stipulated that the Company and the Japanese shareholders jointly control TCRSS. The Company therefore presented this investment as investment in jointly controlled entity and applied the equity accounting method for jointly controlled entity in the consolidated financial statements.

As a result of this additional investment, the Company has jointly controlled TCRSS since 24 September 2008 (share purchase date), and the Company's management assess that the assets and liabilities of TCRSS as at 24 September 2008 and 30 September 2008 are not materially different. In addition, the share of income/loss attributable to the Company's interest in TCRSS as from 24 September 2008 to 30 September 2008 is not material to the consolidated financial statements. The Company has therefore assumed that the date of the share acquisition was 30 September 2008 and would recognise share of income/loss in TCRSS as from 1 October 2008.

10.2 Share of loss

During the year, the Company recognised its share of net loss from investments in the jointly controlled entity in the consolidated financial statements in the separate financial statements as follows:

(Unit: Baht)

Jointly controlled entity	Consolidated financial statements		Separate financial statements	
	Share of loss from investments in jointly controlled entity during the year		Dividend received during the year	
	2008	2007	2008	2007
Thai Cold Rolled Steel Sheet Public Company Limited	323,356,201	-	-	-
Total	323,356,201	-	-	-

10.3 Summarised financial information of jointly controlled entities

The Company's proportionate shares of the assets, liabilities, revenue and expenses of Thai Cold Rolled Steel Public Company Limited, according to proportion of investment, is as follows:

(Unit: Million Baht)

	As at 31 December 2008
Current assets	1,534
Non-current assets	6,111
	<hr/>
	7,645
Current liabilities	1,944
Non-current liabilities	1,522
	<hr/>
	3,466
Net assets	4,179

(Unit: Million Baht)

	For the period from the date of gaining joint control to 31 December 2008
Revenue	2,325
Cost of sales	(2,397)
Selling and administrative expenses	(58)
Other expenses	(142)
	<hr/>
Income before finance cost	(272)
Finance cost	(51)
	<hr/>
Net loss	(323)

Thai Cold Rolled Steel Sheet Public Company Limited mortgaged most of its land, buildings and machinery with the local financial institutions as collateral to secure the short-term loans and long-term loans from financial institutions.

11. Other long-term investments

Details of other long-term investments as at 31 December 2008 and 2007 are as follows:

Companies	Nature of business	Consolidated financial statements/Separate financial statements							
		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
		2008 Percent	2007 Percent	2008 Baht	2007 Baht	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Other investments									
Thai Coated Steel Sheet Company Limited	Producer and distributor of electro-galvanized coils	3.70	3.70	293,999,500	293,999,500	(293,999,500)	(293,999,500)	-	-
Thai Cold Rolled Steel Sheet Public Company Limited	Producer and distributor of cold rolled coils								
(31 December 2008: classified as investment in jointly controlled entity)									
		-	18.78	-	1,986,539,435	-	(376,503,554)	-	1,610,035,881
				293,999,500	2,280,538,935	(293,999,500)	(670,503,054)	-	1,610,035,881

Acquisition of shares of Thai Cold Rolled Steel Sheet Public Company Limited from minority shareholders

On 3 December 2007, the Board of Directors' Meeting No. 7/2550 passed a resolution to approve the Company's purchase of a total of 116,250,000 ordinary shares in Thai Cold Rolled Steel Sheet Public Company Limited (10.86 percent equity interest) under a total budget of not more than Baht 1,200 million from the minority shareholders. Subsequently on 21 December 2007 the Company purchased 107,199,840 shares in accordance with the resolution of the Board at Baht 9.78 per share, for a total of Baht 1,048.4 million. As at 31 December 2007, the Company's interest in the equity of Thai Cold Rolled Steel Sheet Public Company Limited has increased from 8.77 percent to 18.78 percent.

In December 2007, the Company and its subsidiaries arranged for an independent professional valuer to reappraise the value of land, buildings and building improvement, machinery and equipment in production/service line, roads, berth and berth facilities, and tug boats for the third time and recorded the assets at the new revaluation amounts. The basis of the revaluations was as follows:

- Land was revalued by an independent professional valuer using the market approach.
- Buildings and building improvement, machinery and equipment in production/service line, roads, berth and berth facilities, and tug boats were revalued by an independent professional valuer using the depreciated replacement cost approach.

The results of revaluation by independent appraisers are presented below:

(Unit: Baht)

Consolidated financial statements						
	Land	Building and building improvement	Machinery and equipment in production line	Roads	Berth and berth facilities, and tug boats	Total
New revaluation	972,447,568	1,589,828,298	17,822,489,703	36,363,610	1,968,222,749	22,389,351,928
Net book value of assets on revaluation date	1,031,246,759	1,243,862,120	15,309,001,809	43,701,140	1,730,578,481	19,358,390,309
Increase (decrease)	(58,799,191)	345,966,178	2,513,487,894	(7,337,530)	237,644,268	3,030,961,619

The Company and its subsidiaries recorded the increase and decrease in the revalued assets in 2007 as follows:

Adjustment of increase (decrease) in value against of revaluation surplus on assets in shareholders' equity	9,188,185	345,966,178	2,521,975,632	(3,221,085)	237,644,268	3,111,553,178
Diminution in value recorded as expenses in income statement	(67,987,376)	-	(8,487,738)	(4,116,445)	-	(80,591,559)
Increase (decrease)	(58,799,191)	345,966,178	2,513,487,894	(7,337,530)	237,644,268	3,030,961,619

(Unit: Baht)

	Separate financial statements				
	Land	Building and building improvement	Machinery and equipment in production line	Roads	Total
New revaluation	684,999,568	1,440,311,696	17,737,300,000	15,800,000	19,878,411,264
Net book value of assets on revaluation date	678,410,462	1,120,343,327	15,245,417,170	11,559,641	17,055,730,600
Increase	6,589,106	319,968,369	2,491,882,830	4,240,359	2,822,680,664

The Company recorded the increase and decrease in the revalued assets in 2007 as follows:

Adjustment of increase in value against of revaluation surplus on assets in shareholders' equity	6,589,106	319,968,369	2,500,370,568	4,240,359	2,831,168,402
Diminution in value recorded as expenses in income statement	-	-	(8,487,738)	-	(8,487,738)
Increase	6,589,106	319,968,369	2,491,882,830	4,240,359	2,822,680,664

Breakdown of property, plant and equipment carried on the revaluation basis and their accumulated depreciation as at 31 December 2008 and 2007 are as follows:

