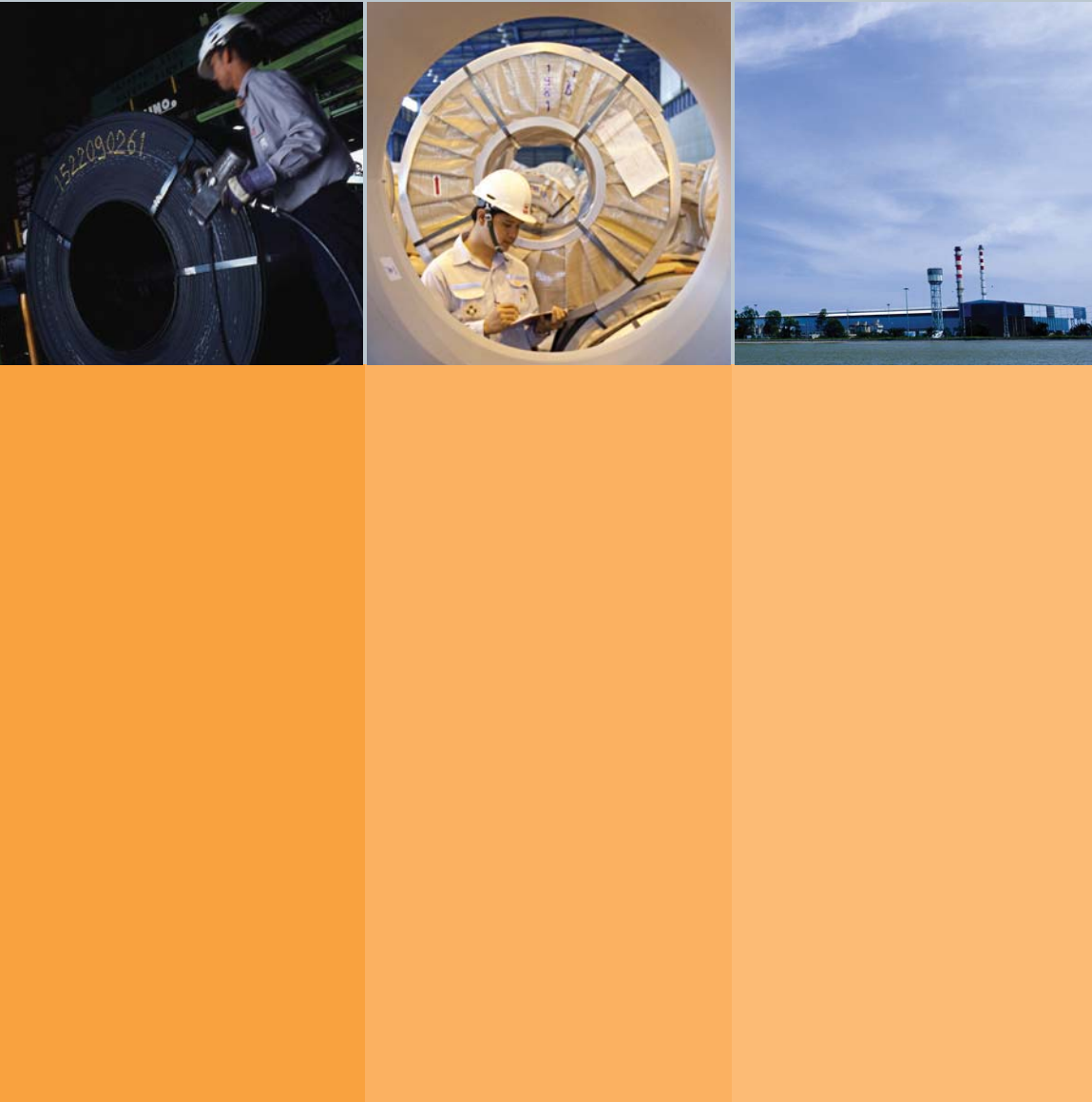




Strength to Move Forward >>





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Strength to
Move Forward



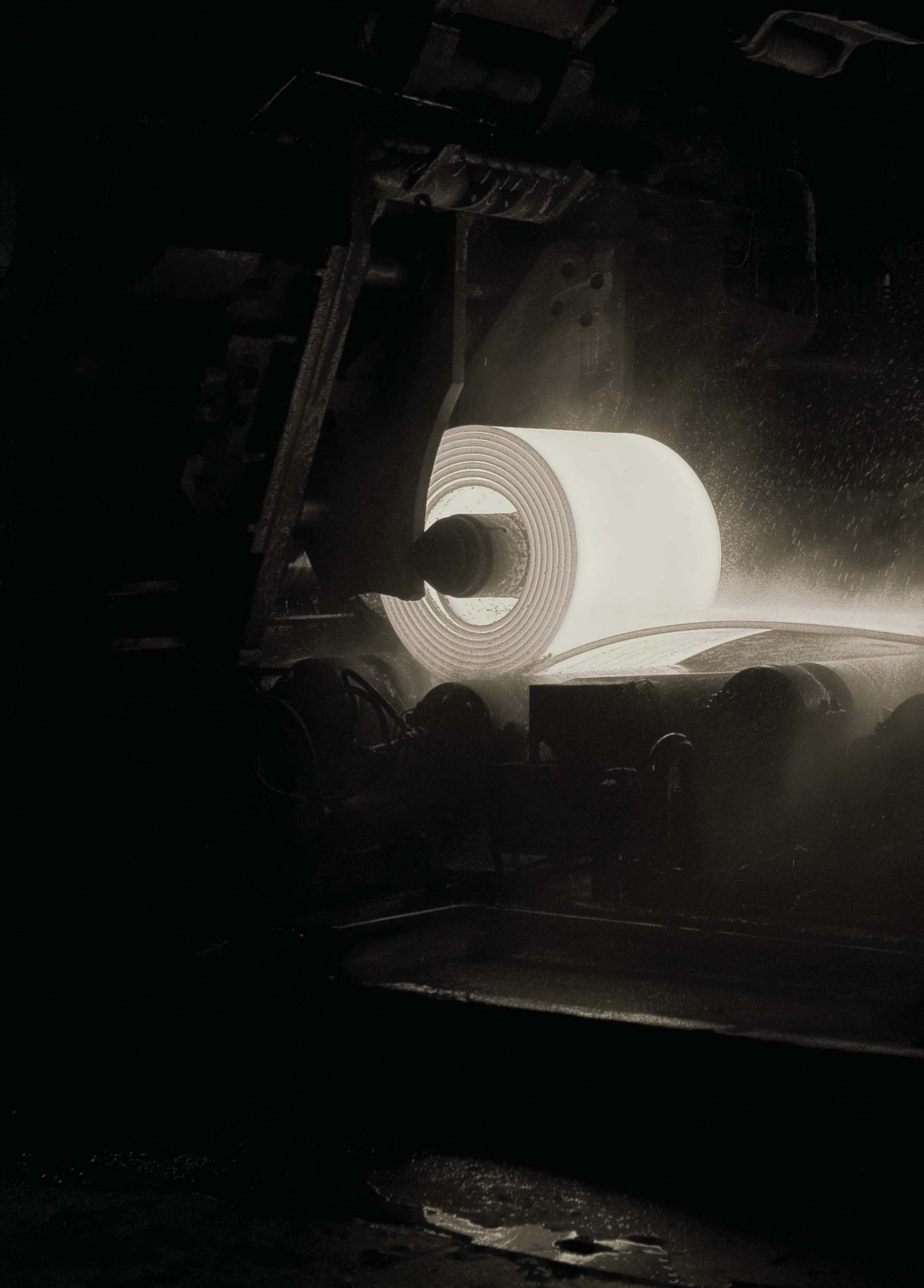
Based on our world-class assets integration strategy and premium products strategy, along with our consistent investment in technology, people, and R&D to improve the quality of our products, we, **SSI are moving forward and stepping to excellence in every aspect.**

Our Purpose (Vision & Mission)

Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders.

Values (iFacts)

integrity i We do what we say	Fighting spirit F Never give up	aim for excellence a The best is yet to be	can change C Be the leader of change	team work t One for all, all for one	service-mind S Deliver more than expected
We do what we say	Never give up	The best is yet to be	Be the leader of change	One for all, all for one	Deliver more than expected





Strength to Move Forward

>> **2009**
Highlights

004 Message from the Chairman
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Message from the Chairman

Owing to the Board's commitment in the oversight of the Company, expertise in steel industry and dedication of the management, efficient operation and cooperation of employees together with a high standard management system, the Company was able to remedy all problems and successfully turned around the business with satisfactory profit.

To shareholders:

Although the year 2009 witnessed global and Thailand slowdown in steel industry continuing from the previous year which resulted in sluggish business and high price volatility, Sahaviriya Steel Industries Public Company Limited (SSI) still performed remarkably. Our net profit from the operation according to consolidated financial statements recorded at Baht 1,273 million compared to the net loss of Baht 5,166 million in 2008. The success resulted from a variety of factors i.e. firstly, a turn-around program by changing sales strategy to boost sales and implementing vigorous cost reduction programs; secondly, a prudent risk management and transparent management; and, thirdly, a positive impact from the price hike on the business in the second half of the year which was attributable by a recovery of automobile industry triggered by economic stimulus policy of major countries worldwide. Thanks to these factors, the Company successfully resolved and overcame all obstacles caused from steel price fluctuation and sluggish market last year.

As the Board of Directors has relentlessly placed importance on good corporate governance, the Company's good corporate governance policy was issued since 2002. Later, at the end of 2007, the policy was reviewed and the Board resolved to appoint the Good Corporate Governance Committee to relieve some of the burden of the Board's responsibility for this matter and to ensure the Company's strict compliance with the policy. In 2009, corporate action related to the Good Corporate Governance Policy is described under the topic of "Good Corporate Governance" in the 2009 Annual Report. Due to our continuous and rigorous implementation of corporate governance, the Company was ranked at "an Excellent Level" among listed companies in the Stock Exchange of Thailand which embraced corporate governance. The ranking was from a survey on corporate governance of Thai listed companies in 2009, undertaken by the Securities and Exchange Commission of Thailand in collaboration with the Stock Exchange of Thailand and Thai Institute of Directors Association.

In addition to the good corporate governance, the Board attaches significance to formulation of the Company's business policy and plan. Since 2009 was the year in which a former three-year business plan ended, the Board had assigned the management to study and propose a new business plan for the period of 2010 - 2012, in which SSI's new purpose (vision and mission) is "Innovate premium value steel products and services for customer; generate consistent



A stylized, handwritten signature in orange ink, which appears to read 'Maruey Phadoongsidhi'.

Mr. Maruey Phadoongsidhi
Chairman

profit and sustainable value for stakeholders.” The new business plan was granted an approval from the Board in December 2009.

To achieve the goal and ensure compliance with the policy and operational plan, the Board assigned the Executive Board of Directors to assume responsibility in the execution according to the approved policy and plan and to closely follow up on the assignments with the management. In 2009, the Board held four meetings; while the Executive Board of Directors held 12 meetings to acknowledge and approve major activities of the Company. Furthermore, the management was required to attend the meetings in order to promptly present a report to the Board on various matters i.e. the Company’s operational performance, risk management as well as internal and external factors that could affect the Company’s business for instance, economics and political climate, world and domestic steel industry, and other.

Realizing a paramount importance of world economy crisis which may affect price fluctuation of products and raw material, the Board endorsed a policy and provided advice on major risk management to the management for an immediate and prompt implementation. Our emphasis was placed on efficient sale management and raw material procurement, cash flow management for liquidity, and financial stability. Owing to the Board’s commitment in the oversight of the Company, expertise in steel industry and dedication of the management, efficient operation and cooperation of employees together with a high standard management system, the Company was able to remedy all problems and successfully turned around the business with satisfactory profit.

On behalf of the Board, I would like to thank all our shareholders, customers, suppliers, financial institutes, communities, relevant government and private agencies as well as media and presses for all favorable supports always rendered to us. My thanks are further extended to the executives and employees who commit and dedicate themselves to their duties for the business objectives fulfillment. The Board will oversee the Company in order to ensure that it operates with integrity and transparency and it underscores community, society and environmental development to generate optimum returns for the stakeholders in a sustainable manner at all times.