(Unit: Baht)

	Consolidated financial statements				
	Land	Building and building improvement	2008 Machinery and equipment in production line	Roads	Berth and berth facilities, and tug boats
Original cost - net allowance for impairment loss	1,015,270,442	1,975,499,538	15,629,050,608	131,615,197	2,057,552,879
Surplus from revaluation	(52,828,008)	1,134,953,222	9,025,298,206	26,088,665	801,917,821
Revalued amount	962,442,434	3,110,452,760	24,654,348,814	157,703,862	2,859,470,700
Accumulated depreciation on original cost - net allowance for impairment loss	-	971,841,701	4,361,793,005	97,702,176	619,464,946
Accumulated depreciation on surplus from revaluation	-	710,015,241	2,716,912,877	25,532,071	377,134,796
Accumulated depreciation on revalued amount	-	1,681,856,942	7,078,705,882	123,234,247	996,599,742

(Unit: Baht)

Consolidated financial statements					
	Land	Building and building improvement	2007 Machinery and equipment in production line	Roads	Berth and berth facilities, and tug boats
Original cost - net allowance for impairment loss	1,025,275,576	1,974,715,867	15,450,301,544	119,742,910	2,057,552,880
Surplus from revaluation	(52,828,008)	1,137,679,907	9,025,318,726	26,088,665	801,917,821
Revalued amount	972,447,568	3,112,395,774	24,475,620,270	145,831,575	2,859,470,701
Accumulated depreciation on original cost - net allowance for impairment loss	-	868,703,868	4,084,455,605	87,491,745	543,228,211
Accumulated depreciation on surplus from revaluation	-	653,863,608	2,568,674,962	21,976,220	348,019,740
Accumulated depreciation on revalued amount	-	1,522,567,476	6,653,130,567	109,467,965	891,247,951

(Unit: Baht)

Separate financial statements								
	2008				2007			
	Land	Building and building improvement	Machinery and equipment in production line	Roads	Land	Building and building improvement	Machinery and equipment in production line	Roads
Original cost - net allowance for impairment loss	664,503,067	1,818,032,882	15,474,381,965	49,322,646	674,508,200	1,817,429,194	15,290,386,357	38,074,646
Surplus from revaluation	10,491,367	1,103,366,526	8,989,432,000	27,739,994	10,491,368	1,106,093,212	8,989,432,000	27,739,994
Revalued amount	674,994,434	2,921,399,408	24,463,813,965	77,062,640	684,999,568	2,923,522,406	24,279,818,357	65,814,640
Accumulated depreciation on original cost - net allowance for impairment loss	-	931,673,867	4,245,098,535	34,995,144	-	834,935,987	3,988,125,055	28,934,135
Accumulated depreciation on surplus from revaluation	-	702,597,761	2,697,602,793	24,264,890	-	648,274,723	2,554,393,302	21,080,505
Accumulated depreciation on revalued amount	-	1,634,271,628	6,942,701,328	59,260,034	-	1,483,210,710	6,542,518,357	50,014,640

The Company and its subsidiaries evaluated the recoverable amounts of assets by using the discounted cash flow method and have determined that the recoverable amounts are higher than the appraisal values of assets presented on a depreciated replacement cost basis.

In October 2006, the Federation of Accounting Professions issued Notification No. 25/2006 allowing entities which carry their property, plant and equipment at revalued amounts to calculate depreciation to be charged to the income statements based on the historical costs of the assets instead of on the revalued amounts. The Company has decided to follow the notification. However, had the depreciation charge been calculated based on the revalued amounts, net income (loss) and earnings (loss) per share would have been changed to the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007 (Restated)	2008	2007 (Restated)
Net income (loss)	(5,391,305,679)	647,337,634	(5,088,802,739)	745,702,283
Earnings (loss) per share	(0.41)	0.05	(0.39)	0.06

As at 31 December 2008, the Company and its subsidiaries have certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 496.1 million (2007: Baht 424.1 million) (The Company only: Baht 299.9 million (2007: Baht 256.2 million)).

As at 31 December 2008, the Company and its subsidiaries have machinery, equipment and motor vehicles acquired under hire purchase and finance lease agreements, with net book values (at historical cost) amounting to Baht 589.8 million (the Company only: Baht 522.8 million).

As at 31 December 2008, the Company had mortgaged/pledged 97 percent of its land, buildings, machinery and equipment (based on net book values) to secure bank overdrafts, short-term loans from financial institutions and long-term loans, as described in Note 15 and Note 16 to the financial statements.

As at 31 December 2008, Prachuap Port Company Limited, the subsidiary, had mortgaged 84 percent of its land and berth (based on net book values), to secure short-term loan, long-term loans and bank guarantees as described in Note 15, Note 16 and Note 28.1 (d) to the financial statements.

As at 31 December 2008, West Coast Engineering Company Limited, the subsidiary, had mortgaged all land and construction thereon to secure bank overdrafts, short-term loans, long-term loans and other bank credit facilities as described in Note 15 and Note 16 to the financial statements.

As described in Note 28.1 (e) 1), on October 2007, the Company and a subsidiary (Prachuap Port Company Limited) received letters from Prachuabkirkhan Provincial Land Office, Bangsaphan Branch, ordering the Company to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) for 23 plots of land with a combined book value of Baht 113.1 million and the subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) for 18 plots of land with a combined book value of Baht 187.6 million, there are roads to the port and warehouse of the subsidiary, which have a net book value of Baht 37.7 million, located on these plots of land for investigation, to corroborate a decision on whether to revoke or amend the issued certificates. Subsequently, on 16 November 2007, the Company and the subsidiary submitted letters to the Prachuabkirkhan Provincial Land Office to oppose any revocation or amendment of such certificate. However, for conservative purposes, in preparing the financial statements in 2007 the Company and the subsidiary recorded full allowance for impairment of the land and assets located on that land in their accounts. On 6 August 2008, the Company received a letter from Prachuabkirkhan Provincial Land Office, Bangsaphan Branch notifying that the process to revoke the certificate issued for a plot of land with a book value of Baht 0.3 million has been cancelled. The Company had made allowance for impairment loss on this land in 2007, and the Company therefore reversed the allowance for impairment of Baht 0.3 million in the income statement of this year.

On 29 July 2008, the Company received a letter from Prachuabkirikhan Provincial Land Office, Bangsaphan Branch, ordering it to submit Certificates of Utilisation (Nor. Sor. 3 Kor) for two additional plots of land with a combined book value of Baht 10.3 million for investigation, to corroborate a decision on whether to revoke or amend the issued certificates. Consequently on 25 August 2008, the Company submitted a letter to the Prachuabkirikhan Provincial Land Office to oppose any revocation or amendment of such certificate. However, for conservative proposes, in preparing the financial statements the Company recorded full allowance for impairment of these two certificates in the second quarter's income statement of this year.

13. Intangible assets

Details of intangible assets which are software as at 31 December 2008 and 2007 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cost	78,364,352	76,159,653	77,519,080	75,314,381
Acquisitions during the year - at cost	3,121,005	2,204,700	3,074,505	2,204,700
Accumulated amortisation	(25,473,795)	(17,486,270)	(25,112,356)	(17,211,441)
Net book value	56,011,562	60,878,083	55,481,229	60,307,640
Amortisation expenses included in the income statements for the year	7,987,525	7,740,138	7,900,915	7,655,611

14. Other non-current assets

Details of other non-current assets as at 31 December 2008 and 2007 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Deposits	9,270,105	9,091,700	8,386,404	8,175,600
Others non-current assets	3,723,932	3,723,932	-	-
Total	12,994,037	12,815,632	8,386,404	8,175,600

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

Details of bank overdrafts and short-term loans from financial institutions as at 31 December 2008 and 2007 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Bank overdrafts	6,516,245	28,616,916	-	-
Short-term loans from financial institutions				
Promissory note	2,340,000,000	2,844,000,000	2,250,000,000	2,780,000,000
Trust receipts	11,976,076,662	1,373,573,576	11,976,076,662	1,364,000,000
Total	14,322,592,907	4,246,190,492	14,226,076,662	4,144,000,000

Bank overdrafts and short-term loans of the Company are secured by the pledge of raw materials and finished goods owned by the Company, and for those banks providing both short-term and long-term loans the Company has additionally made a second mortgage of land and construction thereon and machinery of the Company and assigned beneficiary rights under insurance policies to the lenders.

The bank overdraft and short-term loan of West Coast Engineering Company Limited, the subsidiary, from a commercial bank are secured by the mortgage of land and the bank overdrafts and short-term loan from another commercial bank are secured by mortgage of land and construction thereon and the assignment of beneficiary rights under insurance policies to the lender.

Short-term loans of Prachuap Port Company Limited, the subsidiary, are secured by the mortgage of certain land of the subsidiary and construction and/or future construction thereon.

As at 31 December 2008, the bank overdraft and short-term loan facilities of the Company which have not yet been drawn down amounted to Baht 3,769.8 million (2007: Baht 21,279.4 million and USD 45 million).

As at 31 December 2008, the bank overdraft and short-term loan facilities of Prachuap Port Company Limited, the subsidiary, which have not yet been drawn down amounted to Baht 40.0 million (2007: Baht 11.6 million).

As at 31 December 2008, the bank overdraft and short-term loan facilities of West Coast Engineering Company Limited, the subsidiary, which have not yet been drawn amounted to Baht 43.9 million (2007: Baht 0.8 million and USD 0.6 million).

16. Long-term loans from financial institutions

(Unit: Baht)

Loan	Repayment schedule	Consolidated financial statements		Separate financial statements	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
16.1	Semi-annual installment commencing from March 2005 to September 2013	4,592,000,000	4,928,000,000	4,592,000,000	4,928,000,000
16.2	Semi-annual installment commencing from September 2005 to September 2013	800,000,000	880,000,000	800,000,000	880,000,000
16.3	Semi-annual installment commencing from September 2009 to September 2015	3,300,000,000	-	3,300,000,000	-
16.4	Monthly installment commencing from January 2006 to September 2012	481,604,053	521,111,278	-	-
16.5	Quarterly installment commencing from June 2007 to March 2012	85,350,000	118,100,000	-	-
16.6	Yearly installments commencing from March 2007 to March 2008	-	25,000,000	-	-
16.7	Quarterly installments commencing from June 2007 to March 2011	20,452,500	32,270,000	-	-
16.8	Quarterly installments commencing from September 2008 to June 2011	21,000,000	-	-	-
Total		9,300,406,553	6,504,481,278	8,692,000,000	5,808,000,000
Less: Current portion due within one year		(1,424,034,567)	(568,619,918)	(1,308,400,000)	(416,000,000)
Long-term loans, net of current portion due within one year		7,876,371,986	5,935,861,360	7,383,600,000	5,392,000,000

16.1 A long-term credit facility amounting to Baht 5,600 million under the credit facilities agreement dated 15 September 2003, with a 10-year maturity, carrying interest at the rate of MLR less 1.5 percent per annum for the first to the third year, at the rate of MLR less 1 percent per annum for the fourth to the fifth year, and at the rate of MLR less 0.5 percent per annum as from the sixth year. Interest is payable quarterly and the interest rate for the first five years (until September 2008) must not less than the average interest rate on the debentures (Note 17) plus a margin of 0.75 percent per annum.

16.2 A long-term credit facility amounting to Baht 1,000 million under the credit facilities agreement dated 11 September 2003, with a term of 10 years, bearing interest at the rate of 4 percent per annum from the agreement date to 30 September 2008 and at the rate of MLR less 0.5 percent per annum as from 1 October 2008. Interest is payable quarterly.

Long-term loans No. 16.1 and 16.2 are secured by the mortgage/pledge of land with construction thereon and machinery and the assignment of beneficiary rights under insurance policies to the lenders. For those banks providing both short-term and long-term loan facilities, the Company has additionally made a second pledge of raw materials and finished goods of the Company. These loan agreements contain certain covenants relating to various matters, such as maintenance of financial ratios to comply with the agreement, the minimum maintenance of the Company's shareholding in Prachuap Port Company Limited, restrictions on dividend payment in each fiscal year, and a prohibition on the Company and the subsidiaries pledging their investments in shares or creating any obligation thereon.

As at 31 December 2008, the Company's debt service coverage ratios did not comply with the rate specified in the loan agreements. However, the Company received waiver letters from the lenders, whereby the banks consented to allow the Company to maintain such financial ratio at a rate below that specified in the loan agreements, for the period ended 31 December 2008. As at the balance sheet date, the Company has therefore classified the loans as long-term loans and current portion of long-term loans in accordance with the original payment schedule stipulated in the loan agreements.