Message from the President

Like we had done before in the 1997 Asian Crisis, our business model and strategy again proved its resilience. The crisis resolved us and gave us an absolute focus.

Dear Shareholders:

2009 had been a remarkable year, in terms of both what we had to go through and what we managed to effect. The year started off with world economy on the brink of total collapse; this was prior to President Obama taking office (therefore, before the USD 787 billion economic stimulus) and before the China credit-driven stimulus. Steel capacity utilization dropped to 30 - 60 percent all around the world ex-China. The steel industry was feeling the full impact from the Financial Crisis. Here in Thailand, steel demand evaporated (we sold a historical-low 61,800 tons in the last quarter of 2008). In addition, domestic automobile production crumpled to 84,602 units in December 2008 from 127,353 units in June 2008, negatively impacting our 50.15 percent-owned TCRSS affiliated-company which we had just spent Baht 3,450 million to buy the shares back from our joint-venture partners in 26 September 2008.

Nevertheless, we were not disheartened. Like we had done before in the 1997 Asian Crisis, our business model and strategy again proved its resilience. The crisis resolved us and gave us an absolute focus. Through our "Management Resolution", we focused on executing our "Long-term Strategy" and also launched a "Turn-around Program". We successfully turned the sales situation around in the 1st quarter, returned to profit as early as in the 2nd quarter, and delivered stellar results in the 2nd half of the year.

Under the "Management Resolution",

- the board of directors and the management voluntarily reduced their income in the 1st half;
- we reorganized and streamlined the senior management, enabling us to make swift and effective decisions;
- we painfully downsized the workforce through early retirement program, bringing down our manpower by 6 percent;
- we fully and transparently wrote off our inventory loss, giving our banks and investors a clear picture of where we stood and gaining their trust in return;



Mr. Win Viriyaprapaikit
President

Under the “Long-term Strategy”,

1. Premium products strategy:

- we maximized sales of Premium products, which consisted of high-grade products and unique products, namely ultra-thin gauge with only 0.8 - 1.0 mm thick, narrow-width, and checkered-plate - the products which we can do better than our competitors and provided a better margin than the commercial-grade products. In 2009, we sold Premium products 0.76 million tons, rising 61 percent year-on-year and accounting for 42 percent of our total sales volume;

- we consistently invested in technology, people, and R&D to improve the quality of our products and our process, as well as to develop future high-grade products. Through these commitments, we successfully acquired 7 new local customers, and 34 new export customers and delivered 13 new products into the market;

2. World-class Assets Integration strategy:

- we supported PPC and WCE in its expansion into potentially high-growth business with external customers. In 2009, WCE realized service revenues from external customers at 16 percent and PPC realized service revenues from customers other than SSI at 46 percent of their total revenues respectively; together they contributed profit to SSI Baht 62 million, or 45 percent year-on-year increase;

- we continued to reap further synergy with TCRSS through effective marketing collaboration which fastened sales and logistics process, which helped boost our sales of high-grade products to TCRSS by 230 percent compared to last year.

Under the “Turn-around Program”,

1. Sale volume increase:

- we successfully procured sufficient high-quality slabs from new sources at reasonable cost which allowed us to increase sales of high-grade products and achieved higher profit margin;

We continued to operate under best-practice corporate governance standards – prudently managed business risk and transparently disclosed information in a timely manner, gaining more trust and confidence from our stakeholders.

- we effectively improved our marketing, sales administration and logistics process to shorten delivery time of our products to customers;
- we captured the opportunity, provided by lower freight cost, to export more;
- as a result, we increased our sales from 352,079 tons in the first quarter to 431,510 tons, 489,935 tons and 475,639 tons in the second, the third and the fourth quarter respectively, totalling of 1.75 million tons in 2009, or 72 percent increase over the last year. 90 percent of this was sold in the domestic market and the remaining 10 percent was exported. As a result, we regained our domestic market share from 19 percent in 2008 to 38 percent in 2009, and increased export volume by 171 percent year-on-year;

2. Vigorous cost reduction:

- we initiated the “300 million baht Cost Saving Program” in October 2008 to promote cost cut throughout the organization. We hit the target earlier than expected in October 2009 so we raised the new target to achieve Baht 400 million saving within the year, and beat the target again by achieving Baht 423 million cost saving for the full year;
- we made several improvements to our production process in order to achieve higher production efficiency and lower conversion cost. Accordingly, we increased our production rate to 369 tons per hour and reduced our yield loss to 1.7 percent from 314 tons per hour and 2.1 percent in 2008. We achieved the annual production of 1.87 million tons, 82 percent increase year-on-year with a new record of daily production of 11,201 tons per day on 14 December 2009.

As we implemented the above while rapidly responding to the constantly-changing terrains, we continued to operate under best-practice corporate governance standards – prudently managed business risk and transparently disclosed information in a timely manner, gaining more trust and confidence from our stakeholders. Through these courses of decisive actions, we successfully sailed through the storm and restored our profitability to Baht 1,273 million in 2009.

Furthermore to our adherence to good corporate governance, we incessantly engaged in “**Corporate Social Responsibility**” following an approach of sustainable development. In 2009, we carried out 37 CSR projects for communities in the Bang Saphan District and surrounding areas, with the main emphasis on environment conservation and community development. We also continued to support 2 major nation-wide CSR initiatives by doing sequels for:

- “Thailand Iron Man Mini Marathon 2009”, a charity mini marathon for the underprivileged extended from “SSI Mini Marathon” last year, where our three major customers also took part as co-hosts for the event;

“Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders”

- “Thailand Steel House Contest 2010”, further developed from “SSI Steel House Contest 2008”, our proud project to inspire knowledge development and innovation of steel design and construction, which not only adds value to steel but also enhances competitiveness for steel businesses, increases consumer choice, and provides better living standard for people in societies in a sustainable way.

Since the Company’s 3-year Business Plan ended in 2009, the Board of Directors assigned the management to study and propose a new business plan for the period of 2010 - 2012, which the Board subsequently approved. SSI’s new purpose (vision and mission) for the next three years is *“Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders”*, which adheres to its long-term premium products strategy through developing future premium value products and services that better fulfill customer requirement.

In effect, we substantially strengthened our balance sheet – shareholder’s equity recovered to Baht 17,755 million, net gearing down to 1.17 times, and liquidity (current ratio) improved to 0.93 times. We will continue to strengthen our balance sheet in 2010, while also keeping in mind our commitment to return cash to our shareholders and also looking out to capture new growth opportunities should they arise.

An old saying goes, “Do not fear the winds of adversity. Remember, a kite rises against the wind rather than with it.” How true. For this, I am tremendously proud of our people and our management to have achieved what we did last year.

What next? As John F. Kennedy said, in his 12 April 1959 speech in Indianapolis, “When written in Chinese the word “crisis” is composed of two characters - one represents danger and the other represents opportunity.”

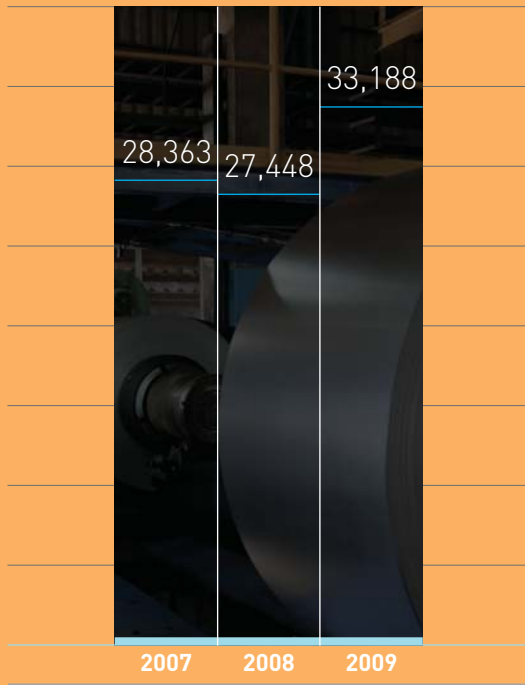
We have successfully sailed clear from danger, now is our opportunity.

Financial Highlights

		2009	2008	2007
Revenues from sales	Million Baht	33,188	27,448	28,363
Revenues from services	Million Baht	228	309	281
Total revenues	Million Baht	33,637	27,894	28,964
Gross profit from sales	Million Baht	(2,400)	2,035	2,570
Gross profit from services	Million Baht	88	111	88
Net income (loss)	Million Baht	1,273	(5,166)	837
Total assets	Million Baht	42,773	41,786	36,519
Total liabilities	Million Baht	25,018	25,003	13,138
Total shareholders' equity	Million Baht	17,755	16,783	23,381
Net profit margin	%	3.79	(18.52)	2.89
Return on equity	%	7.72	(26.74)	3.99
Return on assets	%	3.01	(13.20)	2.06
Debt to equity ratio	Times	1.41	1.56	0.58
Earning (loss) per share	Baht	0.10	(0.39)	0.06
Book value per share	Baht	1.29	1.22	1.73

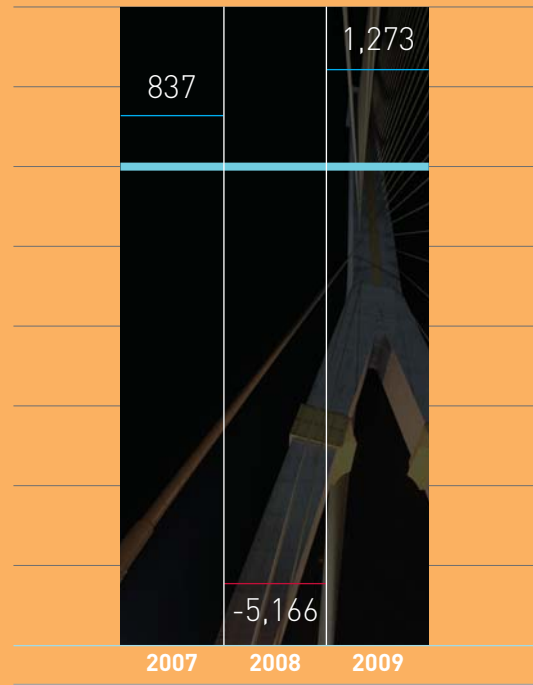
Revenues from sales

Unit: Million Baht



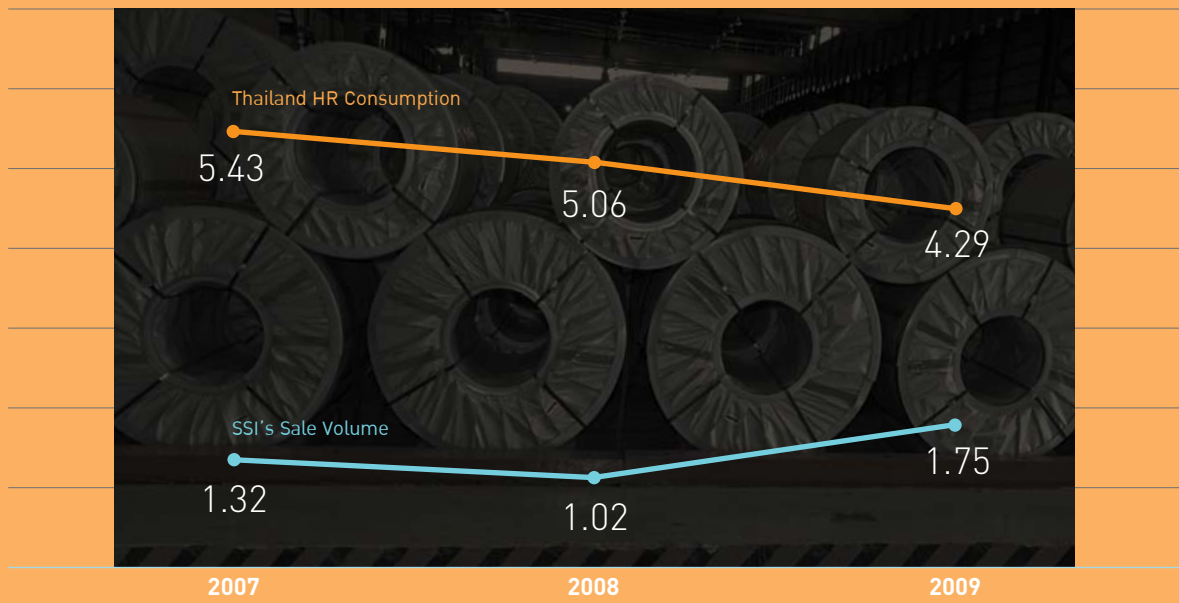
Net profit (loss)