16.3 This is the loan which the Company obtained from a commercial bank under an agreement dated 16 September 2008, granting new credit facilities amounting to Baht 3,300 million to use for investment in Thai Cold Rolled Steel Sheet Public Company Limited, with a 7-year term maturity. This loan is repayment on semi-annual basis for 13 installments (Baht 200 million to Baht 310 million per installment) commencing from September 2009, carrying interest at the rate of MLR less 1.5 percent per annum for the first to the second year, at the rate of MLR less 1 percent per annum for the third to the fourth year, and at the rate of MLR less 0.5 percent per annum as from the fifth year.

This loan is secured by the mortgage/pledge of land with construction thereon and machinery and the assignment of beneficiary rights under insurance policies to the lenders. These loan agreements contain certain covenants relating to various matters, such as maintenance of financial ratios to comply with the agreement, the maintenance of the Company's shareholding in Thai Cold Rolled Steel Sheet Public Company Limited and Prachuap Port Company Limited at the rate stipulated in the agreement and restrictions on dividend payment in each fiscal year.

As at 31 December 2008, the Company's debt service coverage ratio did not comply with the rate specified in the loan agreements. However, the Company received waiver letter from the lender, whereby the bank consented to allow the Company to maintain such financial ratio at a rate below that specified in the loan agreements, for the period ended 31 December 2008. As at the balance sheet date, the Company has therefore classified the loans as long-term loans and current portion of long-term loans in accordance with the original payment schedule stipulated in the loan agreements.

16.4 A long-term credit facility of a subsidiary amounting to Baht 650 million under the loan agreement dated 5 September 2003, and memorandums to amend the agreement dated 7 June 2005, 26 August 2005 and 5 September 2007, with a term of 6 years and a grace period of 2 years and 4 months, bearing interest at the 3-month fixed deposit rate plus 3 percent for the first 2 years, plus 3.5 percent for the third year and plus 4 percent per annum as from the fourth year. Interest is payable monthly. On 29 July 2008, the subsidiary entered into a memorandum to revise the loan agreement with the lender, under which the lender agreed to extend the term of the loan from 7 years and 10 months (66 monthly installments from January 2006 to June 2011) to 9 years and 1 month (81 monthly installments from January 2006 to September 2012) and change the amounts of the loan installments from the 31st installment (July 2008) onwards, from amounts of Baht 7 million to Baht 20 million per installment to amounts of Baht 5 million to Baht 15 million per installment.

This long-term loan is secured by the mortgage of land and related construction thereon and the expansion of the berth of the subsidiary. This loan agreement contains covenants relating to various matters, such as the maintenance of financial ratios to comply with the agreement, restrictions on incurring indebtedness and creating or permitting the subsistence of security interest an assets, and the maintenance of present shareholders.

16.5 A long-term credit facility of a subsidiary amounting to Baht 180 million under the credit facilities agreement dated 23 March 2007 with a term of 5 years, carrying interest at MLR less 0.5 percent per annum. Interest is payable quarterly. As of 31 December 2008, the subsidiary has drawn down the full amount of the facility.

This credit facilities are secured by the mortgage of certain land of the subsidiary and construction and/or future construction thereon. In addition, the loan agreements contain covenants relating to various matters such as the maintenance of financial ratios to comply with the agreement, the restrictions on incurring indebtedness and creating or permitting the subsistence of security interest, the assignment of beneficiary rights under insurance policies for the construction and the maintenance of the Company's equity in the subsidiary.

16.6 A long-term credit facility of a subsidiary amounting to Baht 45 million under a loan agreement dated 21 March 2005 with a 3-year maturity and a 1-year grace period, carrying interest at MLR less 1 percent per annum in the first year and MLR less 0.5 percent per annum as from the second year. Interest is payable monthly.

This loan is secured by the mortgage of a plot of land and construction and/or future construction thereon of the subsidiary and is guaranteed by the Company.

16.7 A long-term credit facility of a subsidiary amounting to Baht 60 million under a loan agreement dated 2 October 2006 with a 5-year maturity, carrying interest at MLR less 0.5 percent per annum. Interest is payable monthly.

This loan is secured by the mortgage of a plot of land of the subsidiary and construction thereon and the assignment of beneficiary rights under insurance policies to the lender. In addition, this loan agreement contains certain covenants relating to various matters, such as the maintenance of financial ratios to comply with the agreement, the restrictions on incurring indebtedness and creating or permitting the subsistence of security interest, the assignment of beneficiary rights under insurance policies for the construction, and the Company's maintenance of a shareholding of not less than 75 percent in the subsidiary for the term of the loan agreement.

16.8 This is the loan which the subsidiary obtained new credit facilities amounting to Baht 75 million from a commercial bank on 23 June 2008, as detailed below.

- a) A short-term credit facility amounting to Baht 50 million under promissory notes, carrying interest at MOR less 0.5 percent per annum.
- b) A long-term credit facility amounting to Baht 25 million, carry interest at MLR less 0.5 percent per annum. The principal is to be repaid in quarterly installment at amount not less than Baht 2 million per installment as from September 2008 to June 2011.

These new credit facilities are secured by the mortgage of a plot of land of the subsidiary and construction thereon and the assignment of beneficiary rights under the insurance policies for these assets to the lender. In addition, this loan agreement contains certain covenants relating to various matters, such as the maintenance of financial ratios to comply with the agreement, the request for consent from the lender before dividend payment and the Company's maintenance of a shareholding of not less than 75 percent in the subsidiary for the term of the loan agreement. Up to 31 December 2008, the Company had drawn down the full amount of the long-term credit facility.

17. Debentures

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Secured amortising debentures No. 1 Series 2 of 1.45 million units with a total value of Baht 1,450 million	-	725,000,000	-	725,000,000
Total	-	725,000,000	-	725,000,000
Less: Current portion	-	(725,000,000)	-	(725,000,000)
Debentures	-	-	-	-

The debentures were to be redeemed in equal semi-annual installments from 17 September 2008 and mature in March 2008. They carried interest at the average 6 month fixed deposit rate of 4 commercial banks plus 2.75 percent per annum.

These debentures were secured by the mortgage/pledge of land and its construction thereon, and machinery of the Company.

During the current year, the Company has fully repaid the debentures, and redeemed the related collaterals.

18. Liabilities under finance lease agreements

Details of liabilities under finance lease agreements as at 31 December 2008 and 2007 are follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Liabilities under finance lease agreements	238,958,088	432,377,290	76,812,535	387,898,641
Less: Deferred interest expenses	(10,582,832)	(29,157,223)	(6,042,974)	(25,236,188)
Total	228,375,256	403,220,067	170,769,561	362,662,453
Less: Portion due within one year	(198,213,010)	(206,460,621)	(170,769,561)	(191,892,892)
Liabilities under finance lease agreements - net of current portion	30,162,246	196,759,446	-	170,769,561

The Company and its subsidiary companies have entered into the finance lease agreements with leasing companies for lease of machinery, equipment and vehicle for operation and committed to pay rental fee on a monthly basis. The terms of the agreements, which are non-cancellable, are generally between 3 and 4 years.

As at 31 December 2008, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	Consolidated financial statements		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	207,311,478	31,646,610	238,958,088
Deferred interest expenses	(9,098,468)	(1,484,364)	(10,582,832)
Present value of future minimum lease payments	198,213,010	30,162,246	228,375,256

(Unit: Baht)

	Separate financial statements		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	176,812,535	-	176,812,535
Deferred interest expenses	(6,042,974)	-	(6,042,974)
Present value of future minimum lease payments	170,769,561	-	170,769,561

19. Revaluation surplus

This represents surplus arising from revaluation of property, plant and equipment. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets. The movement balance of revaluation surplus during the years are as the follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Balance - beginning of year	7,761,254,462	4,954,891,951	7,480,117,228	4,830,282,180
Add: Record revaluation surplus on assets	-	2,996,355,310	-	2,831,168,402
Less: Reversal revaluation surplus	-	(650,899)	-	-
Amortisation	(225,101,131)	(189,341,900)	(203,443,600)	(181,333,354)
Reversal of revaluation surplus on assets as a result of business combination	(561,621,446)	-	(561,621,446)	-
Balance - end of year	6,974,531,885	7,761,254,462	6,715,052,182	7,480,117,228

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

The revaluation surplus as at 31 December 2008 and 2007 in the consolidated financial statements and the separate financial statements are consisted of the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Revaluation surplus of				
The Company	6,715,052,182	6,918,495,782	6,715,052,182	6,918,495,782
The subsidiaries	259,479,703	281,137,234	-	-
Other company (former associated company)	-	561,621,446	-	561,621,446
	6,974,531,885	7,761,254,462	6,715,052,182	7,480,117,228

20. 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 income 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.

21. Corporate income tax

Corporate income tax for the years has been calculated on net income of the operations which have not received privileges from the Board of Investment exempting them from corporate income tax, after adding back expenses and deducting income which are disallowable for tax computation purposes.

22. Promotional privileges

The Company was granted investment promotional privileges by the Board of Investment (BOI). Important privileges granted to the Company are summarised below:

- Investment promotion certificate No. 1140/2533 dated 8 August 1990 under which the Board of Investment approved promotional privileges for the manufacture of hot rolled coils. Subject to certain imposed condition, the privileges include an exemption from corporate income tax on net income from the promoted activities, for a period of 8 years commencing as from the date of the first earning operating income (23 April 1994) and a 50 percent reduction of corporate income tax on net income derived from the promoted activities for a period of 5 years after the expiration of the corporate income tax exemption period (22 April 2002). The privileges granting on this certificate expired on 22 April 2007.
- Investment promotion certificate No. 1438(2)/2547, dated 8 June 2004, under which the Board of Investment approved promotional privileges for the manufacture of hot rolled coils and hot rolled pickled and oiled coils. Subject to certain imposed condition, the privileges include an exemption from corporate income tax on sales of hot rolled coils and hot rolled pickled and oiled coils, to the extent that the amount sold does not exceed 1.6 million tons a year, for a period of 8 years commencing as from the date of the first earnings operating income (13 May 2004). In addition, the privileges also include exemption from import duty on machinery approved by the Board, exemption from import duty on essential raw materials and supplies imported for manufacturing products for export sale for a period of 5 years as from the first import date and exemption from import duty on goods imported for re-export for a period of 5 years as from the first import date.

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2008	2007	2008	2007	2008	2007
Sales						
Domestic sales	25,132,957,647	23,326,002,694	27,996,426	201,598,155	25,160,954,073	23,527,600,849
Export sales	2,293,958,102	4,835,587,837	-	-	2,293,958,102	4,835,587,837
Total sales	27,426,915,749	28,161,590,531	27,996,426	201,598,155	27,454,912,175	28,363,188,686

The two subsidiaries were granted investment promotional privileges by the Board of Investment (BOI). Important privileges granted to the subsidiaries are summarised below:

(a) Prachuap Port Company Limited was granted the following investment promotional privileges by the BOI.

- Investment promotion certificate No. 8002/2537 dated 17 January 1994 under which the Board of Investment approved promotional privileges for the provision of marine shipping services. Subject to certain imposed condition, the privileges include exemption from corporate income tax on net income from the promoted activities, for a period of 8 years commencing as from the date of the first earning operating income (22 February 1994) and a 50 percent reduction of corporate income tax on net income derived from the promoted activities for a period of 5 years after the expiration of the corporate income tax exemption period (21 February 2002). The privileges granting on this certificate expired on 21 February 2007.
- Investment promotion certificate No. 1484(2)/2545 dated 31 July 2002, under which the Board of Investment approved promotional privileges for the provision of high-powered tug boat service for public transportations and large products. Subject to certain imposed condition, the privileges include an exemption from corporate income tax on net income from the promoted activities, for a period of 5 years commencing as from the date of the first earning operating income (1 October 2002) to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The amount of corporate income tax exempted thus must not exceed Baht 131 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the date operation of the project commences. In addition the privileges also include a reduction of import duty on machinery approved by the BOI. The privileges granting on this certificate expired on 30 September 2007.
- Investment promotion certificate No. 1464(2)/2547 dated 10 June 2004 under which the Board of Investment approved promotional privileges for the provision of marine shipping services. Subject to certain imposed condition, the privileges include an exemption from corporate income tax on net income from the promoted activities, for a period of 8 years commencing as from the date of the first earning operating income (14 November 2006) to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The amount of corporate income tax exempted thus must not exceed Baht 1,146 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the date operation of the project commences. In addition the privileges also include an exemption from import duty on machinery approved by the BOI.

- Investment promotion certificate No. 1901(2)/2547 dated 29 October 2004 under which the Board of Investment approved promotional privileges the provision of high-powered tug boat service. Subject to certain imposed condition, the privileges include an exemption from corporate income tax on net income from the promoted activities, for a period of 5 years commencing as from the date of the first earning operating income (9 August 2005) to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The amount of corporate income tax exempted thus must not exceed Baht 103 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the date operation of the project commences. In addition the privileges also include a reduction of import duty on machinery approved by the BOI.