Unit: Million Baht



Thailand HR Consumption

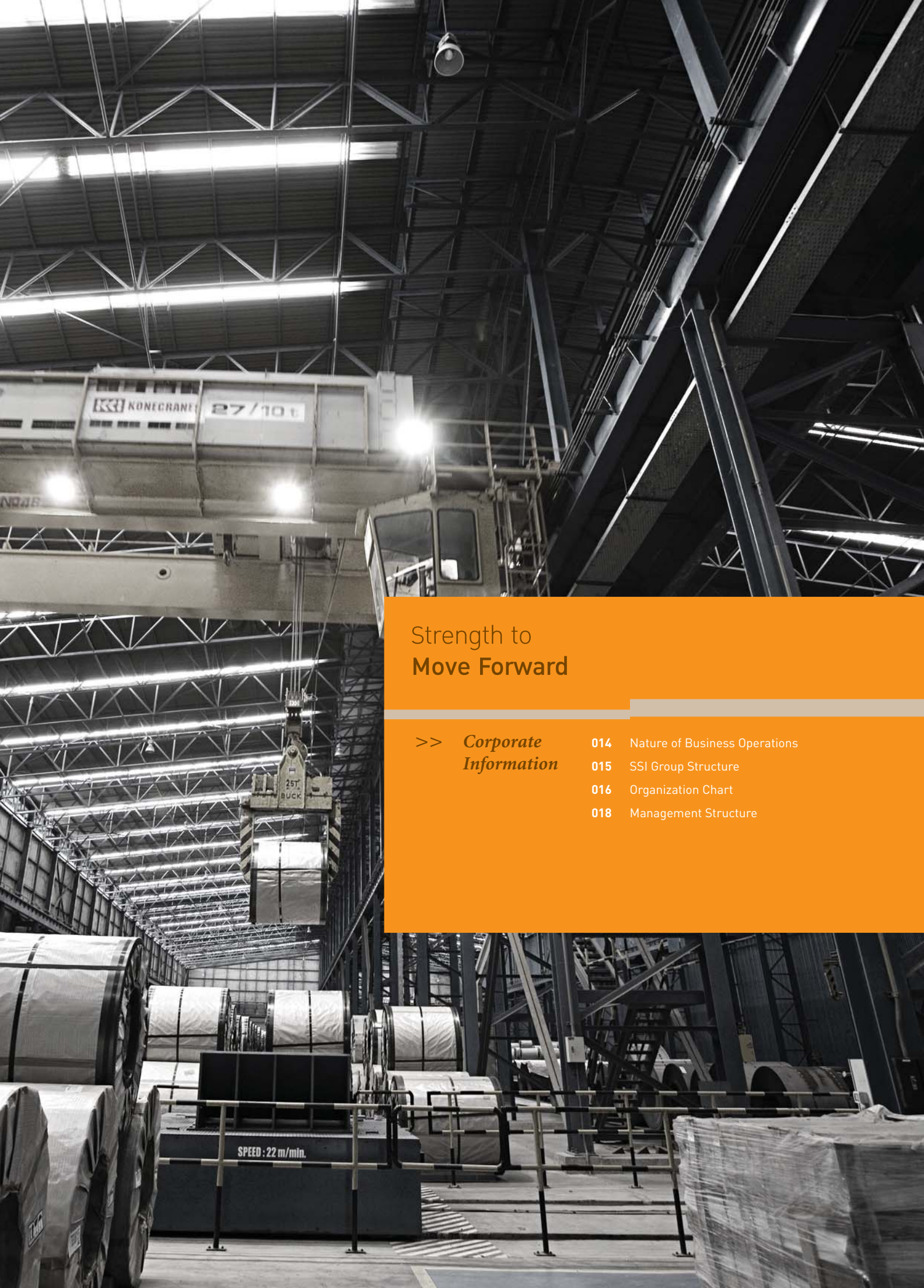
Unit: Million Tons



Revenue Structure

Product / Service	Operated by	Share- holding by SSI (%)	2009		2008		2007	
			Revenue (Million Baht)	%	Revenue (Million Baht)	%	Revenue (Million Baht)	%
Hot rolled oils	Sahaviriya Steel Industries PLC	-	33,188 ⁽¹⁾	98.67	27,448 ⁽¹⁾	98.40	28,363 ⁽¹⁾	97.93
Maintenance and engineering design services	West Coast Engineering Co., Ltd.	99.99	103	0.31	154	0.55	132	0.46
Deep Sea Port	Prachuap Port Co., Ltd.	51.00	125	0.37	155	0.56	149	0.51
Other Revenues	Sahaviriya Steel Industries PLC		216	0.64	135	0.48	318	1.09
	Prachaup Port Co., Ltd.		1	0.01	1	0.005	-	-
	West Coast Engineering Co., Ltd.		4	0.01	1	0.005	2	0.01
			33,637	100.00	27,894	100.00	28,964	100.00

(1) Including sales to Thai Cold Rolled Steel Sheet PLC in the amount of Baht 4,456 million, Baht 1,887 million, and Baht 2,321 million in 2009, 2008, and 2007 respectively.



Strength to Move Forward

- >> **Corporate Information**
 - 014 Nature of Business Operations
 - 015 SSI Group Structure
 - 016 Organization Chart
 - 018 Management Structure

Nature of Business Operations

Sahaviriya Steel Industries PLC, or SSI, was established in 1990 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 2009, 90 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 10 percent were exported to oversea 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 Sheet 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.

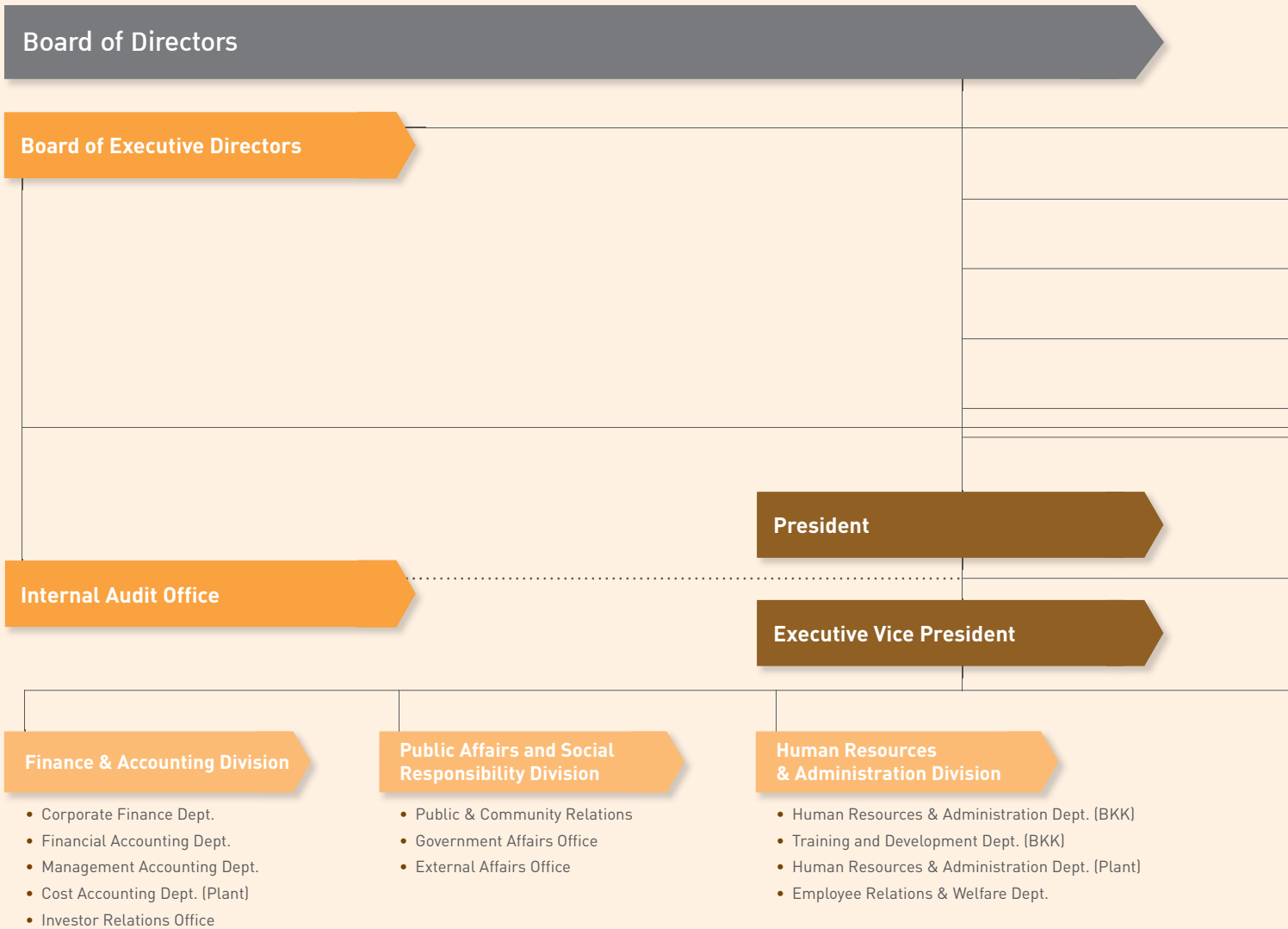
With these strategic investments, SSI is the only vertically-integrated steel sheet producer (from midstream to downstream) in Thailand, with ability to deliver its products at competitive cost and with stability and efficiency in its supply chain management.

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.

SSI Group Structure

Hot Rolled Steel Sheet	Down-stream Businesses		Logistics	Engineering Services
	50.15%	3.7%	51%	99.99%
				
 <p>Sahaviriya Steel Industries Public Co., Ltd.</p> <ul style="list-style-type: none"> >> Manufacturer of hot-rolled coils >> Manufacturer of hot-rolled coils pickled and oiled  	 <p>Thai Cold Rolled Steel Sheet Public Co., Ltd.</p> <ul style="list-style-type: none"> >> Manufacturer of cold-rolled coils 	 <p>Thai Coated Steel Sheet Co., Ltd.</p> <ul style="list-style-type: none"> >> Manufacturer of electro-galvanized coils 	 <p>Prachuap Port Co., Ltd.</p> <ul style="list-style-type: none"> >> Provider of deep-sea port 	 <p>West Coast Engineering Co., Ltd.</p> <ul style="list-style-type: none"> >> Provider of maintenance and engineering services, and engineering design 
Core business	Increase revenues and enhance sustainable		Reduce costs and increase revenues	

Organization Chart



- 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

- Information Technology Office
- Legal Office
- BKK Executive Office
- Corporate Strategy Office
- Corporate Planning Office
- Purchasing Department (BKK)
- Purchasing Department (Plant)

Commercial Division

- Commercial 1**
 - Export PO Dept.
 - Domestic PO Prime Quality Dept.
 - Domestic PO General Quality Dept.
- Commercial 2**
 - Domestic Market A1 Dept.
 - Domestic Market B1 Dept.
 - Domestic Market B2 Dept.
 - Sales Supporting 1 Dept.
 - Sales Supporting 2 Dept.
- Overseas Commercial**
 - Slab Procurement Dept.
 - Export A Dept.
 - Export B Dept.