(b) West Coast Engineering Company Limited has received promotional privileges from the Board of Investment, which approved promotion privileges for the manufacture of industrial machinery and equipment, mechanical parts, and the repair and improvement of industrial machinery and equipment and steel structures for industrial use, pursuant to the promotion certificate No. 1783(2)/2550 dated 27 June 2007. Subject to certain imposed condition, the privileges include an exemption from corporate income tax on net income from the promoted activities, for a period of 8 years commencing as from the date of the first earning operating income, to the extent that the amount of tax exempted does not exceed 100 percent of the total investment made, excluding the price of land and working capital. The total amount of corporate income tax exempted thus must not exceed Baht 167 million, and such cap is to be adjusted according to the actual capital investment (excluding land cost and working capital) as of the date operation of the project commences. In addition the privileges also include exemption from import duty on machinery approved by the BOI, and exemption from import duty on essential raw materials imported for a period of 5 years as from the first import date. Currently, the Company has no income from the promoted activities.

The operating revenues of the Company and its subsidiaries for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2008	2007	2008	2007	2008	2007
Revenue						
Domestic sales	25,125,882,274	23,325,070,614	28,242,366	202,291,882	25,154,124,640	23,527,362,496
Export sales	2,293,958,102	4,835,587,837	-	-	2,293,958,102	4,835,587,837
Service income	74,690,655	109,685,762	234,084,623	171,282,048	308,775,278	280,967,810
Total revenue	27,494,531,031	28,270,344,213	262,326,989	373,573,930	27,756,858,020	28,643,918,143

23. Expenses by nature

Significant expenses for the years by nature are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Salary and wages and other employee benefits	591,595,621	594,391,450	423,716,640	428,060,654
Depreciation and amortisation	566,740,297	554,322,815	437,447,539	429,959,450
Fuel and electricity charge	437,244,534	480,685,285	427,683,196	472,465,948
Transportation expenses	364,424,000	511,958,405	363,371,296	511,226,661
Repair and maintenance of plant machinery and equipment	234,453,642	266,044,854	229,755,800	259,482,430
Loss on impairment of property, plant and equipment	10,005,134	338,437,806	10,005,134	113,138,934
Rental expenses	31,473,773	29,843,633	27,117,647	25,514,923
Raw materials and consumables used	26,579,283,196	20,080,265,732	26,491,712,670	20,010,672,494
Changes in inventories of finished goods and work in progress	(2,341,436,712)	4,322,173,316	(2,321,104,197)	4,321,109,752

24. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income (loss) for the year by the weighted average number of ordinary shares in issue during the year.

25. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) manufacture of hot rolled coils (2) maintenance services and (3) deep-sea port services. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2008 and 2007 of the Company and its subsidiaries by segment.

(Unit: Baht)

	Manufacture of hot rolled coils segment		Maintenance services segment		Deep-sea port services segment		Elimination of inter-segment revenue		Consolidated financial statements	
	2008	2007 (Restated)	2008	2007	2008	2007	2008	2007	2008	2007 (Restated)
Revenue from external customer										
Domestic sales and services	25,153,878,700	23,526,668,769	153,973,446	132,533,436	155,047,772	149,128,101	-	-	25,462,899,918	23,808,330,306
Export sales	2,293,958,102	4,835,587,837	-	-	-	-	-	-	2,293,958,102	4,835,587,837
Total	27,447,836,802	28,362,256,606	153,973,446	132,533,436	155,047,772	149,128,101	-	-	27,756,858,020	28,643,918,143
Intersegment revenues	7,075,373	932,080	271,872,450	297,478,904	101,085,306	75,762,394	(380,033,129)	(374,173,378)	-	-
Total revenues	27,454,912,175	28,363,188,686	425,845,896	430,012,340	256,133,078	224,890,495	(380,033,129)	(374,173,378)	27,756,858,020	28,643,918,143
Segment income	1,938,780,356	2,420,419,415	68,660,303	90,867,110	143,213,527	108,252,663	-	-	2,145,857,748	2,657,721,373
Unallocated income and expenses:										
Other income									137,412,543	319,611,847
Selling expenses									(407,234,927)	(575,876,309)
Administrative expenses									(522,531,198)	(313,507,716)
Other expenses									(5,449,967,100)	(287,664,507)
Finance cost									(711,357,448)	(1,067,876,364)
Share of loss of jointly controlled entity									(323,356,201)	-
Corporate income tax									(10,157,768)	(9,134,088)
Minority interest									(24,870,197)	113,405,298
Net income									(5,166,204,548)	836,679,534
Property, plant and equipment	19,740,689,226	20,174,449,850	312,932,343	327,083,644	2,174,851,081	2,293,184,537	(48,749,155)	(51,944,528)	22,179,723,495	22,742,773,503
Other assets	20,141,995,252	14,024,182,683	91,567,063	55,624,964	47,248,803	29,282,725	(674,196,778)	(332,722,479)	19,606,614,340	13,776,367,893
Total assets	39,882,684,478	34,198,632,533	404,499,406	382,708,608	2,222,099,884	2,322,467,262	(722,945,933)	(384,667,007)	41,786,337,835	36,519,141,396

Transfer prices between business segments are as set out in Note 6 to the financial statements.

26. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contributed to the fund monthly at the rate of 5 to 10 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Company and its subsidiaries contributed Baht 32.8 million (2007: Baht 31.0 million) to the fund (The Company only: Baht 23.8 million (2007: Baht 22.6 million)).

27. Dividend payment

On 29 April 2008, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend for the year 2007 of Baht 0.05 per share, or a total of Baht 654.8 million.

On 10 April 2007, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend for the year 2006 of Baht 0.025 per share, or a total of Baht 327.5 million.

28. Commitments and contingent liabilities

28.1 Commitments and contingent liabilities of the Company and its subsidiaries

a) Capital commitments

As at 31 December 2008, the Company had capital commitments totaling approximately Baht 0.3 million and EUR 0.2 million in respect of agreements relating to the construction of a warehouse for finished goods and the purchase of machinery and equipment.

As at 31 December 2008, West Coast Engineering Company Limited, the subsidiary, had capital commitments totaling Baht 0.5 million in relation to construction agreements and the purchase of machinery.

b) Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office space and vehicles. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2008, future minimum lease payments required under these non-cancellable operating leases contracts were as follow.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable within:		
1 year	17.4	15.8
2 - 5 years	7.5	7.5
Total	24.9	23.3

c) Other commitments

- 1) As at 31 December 2008, the Company has commitments amounting to Baht 53.0 million, USD 5.0 million and EUR 1.4 million in relation to agreements to purchase spare parts and supplies and to obtain maintenance services.
- 2) As at 31 December 2008, the Company had commitments to banks under outstanding letters of credit amounting to approximately USD 0.7 million and Baht 1.2 million.
- 3) As at 31 December 2008, West Coast Engineering Company Limited, the subsidiary, has commitments amounting to Baht 2.5 million in relation to a contracting agreement and related service agreements.
- 4) As at 31 December 2008, Prachuap Port Company Limited, the subsidiary, has commitments amounting to Baht 0.9 million in relation to an agreement appointing a party to perform an environmental impact study and a marine survey for the construction of a ship berth.

d) Bank guarantees

As at 31 December 2008, there were outstanding bank guarantees of Baht 1,587.3 million (The Company only: Baht 1,566.7 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

- 1) Bank guarantees of the Company of Baht 1,566.7 million mainly comprised a bank guarantee of Baht 1,458.2 million to guarantee payment to the Revenue Department, to secure a value added tax refund before the examination process is complete. In the second quarter of 2007 the Revenue Department refunded Baht 1,458.2 million to the Company and is in the process of conducting an examination of such tax. The amount also included bank guarantees of Baht 104.5 million to guarantee electricity use, Baht 3.9 million as a guarantee for loss as a result of the legal action being taken by the Forestry Department regarding a project to construct a road to the berth, and other guarantee amounting to Baht 0.1 million.
- 2) The bank guarantees of the subsidiaries amounting to Baht 20.6 million, comprised a guarantee of Baht 11 million provided to the Customs Department in respect of the establishment of a wharf and godowns, Baht 8.4 million to guarantee contractual performance and Baht 1.2 million to guarantee electricity use.

e) Dispute and litigationDispute

- 1) In October 2007, Prachuabkirkhan Provincial Land Office, Bangsaphan branch sent letters to the Company and Prachuap Port Company Limited ordering the Company to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) for 23 plots of land with a combined book value of Baht 113.1 million and the subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) for 18 plots of land with a combined book value of Baht 187.6 million, (there are roads to the port and warehouse of the subsidiary, which have a net book value of Baht 37.7 million, located on these plots of land) for investigation to corroborate a decision on whether to revoke or amend the issued certificates. Subsequently, on 16 November 2007, the Company and the subsidiary submitted letters to the Prachuabkirkhan Provincial Land Office, Bangsaphan branch opposing any revocation or amendment of such certificates since the land had legal documentation issued by government officials. However, for conservative purposes, in preparation of the financial statements the Company and the subsidiary recorded full allowance for impairment of the land and assets located on that land in the income statement of 2007. On 6 August 2008, the Company received a letter from Prachuabkirkhan Provincial Land Office, Bangsaphan Branch notifying it that the process revoke the certificate issued for a plot of land with a book value of Baht 0.3 million has been cancelled.

In addition on 29 July 2008, the Company received a letter from Prachuabkirkhan Provincial Land Office, Bangsaphan Branch, ordering it to submit Certificates of Utilisation (Nor. Sor. 3 Kor) for two additional plots of land with a combined book value of 10.3 million for investigation, to corroborate a decision on whether to revoke or amend the issued certificates. Consequently on 25 August 2008, the Company submitted a letter to the Prachuabkirkhan Provincial Land Office opposing any revocation or amendment of such certificates. However, for conservative proposes, in preparing the financial statements the Company recorded full allowance for impairment of these two certificates in the second quarter's income statement of this year.

The management of the Company and the subsidiary believe that, regardless of the result of the dispute, it will not affect the business operations of the Company and its subsidiary.

Litigation

- 1) The Company was sued by the Forestry Department in a civil case regarding a project to construct a road to the berth, with a total of Baht 4.9 million claimed. Subsequently, on 1 September 2005, the Prachuapkhirkhan Provincial Court ordered the Company to pay compensation of Baht 2 million plus interest at a rate of 7.5 percent per annum as from the date the lawsuit was lodged by the Forestry Department. The case is currently pending in the Appeal Court. On 14 July 2006, the Company placed a bank guarantee of Baht 3.9 million with the Appeal Court to suspend the execution of the judgement for the term of the appeal. As at 31 December 2008, the Company has not provided for losses that may arise as a result of this case in its financial statements.
- 2) In March 2004, the Company was the co-defendant in two civil cases before the Bangkok South Civil Court, involving total claims of Baht 126 million resulting from the incorrect issue of bills of lading by forwarding agents. Subsequently in July 2005, two of the plaintiffs in these cases sued the Company in the Central Intellectual Property and International Trade Court, which has jurisdiction in the cases. Claims made totalled approximately Baht 80 million. In December 2005, the Central Intellectual Property and International Trade Court combined the two cases because they pertain to the same dispute. The cases are currently pending in the Central Intellectual Property and International Trade Court. As at 31 December 2008, the Company has not provided for losses that may arise as a result of these cases in its financial statements.

28.2 Commitments and contingent liabilities of the jointly controlled entity (Thai Cold Rolled Steel Sheet Public Company Limited) which the Company has 50.15 percent equity interest.

a) Capital commitments

As at 31 December 2008, the jointly controlled entity had capital commitments in respect of procurement agreements for parts of production machinery made with various companies of USD 0.7 million, YEN 695.2 million, EUR 0.1 million and Baht 95.8 million, in which the delivery is scheduled during January 2008 until August 2011.

b) Operating lease commitments

As at 31 December 2008, the jointly controlled entity had commitments in respect of long-term lease and service agreements payable in the future amounting to approximately Baht 45.7 million.

c) Long-term service commitments

As at 31 December 2008, the jointly controlled entity had commitments under service agreement for repair and maintenance of utility system for a period of 12 years ending 31 December 2013. The service fee payable in the future under the agreement was approximately Baht 19.1 million.

d) Long-term purchase commitments

As at 31 December 2008, the jointly controlled entity had commitments under production chemical purchase agreement for a period of 15 years ending 24 February 2012. Under the agreement, the jointly controlled entity is committed to purchase chemical at a minimum of 120,000 cubic metres, of Baht 3.35 each per month.

e) Bank guarantees

As at 31 December 2008, there were outstanding bank guarantees of approximately USD 60.4 million and Baht 85.2 million issued by banks on behalf of the jointly controlled entity in respect of the jointly controlled entity's borrowings and certain performance bonds as required in the normal course of business of the jointly controlled entity. These included letters of guarantee amounting to USD 60.4 million to guarantee payments of long-term loans, Baht 50.9 to guarantee import duty on import of raw material, and Baht 34.3 million to guarantee electricity usage and others.