Manufacturing Division

- Operations 1**
 - HSM Production Dept.
 - Operation Technology Office
- Operations 2**
 - Metallurgy & Quality Assurance Dept.
 - PO Production Dept.
 - HFL Production Dept.
 - Research & Development Dept.
- Process Control & Automation System**
 - Process & Automation Control Dept.
- Planning & Logistic Oprations**
 - Production Planning & Control Dept.
 - Slab & Coil Yard Dept.
- Maintenance & Utility**
 - Electrical Maintenance Dept.
 - Mechanical Maintainance Dept.
 - Utility and Fluid Dept.
- Engineering Project**
 - Engineering Development Office
 - Warehouse Office
 - Project Management Office

Safety & Environmental Office

Management Structure

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 31 December 2009, the Board of Directors consisted of fifteen members, namely:

- Director who is also an executive 1 person
- Directors who are not executives 9 persons
- Independent directors 5 persons

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 Butsunton 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

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 31 December 2009, 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 31 December 2009, the Audit Committee consisted of three members, each with a three-year tenure, (from 30 June 2008 to 29 June 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 31 December 2009, the Remuneration Committee consisted of three members whose term of office is three years, (from 24 November 2007 to 23 November 2010) as follows:

- | | |
|---------------------------------|----------|
| 1. Mr. Tawee Butsunton | Chairman |
| 2. Mr. Somchai Pipitwichitrakon | Member |
| 3. Mr. Taweesak Senanarong | 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 31 December 2009, the Nomination Committee consisted of three members whose term of office is three years, (from 24 November 2007 to 23 November 2010) as follows:

- | | |
|--------------------------|----------|
| 1. Mr. Visith Noiphan | Chairman |
| 2. Mr. Kamol Juntima | Member |
| 3. Mr. Prateep Buphaintr | 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 31 December 2009, the Good Corporate Governance Committee consisted of three members,

whose term of office is three years (from 4 December 2007 to 3 December 2010), as follows:

1. Mr. Tawee Butsunton Chairman
2. Mr. Kamol Juntima Member
3. Mr. Piya Viriyaprapaikit 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 3 December 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 4 December 2007 to 3 December 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

Scope of Duties and Responsibilities of the Risk Management 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. Miss Sunee Wattanapholmongkol
Vice President - Finance & Accounting Division
and Secretary to the Risk Management Committee
3. Miss Wanna Tungcharoenching
Vice President - Commercial Division
4. Mr. Nava Chantanasurakon
Vice President - Human Resources
& Administration Division, Public Affairs
and Social Responsibility Division,
and Secretary to the Remuneration Committee
- *5. Mr. Kittisak Mapanao
Vice President - Manufacturing Division
- *6. Mr. Wichien Tungsuknirundorn
Vice President - Office of the President
- *7. Mr. Somsak Sivapaiboon
Vice President - Office of the President

- *8. Mr. Narongrit Chotnuchittrakul
Vice President - Office of the President
9. Mr. Jira Chotinuchit
Vice President - Office of the President
10. Mrs. Wannee Sirikanchana
Chief, Internal Audit Office,
Secretary to the Audit Committee
and Secretary to the Good Corporate
Governance Committee
11. Mr. Surasak Ngamsidhipongsa
Company Secretary,
Secretary to the Board of Executive Directors
and Secretary to the Nomination Committee

*** Remarks**

- No. 5** was assigned to take a position of Vice President for Manufacturing Division of Thai Cold Rolled Steel Sheet PLC on 4 October 2008.
- No. 6** was assigned to take a position of President of Thai Cold Rolled Steel Sheet PLC during 4 October 2008 to 31 January 2010, and resigned from the Company on 1 March 2010.
- No. 7** was assigned to take a position of Managing Director of Prachuap Port Co., Ltd. during 1 November 2008 to 31 January 2010 and then was assigned to take a position of President of Thai Cold Rolled Steel Sheet Public Co., Ltd. and Acting Managing Director of Prachuap Port Co., Ltd. on 1 February 2010.
- No. 8** was appointed as Vice President for the Office of the President on 1 January 2010, and was assigned to take a position of Vice President of Accounting and Finance Division of Thai Cold Rolled Steel Sheet PLC on 1 January 2010.

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.

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.



Strength to Move Forward

>> *SSI Management*

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and Workplace Environment
- 063 Community and Social Responsibility

Steel Industry and Competition Overview

Global Steel Market

The World Steel Association (WSA) reported that the world crude steel production in 2009 stood at 1,199 million tons, down by 8.1 percent from 1,304 million tons in the previous year. In October 2009, WSA forecasted that the world steel consumption would fall by 8.6 percent to 1,104 million tons in 2009. This was an improved figure over its previous forecast which predicted a decrease of 14.1 percent. The improvement was mainly due to the expected increase of China's steel consumption by 18.8 percent to reach 526 million tons resulting from strong recovery in China economy where its GDP grew by 7.9 percent, which was largely enabled by government stimulus policies. Demand in China, as the world's largest consumer of steel, predominantly affected a price direction of steel in the global market. A rising demand in China thus pushed the price of steel to rise continuously in the second and third quarters of the year. Until the fourth quarter, Chinese market became oversupply and thus led the price of steel in Asian Region to weak for a short period.

Domestic Steel Industry

According to the Iron and Steel Institute of Thailand (ISIT), domestic steel consumption in 2009 amounted to 10.733 million tons, down by 21 percent from 2008, consisting of 4.154 million tons of flat steel and 6.579 million tons of long steel, a decrease of 23.3 and 19.4 percent respectively, mainly due to sluggish economy. This was coupled with a record high in fuel and gold prices which severely deteriorated purchasing powers and caused the industry to tumble, especially the export oriented industries such as automotive and textile, etc.

Nevertheless, Thai steel market in the second half of year began to improve as the domestic automotive industry recovered and steel traders started restocking

Thai steel market in the second half of year began to improve as

the domestic automotive industry recovered and steel traders started restocking in respond to the rising demand.

in respond to the rising demand. The steel price in domestic market also increase in line with the price in world market as major steel producers continuously cut production. Concurrently, domestic situation remained unstable as specifically seen in the halt of 76 projects in Mab Ta Phut Industrial Estate due to their environmental impact which directly affected Thailand investment. Other factor was an unclear political situation.



Steel Market Outlook in 2010

WSA forecasted 2010 world steel consumption to rise to a similar record in 2008; namely, 1,205 million tons, or 12.4 percent over 2009. According to the Bank of Thailand, Thailand GDP is expected to grow by 3.3 - 5.3 percent in 2010 while impact from Mab Ta Phut will decelerate GDP by 0.2 - 0.5 percent if the situation persists. As for domestic steel industry in 2010, despite a mild slowdown of steel demand in the fourth quarter in 2009 due to the softening price, domestic steel consumption is likely to be on a rise as a result of overall economy expansion. WSA predicted that Thailand steel consumption will climb 12.0 percent to 11.216 million tons. At the same time, ISIT expected a rise in domestic steel demand in 2010 to reach 12.726 million tons

WSA forecasted 2010 world steel consumption to rise to

a similar record in 2008; namely, 1,205 million tons, or 12.4 percent over 2009.

representing a 12.3 percent growth. The improvement is likely to be at the same level in 2009 owing to recovery of both internal and external factors, mainly from the automobile industry whose production grew tremendously in November 2009 - close to

a 2008 level. In addition, a surge in export in the fourth quarter in 2009 was evident - both in price and amount. The steel price also has an upward trend due to a decreasing volume from global steel producers and projected growth in price of ore and coke of 100 and 50 percent over 2009 respectively.



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.

The major risk assessment and management for the year 2009 are summarized as follows:

Market Risks

Risks Associated with Fluctuation of Raw Material and Product Prices

Risks associated with fluctuation of raw material and product prices is regarded as the most important risk of the Company as it affects the differences between product price and raw material cost (Metal Spread). The cost of raw material accounts to 80 percent of the selling price, therefore the fluctuation of raw material and products significantly drove down the metal spread, the operation will then be negatively affected to a certain degree. In 2009, the steel price continued to fluctuate from the previous year; however, the degree was somehow much lesser. The price of slab product, a main raw material of the Company decreased in the first half of the year, continuing from the year earlier i.e. from USD 370 per ton in late 2008 to USD 310 per ton in the first

quarter of 2009 due to a heavy economy depression of the world. Nevertheless, the price began to improve in the second half of 2009 in line with global economy which was a result of economic stimulus policy. Its price rose to peak at USD 500 per ton in August and later decreased in September. The price was recorded at USD 450 per ton at the end of 2009.

The fluctuation of raw material and price products arose from external risk and beyond the control of the Company. Thus there are limited measures to mitigate the risk for implementation, the main measures were: (1) closely monitoring world steel price and procuring slab product with more prudence. 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) increasing sale and production of high-grade products which generated higher price and lower volatility; and (3) controlling inventory at the appropriate level to minimize risks arising from negative impact of prices.

Due to above measures to mitigate risk from price fluctuation of raw material and above all, the steel price rise starting from mid 2009 as already mentioned, the metal spread which was in a negative for the first five months of 2009 could rise and turn to a positive in the latter seven months of the year and was a main factor for the remarkable operational result of the company in 2009.

Risks from Economy and Competition

Adverse change in economy outlook results in a negative impact on demand of overall steel product which result in a negative impacts on sales of the Company and ultimately the operation. As a result, the Company faces a risk from economy changing condition. Likewise, the risk from competition affects both quantity and sale price of the Company. As for the competition from major domestic competitors, our production process is quite different from the competitor as the main raw materials are slab, while the competitors use steel scrap as their main material, the Company has disadvantages in term of cost. If the scrap price is predominantly lower than the slab, the cost of the Company will thus be significantly higher than the competitors. In the same vein, the fluctuations of price of raw material and products, the risk of economy and competition are external factors which are beyond the control of the company, the measures to alleviate the risks were quite limited. The measures to reduce the risk from competitions were: (1) increasing sale and production of premium products to avoid competition in term of price; (2) increasing production efficiency to decrease cost of production and (3) stressing customer service. In 2009, it was found that the Company did not lose an advantage edge to the competitors in term of sale

cost; on the contrary, there was fewer competitions from major domestic competitors due to their internal problems. Therefore, in spite of lower demand of overall products in 2009 causing from economy shrinkage, the sale of the Company expanded from the previous year, representing a rise from 1.02 million tons from 2008 to 1.75 million tons in 2009.

Financial Risks

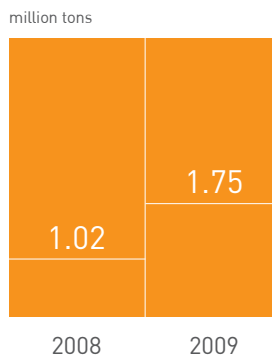
Risks Related to Foreign Currency Exchange Rate

In 2009, the Company's payment in foreign currency for the imported slab accounted for 79.5 percent of the total sales. Concurrently, the income in foreign currency for the export dollars of products accounted for and sales to domestic customers agreed to settle payment in 10.82 percent of the total sale. The Company thus confronted with the risk of foreign currency exchange. However, as the Company had

both income and expense in foreign currency, the reduction from currency could be achieved at 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 the transaction that could not be offset, the Company had a prevention measure for this risk by undergoing

The sale of the Company

expanded from the previous year, representing a rise from 1.02 million tons from 2008 to 1.75 million tons in 2009.



forward cover. Furthermore, for flexibility of foreign exchange rate risk management, the Board of Executive Directors has approved the Company to maintain its foreign currency position which is not covered by forward cover to reduce the risk at any given period within a limit deemed appropriate by the Board of Executive Directors.

Risks Related to Credit

In the ordinary term 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 2009, as the outstanding account receivable stood at Baht 3,404 million, the Company was 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 set up criteria and practices on credit offering as well as credit limit for each customer. The Company considered demand and payment ability of each customer and each credit line was subject to an approval in writing from the authorized executives in charge of credit approval. In addition, the credit risk was regularly governed through a report by the managements at the Board of Executive Directors’ Meeting every month where they acknowledged the quality of the account receivable; particularly those past due accounts and the result of credit collection of each accounts.

In 2009, the Company set forth conditions for some customers to deposit 10 -15 percent of value for the purchase. At the end of 2009, the account receivable stood at Baht 2,842 million and none account past due dates. However, during the year, the recorded showed that some accounts were unable to settle payment within schedule. With our efficient analysis and collection and most of customers were well-know with a long record of

business relationship, the Company could successful track them to settle past due payment without any damage to the Company.

Risks Related to Fiquidity

Risk liquidity risk is originated 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 cause a damage to the Company. To address its liquidity risk, the Company carried out the following key measures: (1) structure and maintain appropriate debt to equity ratio of not exceeding 2 : 1 and at the end of 2009, the ratio was 1.44 : 1 down from 1.55 : 1 from the previous year (2) monitor the adherence to the principle of not using short-term financing to fund non-current assets and it showed that the Company seriously adhered to the criteria. (3) monitor change in the current ratio which is one of the key indicators of liquidity of the Company i.e. a higher ratio indicates higher liquidity. At the end of 2009, the current ratio was 0.94 : 1, higher than the previous year which was 0.91 : 1 (4) obtain sufficient

Debt to equity ratio was

1.44 : 1

down from

1.55 : 1

from the previous year.

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 ample time is allowed to deal with any potential liquidity problem on timely basis.

Production Risks

Risks Related to Production Process Risk

The Company places paramount importance on overseeing production process to ensure products quality and sufficient quantity as required by customers whose demand for higher quality and quantity is anticipated to continuously rise. Therefore, to achieve this goal, the Company strictly complied with management system at international standards and continued to conduct a regular review as well as set up certain key measures of risk management as below.

As for the factors resulting risks on production, obsolete machinery in automation system and main drive systems which was specialized technology still remained. In 2009, the Company completed an improvement as planned. However, there were some areas required to be continued. Six ongoing projects are to be carried out in 2010 with a budget of Baht 96 million. Apart from lessening risk of obsolete machinery, it helps increase efficiency of the machinery.

Another risk factor concerns insufficient spare part inventory. The Company revised the spare part stock for all of machinery to match with a 3-year plan for production in order to ascertain that the machinery will be ready for uninterrupted production.

Risks Related to Natural Disaster and Fire

The risk from the flood is the localized risk at Bang Saphan District. To allow smooth operation, the Company established a risk management plan for flood. These measures encompass (1) review emergency plan to cover

The Company places paramount importance on overseeing production process to ensure products quality and sufficient quantity as required by customers

whose demand for higher quality and quantity is anticipated to continuously rise. Therefore, to achieve this goal, the Company strictly complied with management system at international standards and continued to conduct a regular review as well as set up certain key measures of risk management.

all risky areas which can be affected from flood (2) exercise a response plan to handle flood at the plant and (3) construct additional flood embankment on risky areas as well as prevent flood at the warehouse of chemicals, and waste which may be washed out from the plant. As for fire risk, the Company checked and improved fire distinguishing equipment to be ready for use around the clock as well as installed additional automatic fire distinguishing system at the machinery control room. In addition, the Company assessed the risk and prepared for other emergency arising from production process e.g. (1) irregularities of boiler, (2) chemical leakage (3) LPG leakage and (4) radiation emergency.

Risks from Social and Community Impact

The Company realizes and attaches significance to the impact on community in every areas including environment, safety or economy and society. The plans for risk management are established as below:

(1) Formed a working committee to control product transportation of the Group to ensure compliance of operation according to the regulations for truck transportation of products stipulated by the Company in

Participated in the Project of Corporate Social Responsibility, Department of Industrial Works: CSR-DIW,

and passed the evaluation according to the standards which showed a higher potential of the Company to be ready for ISO 26000 Social Responsibility.

potential of the Company to be ready for ISO 26000 Social Responsibility which was being drafted by International Organization for Standardization: ISO. It also joined Environmental Governance Project with the support of Ministry of Industry in cooperation with Prachuab Khirikhan Provincial Industrial Office and was granted a certification from Ministry of Industry on 21 September 2009.

order to prevent any impact on the community as well as set up a center for complaint report.

(2) Participated in the Project of Corporate Social Responsibility, Department of Industrial Works: CSR-DIW, and passed the evaluation according to the standards which showed a higher

(3) Supported people around the vicinity of the plants by organizing a community leader council and adopted it as a venue for dialogue, meeting, a joint discussion between community leader and the Company's executives to exchange information and opinion as well as clarification on various concern, problem resolution and issues which were based on a foundation of trust and an amicable relationship.

(4) Supported activities and community development projects on a number of areas such as education, society, religious, public health, career promotion and community economy. A focus was placed on a process allowing participatory of each community to think, make decision according to their own requirement, and take part as ownership that will lead to sustainable development of each community.

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. The Board of Directors has assigned to the Audit Committee to ensure the appropriateness and effectiveness of the Company's systems of internal controls and internal auditing.

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 Internal Audit Office is appointed as independent internal audit unit of the Company. In practice, the Internal Audit Office has employed the International Standards for the Professional Practice of Internal Auditing the Institute of Internal Auditors (IIA) as the guidelines for their management and operations. 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 & Communication
5. Monitoring & Evaluation

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

Control Environment

- The Board of Directors approved the new business plan of the Company for the year 2010 - 2012. The plan consists of the vision and mission, strategy plan and activity plan.
- The Company reorganized the Company's structure to suit the new business plan 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.
- In 2009, the Good Corporate Governance Committee reviewed a business philosophy, a code of business conduct, and a code of ethics for employee.

- The Company has created a learning environment by putting a knowledge management system in place. The Knowledge Management Steering Committee and Knowledge Management Subcommittee have been appointed to support the establishment of knowledge within the organization to encourage the employees with continuous learning, searching, and exchanging of knowledge within the Company through various activities such as increasing communication channels for knowledge sharing within the company, encouraging the employees to give suggestions, and organizing activities to strengthen relationship among the employees.

Risk Assessment

- The Risk Management Committee has the duty in closely supervising corporate risk management. The Committee consists of the Risk Management Working Committee as supporting mechanism. The Risk Management Working Committee has the duty in gathering and submitting to the Risk Management Committee of "Major risk assessment and management report", presented by risk owners on what type of risk has a significant impact on company operation. The Risk Management Committee will review a size and level of risk which has a significant impact on company operation and financial status as well as review and provide suggestions on additional measures for risk management. In addition, the risk management system is reviewed by the Audit Committee and 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. In 2009, the authorization was reviewed and amended in some areas to ensure that it is 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 as follows:

Existing standards which have been improved.

- ISO 9001:2008 quality management standards
- ISO/TS 16949:2002 quality management standards for the automotive industry

Existing standards which have been maintained since the first time of the grant

- TIS 17025-2548 (ISO/IEC 17025:2005) laboratory performance standards

- The European Union's CE Mark EN10025-1:2004 product quality standards
- Environmental Management System Standard ISO 14001:2004
- TIS 18001-2542 Occupational Health and Safety Management System
- BS OHSAS 18001:2007 Occupational Health and Safety Management System

New standards granted in 2009

- Thai Labour Standard (TLS 8001-2003)
- Class Certification for Ship Building (DNV)
- Standard for Corporate Social Responsibility (CSR-DIW) B.E. 2552

Information & 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 the Local Area Network (LAN), the Wide Area Network between Bangkok - Bang Saphan, intranet and internet. In 2008, additional improvement was carried out. In 2009, the Company fully utilized the existing IT system while it thrived to increase efficiency of IT system to serve the company's future operation.

- The internal communication channels between senior management and employee are set up to enable every employee to obtain information correctly, completely, and promptly. For example, corporate regulations, policies, and guidelines are posted on the intranet, and the meeting is conducted via teleconference system. The President has placed importance on employee communication and achieved the task through consistently communicating via different channels, while the employees can give their suggestions for work improvement or send their questions to the President via the intranet. The communicated issues in 2009 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, and to encourage the employees to participate in volunteer programs which were aimed at strengthening and developing the communities.

- The Company communicates company information to the stakeholders through the internet, and has established a "Whistle Blower System", a channel which enables stakeholders to report tips and complaints to the Company.

Monitoring & 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.

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, in 2002, therefore, the Board officially approved a good corporate governance policy for SSI and subsequently, in 2007, resolved that a revised good corporate governance policy for SSI be adopted to conform to 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

In 2009, 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 2009. The meeting was rated "Excellent", the same result as that for the year 2008.
- Following the survey of corporate governance activities of the Thai listed companies in 2009 under "Corporate Governance Report of Thai Listed Companies 2009" program organized by the Securities and Exchange Commission in conjunction with the Stock Exchange of Thailand and Thai Institute of Directors, the Company was rated "Excellent", improved from the year 2008 which the Company was rated "Very good".

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, whose Chairman is served by the Company's President, to conduct operations in this area.

In 2009, corporate action related to the Good Corporate Governance Policy can be summarized as follows:

Rights of Shareholders and Equal Treatment of Shareholders

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 record date of the share register to determine entitlement to participate in the shareholders' meetings and collect the name of the shareholders according to section 225 of the Securities and Exchange Act B.E. 2535 (Amended in the Securities and Exchange Act (No. 4) B.E. 2551), in which the share register is closed to the Stock Exchange of Thailand 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 2008 Annual Report, the Company's Articles of Association relating to shareholders' meeting, and proxy form, to Thailand Securities Depository Co., Ltd. (TSD) approximately nineteen days before the date of Annual General Meeting of Shareholders No. 20 for further distribution to all shareholders.

- 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 20th Annual General Meeting of Shareholders on 29 April 2009 to facilitate shareholders' quick and continuous access to this information and give them time to consider it before receiving the actual documents.

- For the 20th Annual General Meeting of Shareholders, held on 29 April 2009, 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 agm20@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 21st Annual General Meeting of Shareholders to be held on 30 April 2010, all of the above were already informed to the Stock Exchange of Thailand via SETPORTAL system on 2 November 2009 and 25 December 2009 respectively. All suggested matters received via e-mail at agm21@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 21st 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 18 November 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 2009, the Company organized the 20th Annual General Meeting of Shareholders on 29 April 2009 at the Holiday Inn Hotel, Si Lom 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 2009 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 votes for every agenda of the meeting are made via voting cards.

- 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 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 24 December 2009, at Board of Directors meeting number 6/2009, a new business plan for 2010 to 2012 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 new vision and mission are corresponding to the Company's Business Philosophy, as follows:

"Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders."

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.

On 28 January 2009, the Company signed a memorandum of understanding of Environmental Governance Project with Ministry of Industry and other industrial operators from 31 provinces at a total of 165 companies. The objective is to show the company intention in corporate social, environment and community responsibility which SSI has been done continually. Among the awards pertaining to these areas of concern, in 2009 the Company received the following:

Type of Award	Awarding Body	Date
Thailand Energy Award 2009 (TEA 2009)	Ministry of Energy	20 May 2009
Prime Minister's Industry Award 2009 For Productivity Management	Ministry of Industry	14 July 2009
Honorary Award for the Outstanding Workplace in Labour Relations and Welfare Benefits (received 5 years in succession from 2004 - 2009)	Ministry of Labour	18 September 2009
Certificate for Environmental Governance	Ministry of Industry	21 September 2009
Certificate for CSR-DIW	Ministry of Industry	22 September 2009

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 2009.

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: 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 2009, the Company invited five 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:

- Disclosing procurement news of the Company via <http://www.ssi-steel.com> to inform the suppliers 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.

- 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.

- Organizing annual seminar and meeting with suppliers and service providers. The meeting in February 2010 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: employees

- The Human Resources and Administration Division performed duties delegated by the Company based on the Company's Business Philosophy 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 addition, the Company has implemented several employee relationship and communication activities through various channels in order to strengthen a good relation and trust among employees. The company also received 7 years in succession of honorary award of the outstanding workplace in labour relations and welfare benefits (2003 - 2008). Moreover, 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: community, society and environment

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

- The Climate Change Initiative Working Committee organized assorted programs and activities to combat global warming as described below:

- In 2009, organized four additional projects in the company to promote energy saving in production which resulted in over 2,003 tons/year of carbon dioxide emission reduction.

- implemented a number of the projects to reduce climate change, for instance, production engineering development, reduction of natural resource consumption, waste reduction, and recycle program.

- organized internal and external public relations activities through "Safety and Occupational Health and Environment Week (SHE Week)", and local radio stations.