29. Financial instruments

29.1 Financial risk management

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 48 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalent, accounts and notes receivable, amounts due from and advance paid to related parties, other long-term investments, bank overdrafts and short-term loans from financial institutions, accounts payable, amounts due to and advances received from related parties, long-term loans, debentures and liabilities under financial lease and hire purchase agreements. 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 and notes receivable. The Company and its subsidiaries manage the risk by establishing credit limits for customers or adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. However, the Company and its subsidiaries are exposed to concentrations of credit risk with respect to trade accounts and notes receivable because they have only a few major customers who are in the same industry. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts and notes receivable as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries’ exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts and short-term loan from financial institutions, liabilities under finance lease and hire purchase agreements, debentures and long-term borrowings. However, since most of the financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2008 classified by type of interest rates are summarized 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)

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalent	-	-	46.7	0.3	47	0.125 - 0.750
	-	-	46.7	0.3	47	
Financial Liabilities						
Bank overdrafts and short-term loans from financial institutions	14,323	-	-	-	14,323	4.200 - 7.000
Long-term loans	-	-	9,300 ⁽¹⁾	-	9,300	5.250 - 7.000
Liabilities under finance lease agreements	198	30	-	-	228	4.830 - 7.800
Liabilities under hire purchase agreements	4	3	-	-	7	3.050 - 3.700
	14,525	33	9,300	-	23,858	

(1) Long-term loan amounting to Baht 800 carried interest rate at a fixed rate in the current period until 30 September 2008 and carries interest at MLR less 0.5 percent per annum beginning 1 October 2008.

Significant financial assets and liabilities of the jointly controlled entity (Thai Cold Rolled Steel Sheet Public Company Limited) which the Company has 50.15 percent equity interest as at 31 December 2008 classified by type of interest rates are summarized 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)

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalent	-	-	138	-	138	0.01 - 0.50
	-	-	138	-	138	
Financial Liabilities						
Short-term loans	-	-	2,040	-	2,040	4.20 - 5.90
Long-term loans	359	-	3,891	-	4,250	2.45 - 3.83
Liabilities under financial lease agreements	3	1	-	-	4	1.17 - 5.65
	362	1	5,931	-	6,294	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2008 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2008	
			Assets	Liabilities
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	24.8	-	35.0824
Euro	2.8	0.05	48.8809	49.6515
Italian Lira	-	1.8	-	0.0256
Japanese yen	-	0.8	-	0.3898

As at 31 December 2008, the Company had no outstanding forward exchange contract.

The balances of financial assets and liabilities denominated in foreign currencies of the jointly controlled entity (Thai Cold Rolled Steel Sheet Public Company Limited) which the Company has 50.15 percent equity interest as at 31 December 2008 are summarised below.

Foreign currency	Financial liabilities	Average exchange rate as at 31 December 2008
	(Million)	(Baht per 1 foreign currency unit)
US dollar	128	35.0824
Japanese yen	108	0.3898

As at 31 December 2008, the jointly controlled entity had the following outstanding forward exchange contracts of which most of their maturity date are less than one year.

Notional amount	Maturity date	Fixed exchange rate in currency swap agreements
(Million USD)		(Baht per USD)
17.8	January 2009	34.98 - 35.11
7.5	June 2009	35.120
7.5	December 2009	34.875

As at 31 December 2008, the jointly controlled entity had outstanding currency swap agreements for repayment of principal of long-term loans as follows:

Notional amount	Maturity date	Fixed exchange rate in currency swap agreements
(Million USD)		(Baht per USD)
18	December 2009 - 2011	35.745
18	December 2009 - 2011	35.735
18	December 2011 - 2013	35.740
18	December 2011 - 2013	35.720

As at 31 December 2008, the jointly controlled entity had outstanding currency and interest rate swap agreements are follows:

Notional amount	Interest rate in the original loan agreements	Fixed exchange rate in swap agreements	Fixed interest rate in swap agreements	Maturity date
(Million USD)	(Percent per annum)	(Baht per USD)	(Percent per annum)	
9	2.51	39.57	3.83	15 June 2009

29.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

The Company and its subsidiaries establish the fair value of their financial instruments by adopting the following methods and assumptions:

For financial assets and liabilities which have short-term maturities, including cash and cash at banks, accounts and notes receivable, amounts due from and advances paid to related parties, bank overdrafts and short-term loans from financial institutions, accounts payable and amounts due to and advances received from related parties, the carrying amounts at the balance sheet date are considered to be a reasonable approximation of their fair value.

For non-marketable equity securities, fair value is estimated based on the net asset value of the security.

For debentures and long-term loans carrying interest at rate that approximate the market rate, the carrying amount in the balance sheet approximates their fair value.

For liabilities under finance lease and hire purchase agreements, fair value is estimated by discounting expected future cash flows by the current market interest rate for liabilities with similar terms and conditions.

For derivatives, fair value is the latest market price of financial derivatives with the same characteristics, conditions, and maturity date, as quoted by reliable financial institutions.

As at 31 December 2008, the fair value of significant financial instruments are estimated to be close to the carrying amounts in the balance sheet, except for other long-term investment which have a net carrying amount of zero and a fair value of Baht 61.6 million.

As at 31 December 2008, the jointly controlled entity (Thai Cold Rolled Steel Sheet Public Company Limited) which the Company has 50.15 percent equity interest, had derivative which have fair value as follow:

(Unit: Million Baht)

	Notional amount	Fair value (Loss)
Derivatives		
Currency and interest rate swap agreements	356	(44)
Currency swap agreements	2,573	(27)
Forward exchange contracts	1,150	(3)

31. Capital management

The primary objectives of the Company's and the Group's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern and to maintain the debt to equity ratio to comply with the long-term loan agreements.

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 1.56 : 1 (2007: 0.58 : 1) and the Company's was 1.55 : 1 (2007: 0.56 : 1).

32. Approval of financial statements

These financial statements were authorized for issue by the Company's authorized directors on 26 February 2009.



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