- participated in the projects with central and local government organizations. The projects included Reforestation Project to honor Her Majesty the Queen, Youth Conservation Camp, Clean, Organic agricultural project, and Organic fertilizer bank, etc.

- participated in the projects to reduce climate change by suggesting the Company to buy environmental friendly product, for instance, Green Label Project and Green Procurement Project, etc.

- The Purchasing Department purchased some products under Green Label Project such as copying machine, electric light, and office equipment to suit the needs of the Company which helps reduce climate change.

In December 2009, the Company and Thai Cold Rolled Steel Sheet Public Co., Ltd. and Siam United Steel (1995) Co., Ltd., as well as its stakeholders including shareholders, customers, suppliers, and employees, jointly organized "Thailand Iron Man Mini Marathon", a charity mini marathon for the underprivileged,

at Lan Tawan Yim, Lumpini Park. Income of Baht 1.92 million was raised and contributed to 18 organizations which include foundation, association, and organization relating to the underprivileged people.

Regarding the compensation for the stakeholder in the event of damage from business violating the laws, the Company endorsed some actions through offering insurance for stakeholders of the company in some cases, for instance,

- Directors and Officers Liability Insurance
- Marine Cargo Open Policy
- Public Liability Insurance
- All Risks of Sudden and Accidental/Physical Loss or Damage (including Machinery Breakdown/Boiler Explosion) and Business Interruption Insurance (for Major Plants)
 - Property All Risks Insurance (for Officer Building)

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 11 August 2008, the Company announced the Board of Directors' policy on tips or complaints reporting and guidelines concerning tips and complaints reporting channels. The Company communicated the said policy to employees and internal/external stakeholders to inform channels and methods of reporting tips and complaints, which include the company intranet at <http://ssi.net>, the company website at www.ssi-steel.com. 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 Bang Rak, 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. Electronic and post mail boxes are kept confidential by an external service providers and none of the company's employees can access to these mail boxes except the person authorized by the Chairman of the Good Corporate Governance Committee, whose reporting line is directed to the Chairman.

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 2009, 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 five one-on-one meetings between senior executives of the Company and Thai and foreign institutional investors and securities analysts.

- Participated in the two corporate roadshow programs as follows:

- TISCO Corporate Days on 27 February 2009, organized by Tisco Securities Public Company Limited.

- One-on-one meetings at the office of each local institutional investors during 26 May to 24 June 2009.

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 2008 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 2008 56-1 Report (Form 56-1) for the fiscal year ending 31 December 2008 to the SET and SEC no later than three months from the end of the fiscal year.

Responsibilities of the Board of Directors

The Board of Directors: Structure, Committees, and Meetings

- **The Board of Directors and the Committees**

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 2009, the Board of Directors met six times, i.e. in January, February, May, 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 2009 can be summarized as follows:

1) The Board of Executive Directors met twelve times, namely once a month.

2) The Audit Committee met six times, in January, February, May, August, November and December.

3) The Nomination Committee met three times, once each in January, February, and December.

4) The Remuneration Committee met two times, namely in February, and December.

5) The Good Corporate Working Committee met seven times, once each in February, April, August, September, October (2 times), and December.

6) The Risk Management Committee met four times, once each in January, April, July, and October.

In addition, the Company also held specific meetings for the five independent directors. In 2009, 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 2009 (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	4/6	12/12					
2. Mr. Wit Viriyaprapaikit Director	4/6	10/12					
3. Mrs. Prapa Viriyaprapaikit Director	0/6						
4. Mr. Somchai Pipitvijitkorn Director	6/6	12/12			2/2		3/4

Directors' Attendance at Meetings in 2009 (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
5. Mr. Taweesak Senanarong Director	6/6				2/2		4/4
6. Mr. Visith Noiphan Independent Director	6/6		6/6	3/3			
7. Mr. Tongchat Hongladaromp Independent Director	3/6						4/4
8. Prof. Kesree Narongdej Independent Director	3/6		6/6				
9. Mr. Tawee Butsunorn Independent Director	4/6				2/2	7/7	
10. Mr. Prateep Buphaintr Independent Director	6/6		6/6	3/3			
11. Mr. Kamol Juntima Director	6/6			3/3		7/7	
12. Mr. Piya Viriyaprapaikit Director	6/6	11/12				6/7	
13. Mr. Win Viriyaprapaikit Director	6/6	12/12					
14. Mr. Permpoon Krairiksh Director	5/6						
15. Mr. Yuke Sutarat Director	4/6	10/12					

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.

Role, Duties, and Responsibility of the Board of Directors

The Board of Directors consist of the person who are knowledgeable, competent and have experiences in the areas that support the development of the Company's business, for instance, the vision, mission, policies, strategies, business plans, and budgets of the Company. The Board is authorized and obligated to ensure that the Company achieves the objectives according the policies and plans approved by the Board of Directors and complies with the law, regulations, and policies governed by regulatory bodies.

- **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,

Principles 6 - 7:
• Information Disclosure and Transparency

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.

Principles 8 - 16:
• Responsibilities of
Board of 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.

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.

- **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 intranet and website.

In 2009, the Company's management and the Good Corporate Governance Committee assessed and

formulated the Company's Code of Ethics which includes Business Philosophy, Business Ethics and Employee's moral code, and proposed clear and concise guidelines on fundamental issues regarding the conflicts of interest and ethical code of conduct as stipulated in the Company's Code of Ethics.

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 through different channels, in stance, intranet, "SSI Loves All" Newsletter, and a number of activities, by the Employee Ethics and Values Promotion Working Subcommittee, and the Working Subcommittee for Publicizing and Promoting Employee Ethics and Values.

In 2009, the Working Subcommittee and the Working Subcommittee communicated and campaigned the Company's ethics and values concerning "respect for the organization", "personal behaviour", and "conduct of superiors and subordinates" throughout the entire organization through various activities as described below:

1. 2009 Ethics Week from 17 - 21 August 2009 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
- Contest of Ethics poem concerning three employees' ethics which were campaigned in 2009.
- Lucky Call...Lucky Games (ethics game)
- SSI signage throughout the plant

2. Other activities

2.1 Social contribution activities to promote consciousness among employees with an aim to improve morale and pride of the Company were organized. For instance,

- “SSI’s hearts flow to the blind children”

Project organized by the Employee Ethics and Values Promotion Working Subcommittee and Human Resource and Administration (Bangkok) Division at The Bangkok School for The Blind.

- Money donation under “Love sharing”

Project organized by the Public Relations and Community Relations Office to the less-privileged children at Wat Ti Lai Pa School, Sangkhla Buri District, Kanchanaburi Province.

- Money donation for the “HIV destitute

patient Center” under “Thepparukniwet” Project at Thep Charoen Temple, Tha Sae District, Chumphon Province.

2.2 Communications through website i.e. ethics corner on SSI intranet at www.ssi.net to disseminate information on employee’s, such as, a campaign on “Wearing a uniform according to the company’s policies”.

2.3 Publicity of the activities of Ethics Week and the interview articles of the employees, who won the Ethics Poem Contest, through “SSI Loves All” Newsletter.

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

Topic	Date	Speaker
Corporate Social Responsibility: CSR	21 February 2009	Guest speakers from - Department of Industrial Works - Stock Exchange of Thailand - Bangchak Petroleum PCL
Risk Management	2 December 2009	Mr. Reainchai Numchaisrikha Independent Advisor, Strategic Planning
Leadership & Business Success	16 December 2009	Mr. Tawee Butsunton Chairman of the Good Corporate Governance Committee

- **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. • Rules and procedures governing the extension of commercial credit in order to systematize the authorization of credit and minimize the credit risk. • 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.
2009:	<ul style="list-style-type: none"> • Establishment of the guideline for the Board of Directors regarding the good corporate governance framework of reporting disclosure and transparency of the company's directors and executive. The guideline requires directors and executive of the Company and its subsidiaries to report their interests on quarterly basis starting from the third quarter of 2009 onward.

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.

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 5 April 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 2009, under the heading of Shareholding Structure and Management.

From January to June 2009, Thailand economy and steel industry as well as the Company were feeling the full impact from the Crisis. The board of directors and the management voluntarily reduced their income while the employees voluntarily unclaimed their over-time and travelling allowance for the period of six months for the sake of the Company's cost saving.

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) and Capital Market Academy, the Stock Exchange of Thailand, details of which can be found under the topic of the Details of directors and management teams.

The Company has also established policies and procedures on personnel development. Guidelines for staff training and seminars and reimbursement have also been set.

In 2009, 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.

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.

The Succession Plan Working Subcommittee makes plans and sets 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 and are reviewed in the appropriated period.

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.

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 has announced the guidelines for the Board of Directors regarding the use and protection of inside information for trading of the Company's securities, which states that it is 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". Through the past years, the Company has been consistently active in the following ways:

- 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.

It must be communicated to all relevant parties about their duty to strictly implement according to the guidelines regarding the use and protection of inside information for trading of the Company's securities.

- 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.

A report on the shareholdings of Company directors and executives is made at every meeting of the Board of Directors, and is disclosed to the SEC according to requirement notifications.

- Executives not so defined by announcements of the SEC report their transactions in Company securities to the Company's Legal Office.

A report on the shareholdings of Company management is presented to the Good Corporate

Governance Committee's meeting every quarter according to the guidelines of the Board of Directors as previously stated.

- 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.

- 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.

Safety, Occupational Health and Workplace Environment

In 2009, the Safety, Occupational Health and Environment Committee of Sahaviriya Steel Industries Public Company Limited continued to manage safety at the plant with strong support for all resources from top executives. The Committee oversaw and followed up the implementation according to the Company's annual plan for safety, occupational health and workplace environment at monthly meetings. In addition, the Committee encouraged every department to form its own safety, occupational health and workplace environment to act as a key in carrying out safety and occupational health activities of the employees and sub contractors of each department.

Additionally, the Company appointed sub committees to mobilize the prevention and trouble shooting activities on safety according to type of danger and significant risks of the Company. Those included the Sub Committees to solve a problem in using crane truck, the Sub Committee to solve traffic problem, and the Sub Committee to solve the problem of fire around furnace. Every Sub-Committee will design work plan and report its performance according to the plan to the Committee every month.

With regards to support from Faculty of Public Health, Mahidol University, led by Lecturer Chompoosak Pulket and the team, who inspected and assessed the risk related to safety, occupational health and workplace environment of Sahaviriya Group of Companies in Bang Saphan District and suggested various implementations from 2008 to 2009, the Company considered the result, and risk assessment as well as suggestion for implementation and proceeded in relevant areas. These incorporated the improvement of safety, occupational health, and workplace environment risk assessment to cover every area and activities of the Company with a more focus on health of employees and communities. Another area of improvement concerned employee's annual physical check up regarding necessary risk factors needed to cover risks of each individual employee more. Moreover, the surveillance and monitor of air quality and workplace environment to cover and correspond to the risk factors of each particular area

The Committee encouraged every department to form its own safety, occupational health and workplace environment

to act as a key in carrying out safety and occupational health activities of the employees continually.

were put in place. The Company also developed database to collect data from aforementioned improvement as general background to follow-up of future changes.

To respond with emergency, the Company appointed "a Fire and Emergency Rescue Sub Committee" to assume responsibility in specifying

guidelines to respond to various types of emergency that might occur as well as the emergency response plan and supervising an exercise of those plans. At present, the Company established emergency response plans as follows:

1. Fire prevention and suppression plan
2. Emergency action plan for flood
3. Emergency action plan for Pickling and Oiling line
 - Preparedness and emergency response for steam boilers
 - Preparedness and emergency response to LPG leakage
 - Preparedness and emergency response to acid leakage
4. Radiation emergency plan

In 2009, the Company exercised all aforesaid plans as well as completed preparedness for all activities. Besides, to improve or develop management system for more effectiveness, 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 all of the above executions, the company was certified safety, occupational health, and workplace environment standard - TIS 18001 since 2001 and OHSAS 18001:2007 since May 2008.

Environmental Activities

The Company has been conducting environmental and resources management according to ISO 14001:2004 to which the Company was successively certified until today.



Water Management: The Company managed water resources according to the agreement with the community namely, not drawing up water for use in dry season, that is the water shall not be drawn up from Bang Saphan Canal in the event that the water level at the water-pumping station is lower than 2.2 meters. In 2009, the Company stringently followed this regulation. For wastewater from employee's consumption and production, it was pooled and treated according to the standard before reusing all of it. No waste was released to public (zero discharge) to maximize the use of water resources of the Company.

The Company has been conducting environmental

and resources management according to ISO 14001:2004 to which the Company was successively certified until today.

Air Emission management: The Company rigorously controlled the use of low sulfur fuel 2 percent, a main fuel in the production. Emission from fuel burning was also controlled by automatic furnace system which resulted in complete



combustion, fuel saving and reduction of emission to the atmosphere. Air treatment systems in various control systems were installed in order to improve the air quality emitted out of the Plants to meet specified standards.

Solid waste management: The Company controlled the solid waste by minimizing the waste from its sources and sorting out the waste originated from the sources both from employees and production. The Company reused the sorted solid waste or resold to be used as raw material in other production process instead of incineration or landfill.

Additionally, the Company regularly assessed and monitored the emission of pollution and environment in the atmosphere and community. It strictly and consistently complied with the measures to minimize environmental impact and monitor environmental quality described in the Environmental Impact Assessment Report. In 2009, the assessment revealed that there was no infringement on any standard. The results and measurement were reported and closely consulted with overseeing government offices as well as local

The Company could reduce energy for production which was equivalent to the emission of 2,752 tons of carbon dioxide.

administrative authorities in order to ensure that the environmental management of the Company was rigorously under supervision and inspection of government and communities.

As for the assessment and inspection of the plants by external agencies, the Company participated in the assessment of Environmental Governance Project of Department of Industry together with Prachuab Khirikhan Provincial Industrial Office. The project committee audited the environmental management of the Company, the compliance with the laws and relevant regulations with the Company as well as visited the plant to inspect real operation with the community representatives, local leaders and relevant governmental agencies. Successfully, the Company passed the evaluation and received the certification of environment governance for the year 2009 from Department of Industry, signifying commitment and dedication in controlling environment impact.

As for the initiatives to decrease effect from climate change in 2009, the Committee on Climate Change Management, the main committee, undertook various projects through a number of agencies. These activities, for example, included Energy loss control of Descaling System, Speed Control installation for Motor Pump CP002 D and installation of Dry Diaphragm Furnace 2 and installation of a transparent roof for HRC Pickling and Oiling line. As a consequence, the Company could reduce energy for production which was equivalent to the emission of 2,752 tons of carbon dioxide.

Social and Labor Responsibility According to Thai Labour Standard (TLS 8001-2003)

For further implementation continuing from Thai labour standard foundation laid out from 2008 - 2009 that underlies development and improvement of operations for sustainability of the system, the Company formulated operation plans in which six were undertaken i.e. welfare, labour improvement, public relations, training, follow-up and evaluation of delivery and sub-contractors. The Thai labor Standard Committee of the Company was assigned for these tasks and owing to its rigorous work and cooperation from every department, all activities were successful as planned.

The Company placed an emphasis on labor relations, by two-way communications,

for every developments and the Company received The Labour Standard Certificate at advance level CTLS 8001-2003.

In 2009, as the Company placed an emphasis on labor relations, various communication programs were thus created to reach every target group. Two-way communications was a focus so as to allow the employees to have opportunities to voice their opinions on various topics for

improvement of work process, better employee's welfare as well as thorough care for safety, occupational health and work environment. As a result, the Company received The Thai Labour Standard Certificate at advance level (TLS 8001-2003) from The Department of Labour Protection and Welfare, Ministry of Labour on 25 August 2009.



Community and Social Responsibility

Taking part in society stewardship “Generating returns, strengthening the society”

Sahaviriya Steel Industries Public Company Limited has incessantly engages in community and social responsibility activities apart from its business conduct for a success with adherence of good corporate governance. The Company has initiated new projects according to sustainable development approach with an emphasis on a promotion and development of the less privileged 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. In addition, the Company has announced the purpose (vision and mission) for the year 2010 - 2012, namely “Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders”, which also places an emphasis on its commitment to take responsibility towards the society.

Strengthening the Society and the Less Privileged

- “Thailand Iron Man Mini Marathon 2009 for charity”. The company in conjunction with other three steel producers hosted the event to raise a fund of more than Baht 1.9 million to assist and support the activities of 18 organizations. The event was a continuous project from “SSI Mini Marathon 2008”.

- “SSI Sponsorship for Phra Dabos Instructors”. This is a sponsorship program for Phra Dabos graduates to pursue advanced education in order to impart learned knowledge and benefit the foundation as working as instructors or the chief of organizations to create next batch of Phra Dabos.

- “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

“Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders”,

SSI's vision and mission, which also places an emphasis on its commitment to take responsibility towards the society.

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.

- “SSI Arsa Project”. The employees volunteer is a program allowing employees and executives to



jointly conduct activities to serve the communities in Bang Saphan District so that they can gain pride in themselves. In 2009, a total of volunteer work for the community and society was 8,540 working hours.

- “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”.

- “A visit to Tsunami victims of Ban Nam Khem”. The company in cooperation with Sahaviriya Group paid a visit to Tsunami victims of Ban Nam Khem to offer moral support and assistance to the victim families and additional help to the Village bank fun. In December 2005, it gave Baht 6 million to the villagers.

Steel Development to Improve Life Standard

- “Thailand Steel House Contest 2010”, further developed from “SSI Steel House Contest 2008”, our proud project to inspire knowledge development and

innovation of steel design and construction, which not only adds value to steel but also enhances competitiveness for steel businesses, increases consumer choice, and provides better living standard for people in societies in a sustainable way.

- A support for Thailand Metallurgist of the Year at the 2nd Thailand Metallurgy Conference to support research and development as well as new core knowledge in the industry.

Promotion of Life Quality and Environment

- Following the Mother footprint to protect Thai Sea: Thai Steel to conserve environment and restore natural resources under the sea. In the project, materials from steel industry were used to increase habitat area for aquatic animals.

- A support for “Gratitude to the Land Project” to campaign and promote an uninterruptedly good deeds in the society. Awards were granted to individuals from a variety of careers nationwide for their action to be a good exemplary for general public.

Involvement in the community “Good life quality for sustainable community”

SSI has organized various participatory community activities which involve everyone in a process i.e. the company, employees, people in the community and related organizations. We carried out a wide range of activities – or over 37 projects incorporating education development, employees’ volunteer under the project of “SSI Arsa”, environment conservation promotion and protection, vocational development, health promotion and well-being, and religious and culture nourishment. 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.

Development to Improve Quality of Community Education

The Company took part in developing education quality of Bang Saphan District and nearby neighbourhoods in all dimensions: teacher, student and education institutes with a bid to allow Bang Saphan



students to have education opportunities similar to the city students.

- A project to develop knowledge of civil service teacher and educational personnel by cooperating with Education Service Area One of Prachuap Khiri Khan Province to regularly organize a seminar on importance topics.

- Scholarship for the students in the community. Every year, the Company and the Sahaviriya Group offer scholarships to Bang Saphan students from Prathom to Mattayom levels. In the past year, a total of 225 scholarships were granted to 15 schools; six students were granted scholarship to continue their study until undergraduate program.

SSI has organized various participatory community activities which involve everyone in a process i.e. the company, employees, people in the community and related organizations.

We carried out a wide range of activities – or over 37 projects incorporating education development, with an aim to strengthen the living of people in the community and society.

- A support for teaching and learning at Bang Saphan Wittaya School under One Sub-District (Tambon), One School Project.

- Support fund for bi-lingual education program included extra kindergarten teachers, English teacher, music teacher, science teacher and math teacher for the schools in the community.

- A scholarship drawing contest. The art contest for children has been continuously held

since 2004. The program is specially organized for Bang Saphan District's students in every level. Some of the entries were further submitted to the national contest.

- Substrate culture organic farming is a pilot project for the schools and community to have a learning center of organic farming - substrate culture - and to enable teachers and students to gain understanding and experience of new techniques of organic farming. The organic produce is for school lunch; the rest can be sold for extra income and fund for next farming in a sustainable way.

- To Be Engineer Project. The project is to enrich experience of junior engineers; the students gain opportunities to learn more about steel and related knowledge.

- Sahaviriya Summer Camp Project. The project accepts interested students from Phrathom 4 - 6 to join the camp to take part in various activities during the semester break. At the camp, they can improve knowledge from both theory learning and real practices.

- English Camp for Bang Saphan Youth or SSI English Camp.

- A project to promote the talents of Bang Saphan for excellence or Math Challenge - "The first Sahaviriya Group Challenge". The winner from the Challenge is a representative from Bang Saphan District to enter the national challenge accordingly.

Career Development to Empower Household Economy

It has been 20 years since the company has operated industry in Bang Saphan District where most people work in agriculture. The Company has launched programs to promote agricultural development to increase income of local farmers and housewife groups as follows:

- "Organic fertilizer Bank, a step forward to sustainability Project" is a selection of farmers groups to participate in the project in Bang Saphan District. Selected farmers produce fertilizer by using a fund from the Company. Thereafter, part of profit after selling to farmers will be kept and some part will be used as revolving fund for next production. The said project was developed from the organic fertilizer promotion by the cooperatives which was carried out for several years.





- A project of agricultural technology knowledge development and agricultural technology supplement to increase income by cooperating with the District Agricultural Office and District Land Development Office in organizing trainings to support farmers to develop their production and increase income from their career.

- Joint development of Sai Petch Village, a role model of agricultural management according to the sufficiency economy philosophy and organic vegetable farming to be a learning center and site visit for farmers in the area as well as general public.

- Support for supplementary job to increase income of the local product producers in Bang Saphan District. The Company purchased products made from Japanese clay from Ban Po Daeng Female Vocational Group as gifts for customer and individuals in various organizations.

Environment Conservation and Development

The Company has seriously taken environmental and natural resources responsibility to the heart. Apart from production process control, the Company has also successively worked hands in hands with related



organizations in the campaign on environmental quality promotion. In 2008, the Company received the Prime Minister Industry Award for Environmental Management.

- Mae Rumphueng Mangrove Forest Rehabilitation Project. The company worked together with educational institutes around Mae Ramphueng Forest Park to organize a mangrove reforestation project as a part of environment study in order to concretely build consciousness and sense of ownership.

- Bang Saphan Beach Conservation Project is a joined force of employees of the Company and the Group to clean and collect garbage along the entire stretch of Bang Saphan beach every year.

- Clean Technology Teacher Camp is an environmental program aimed at promoting clean technology for application in the school and community.

- Youth Conservation Camp. In collaboration with science teachers in Bang Saphan District, each year, student representatives from every school in Bang Saphan District join the camp to learn about scientific natural environment and conservation.

- SSI Garbage Bank for Educational Institutes Project. Ready institutes participate in the program intended to equip local youth with and knowledge to understand the type of garbage and correctly sort and dispose the garbage. This is an extension of the Clean Technology Project.

Society Nourishment-culture and Religious Maintenance

Bang Saphan Community is a unique community where people reside peacefully with long held value of hospitality and traditional grace of way of living. As a corporate citizen of Bang Saphan Community, the Company lends a hand to assist a number of groups encountering hardship in the communities and help them maintain distinct cultural heritage and religious. These include:

- Public and natural disasters relief. In 2008, to lesson hardship of Bang Saphan people who suffered from the flood, the Company together with the Sahaviriya Group arranged help by their employees and donated consumer products to the disaster victims.

- With respect to religious and culture, the Company renders support in repairing religious buildings and building chapel for the local temples. We constantly participate in religious ceremonies and local rituals in addition to promote various activities that nourish religious and Thai tradition.

- Fund support for local organizations to develop community, for instance, blood donation bed for Red Cross Society, Loy Krathong Festival, Amazing Bang Saphan Fair and Bang Saphan Tourism Promotion Fair, etc.

- A project to promote health care for the people in Bang Saphan. The Company in cooperation with health service network disseminated health knowledge to the elderly, teenagers, and women in the menopause group.

Sports Promotion for Healthy People in the Community

As sport does not only help make physically healthy body but also improves attitude and morale, the Company has thus held sport activities for employees, students and public around the plant on a regular basis. The programs are:

- Annual sports competition for employee. The seasonal sports competition is held to better health and enrich spirit of cooperation.

- A sports competition between employees and officials of local organization on an ongoing basis to foster harmony and unity with the communities surrounding the plant.

- Support for local student sports competitions - sport competitions for the students and the youth "Bang Saphan Game". The Company has supported the annual sports competition of Bang Saphan students.

The past 20 years attests to long implementation of social and community activities incessantly developed by the Company. Those are in the same vein as our mission to strengthen the business performance. Novel knowledge from hands-on experience from both internal and external works - has been unremittingly applied and extended to contribute to nourishment of the society from community to national levels for robustness as always.



Strength to Move Forward

>>	<i>Other Relevant Information</i>	070	General Information
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		086	Shareholding of Directors and Management
		087	Management Remuneration and Audit Fees in 2009
		092	Dividend Policy
		093	Shareholding Structure
		094	Related Transactions
		096	Other References

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, 0-2236-7057	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

Board of Directors

1. Mr. Maruey Phadoongsidhi

Chairman of the Board of Directors
and Executive Director
age 80 years

Family Relation among Management : - None -

Tenure : 12 years (from 4 December 1997 to 31 December 2009)

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.

Distinction

- Distinguished Professor,
National Institute of Development Administration (NIDA)

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 2009 :

- | | |
|---|-------------|
| 1. The Board of Directors Meeting | 4/6 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 74 years

Family Relation among Management :

Brother of Mrs. Prapa Viriyaprapaikit

Tenure : 15 years (from 21 January 1994 to 31 December 2009)

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 2009 :

- | | | |
|---|-------|-------|
| 1. The Board of Directors Meeting | 4/6 | times |
| 2. The Board of Executive Directors Meeting | 10/12 | 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 79 years

Family Relation among Management :

Sister of Mr. Wit Viriyaprapaikit

Tenure : 15 years (from 21 January 1994 to 31 December 2009)

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 2009 :

- | | | |
|---|-----|-------|
| 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

Director, Independent Director,
Audit Committee Member
and Chairman of Nomination Committee
age 76 years

Family Relation among Management : - None -

Tenure : 15 years (from 1 March 1994 to 31 December 2009)

Number of Shares : - None -

Education

- M. Eng. (Sanitary Engineering), Chulalongkorn University
- B. Eng. (Civil 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 2009 :

- | | | |
|---|-----|-------|
| 1. The Board of Directors Meeting | 6/6 | times |
| 2. The Independent Directors Meeting | 3/4 | times |
| 3. The Audit Committee Meeting | 6/6 | times |
| 4. The Nomination Committee Meeting | 3/3 | 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. Mrs. Kesree Narongdej Director, Independent Director and Audit Committee Chairperson age 72 years

Family Relation among Management : - None -

Tenure : 11 years (from 28 April 1998 to 31 December 2009)

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
- Honorary Doctorate Degree in Accounting, Thammasat University
- Honorary Doctorate Degree in Accounting, University of the Thai Chamber of Commerce

Distinction

- Professor Emeritus of Accounting, Faculty of Commerce and Accountancy, Thammasat University

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 :

- Adviser 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 2009 :

- | | | |
|---|-----|-------|
| 1. The Board of Directors Meeting | 3/6 | times |
| 2. The Independent Directors Meeting | 3/4 | times |
| 3. The Audit Committee Meeting | 6/6 | 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 Director, Independent Director and Chairman of the Risk Management Committee age 71 years

Family Relation among Management : - None -

Tenure : 15 years (from 1 March 1994 to 31 December 2009)

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 (FND 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
- Chairman of the Board of Directors,
Thai Industrial Gases Public Company Limited
- Independent Director,
Bangkok Polyethylene Public Company Limited
- Chairman of the Board of Directors, C.T. Land Company Limited
- Director, Asian Institute of Technology
- 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 2009 :

- | | | |
|---|-----|-------|
| 1. The Board of Directors Meeting | 3/6 | times |
| 2. The Independent Directors Meeting | 3/4 | times |
| 3. The Risk Management Committee Meeting | 4/4 | 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.

7. Mr. Tawee Butsumorn

Director, Independent Director,
Chairman of Remuneration Committee
and Chairman of the Good Corporate
Governance Committee
age 70 years

Family Relation among Management : - None -

Tenure : 5 years (from 26 February 2004 to 31 December 2009)

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

- | | |
|--------------------|--|
| 2004 - 2009 | • Chairman of the Board of Directors,
Bankthai Public Company Limited |
| 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,
Union Petrochemical 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 Board of Directors,
Thaisri Insurance Company Limited
- 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 2009 :

- | | |
|--|-----------|
| 1. The Board of Directors Meeting | 4/6 times |
| 2. The Independent Directors Meeting | 2/4 times |
| 3. The Remuneration Committee Meeting | 2/2 times |
| 4. The Good Corporate Governance Committee Meeting | 7/7 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

Director, Independent Director,
Audit Committee Member
and Nomination Committee Member
age 70 years

Family Relation among Management : - None -

Tenure : 10 years (from 29 April 1999 to 31 December 2009)

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 2009 :

- | | |
|---|-----------|
| 1. The Board of Directors Meeting | 6/6 times |
| 2. The Independent Directors Meeting | 4/4 times |
| 3. The Audit Committee Meeting | 6/6 times |
| 4. The Nomination Committee Meeting | 3/3 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 73 years

Family Relation among Management : - None -
Tenure : 10 years (from 8 November 1999 to 31 December 2009)
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
- 1992 - 1994** • Secretary-General of Private Education Commission
- 1990 - 1992** • Deputy Permanent Secretary, Ministry of Education
- 1984 - 1990** • Director-General, The Fine Arts Department

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 2009 :

- | | |
|---|-----------|
| 1. The Board of Directors Meeting | 6/6 times |
| 2. The Remuneration Committee Meeting | 2/2 times |
| 3. The Risk Management Committee Meeting | 4/4 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 71 years

Family Relation among Management : - None -

Tenure : 11 years (from 28 April 1998 to 31 December 2009)

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 2009 :

- | | |
|--|-----------|
| 1. The Board of Directors Meeting | 6/6 times |
| 2. The Nomination Committee Meeting | 3/3 times |
| 3. The Good Corporate Governance Committee Meeting | 7/7 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 70 years

Family Relation among Management : - None -

Tenure : 6 years (from 29 April 2003 to 31 December 2009)

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 22 February 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 :

- Director, Thai Cold Rolled Steel Sheet Public Company Limited

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 2009 :

- | | | |
|---|-------|-------|
| 1. The Board of Directors Meeting | 6/6 | times |
| 2. The Board of Executive Directors Meeting | 12/12 | times |
| 3. The Remuneration Committee Meeting | 2/2 | times |
| 4. The Risk Management Committee Meeting | 3/4 | 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.

12. Mr. Permpoon Krairiksh

Director
age 58 years

Family Relation among Management : - None -

Tenure : 10 years (from 8 December 1999 to 31 December 2009)

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

- 2007 - 2009**
- Chairman of the Board of Directors, SCB Asset Management Company Limited
- 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 : - None -

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

The Attendance in year 2009 :

- | | | |
|---|-----|-------|
| 1. The Board of Directors Meeting | 5/6 | times |
| 2. 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.

13. Mr. Yuke Sutarat

Director and Executive Director
age 47 years

Family Relation among Management : - None -
Tenure : 1 year (from 11 August 2008 to 31 December 2009)
Number of Shares : - None -

Education

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

Director Training Program - None -

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 2009 :

- | | | |
|---|-------|-------|
| 1. The Board of Directors Meeting | 4/6 | times |
| 2. The Board of Executive Directors Meeting | 10/12 | times |
| 3. 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.

14. Mr. Piya Viriyaprapaikit

Director, Executive Director
and Good Corporate Governance
Committee Member
age 60 years

Family Relation among Management :

Son of Mrs. Prapa Viriyaprapaikit

Nephew of Mr. Wit Viriyaprapaikit

Tenure : 14 years (from 24 April 1995 to 31 December 2009)

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
- 1992 - 2009**
- Director, Western Housing 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

The Attendance in year 2009 :

- | | | |
|--|-------|-------|
| 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 | 6/7 | 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 39 years

Family Relation among Management :

- Son of Mr. Wit Viriyaprapaikit
- Nephew of Mrs. Prapa Viriyaprapaikit

Tenure : 10 years (from 30 June 1999 to 31 December 2009)

Number of Shares : - None -

Education

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

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

- 1999 - 2003** • Director, Thai Cold Rolled Steel Sheet Public Company Limited
- 1996 - 2005** • Director, Sahaviriya Plate Mill Public Company Limited
- 1992 - 2009** • Director, Western Housing 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

The Attendance in year 2009 :

- | | |
|---|-------------|
| 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.

Management

1. Mr. Win Viriyaprapaikit

Director, Executive Director and President
age 39 years

Education

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

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

- 1999 - 2003** • Director,
Thai Cold Rolled Steel Sheet Public Company Limited
- 1996 - 2005** • Director,
Sahaviriya Plate Mill Public Company Limited
- 1992 - 2009** • Director, Western Housing Company Limited

2. Miss Sunee Wattanapholmongkol

Vice President - Finance & Accounting
Division and Secretary to
the Risk Management Committee
age 45 years

Education

- M.B.A., University of Texas at Arlington, U.S.A.

Director Training Program

- Directors Certification Program (DCP 117/2009), Thai Institute of Directors Association

Work Experience

- 2009 - Present** • Director and Executive Director,
Thai Cold Rolled Steel Sheet Public Company Limited
- 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

3. Miss Wanna Tangcharoenching

Vice President - Commercial Division
age 51 years

Education

- M.B.A., Ramkhamhaeng University

Work Experience

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

4. Mr. Nava Chantanasurakon

Vice President - Human Resources
& Administration Division
Vice President - Public Affairs
and Social Responsibility Division
and Secretary to the Remuneration Committee
age 44 years

Education

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

Director Training Program

- Directors Certification Program (DCP 104/2008),
Thai Institute of Directors Association

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

5. Mr. Kittisak Mapanao
Vice President - Manufacturing Division
age 43 years

Education

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

Director Training Program

- Directors Certification Program (DCP 104/2009), Thai Institute of Directors Association

Work Experience

- 2009 - Present** • Executive Vice President - Manufacturing Division, Thai Cold Rolled Steel Sheet Public Company Limited
- 2005 - Present** • Acting Executive Vice President, West Coast Engineering Company Limited
- 1991 - 1992** • Industrial Engineer, Hana Coil Company Limited

6. Mr. Wichien Tungsuknirundorn
Vice President - Office of the President
age 51 years

Education

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

Director Training Program

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

Work Experience

- 2008 - Jan. 2010** • 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

7. Mr. Somsak Sivapaiboon
Vice President - Office of the President
age 47 years

Education

- M.B.A., 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 (FND 34/2007), Thai Institute of Directors Association
- Capital Market Academy Leadership Program (CMA 9), Capital Market Academy

Work Experience

- 2006 - Present** • Deputy Chairman of the Board of Directors, Chu Kai Public Company Limited
- 2004 - Present** • Director and Executive Director, Thai Cold Rolled Steel Sheet Public Company Limited
- 2001 - Present** • Acting Managing Director, Prachuap Port Company Limited
- 2005 - Jan. 2010** • President, Line Transport Company Limited
- 2000 - 2005** • President, Bangsaphan Transport Company Limited
- 1997 - 2000** • General Manager - Sales & Marketing, Thai Steel Sales Company Limited

8. Mr. Narongrit Chotnuchittrakul
Vice President - Office of the President
age 40 years

Education

- M.B.A., Dhurakijpundit University

Work Experience

- 2009 - Present** • Vice-President - Finance and Accounting Division, Thai Cold Rolled Steel Sheet Public Company Limited

9. Mr. Jira Chotinuchit

Vice President - Office of the President
age 42 years

Education

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

Director Training Program

- Directors Certification Program (DCP 105/2008), Thai Institute of Directors Association

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

10. Mrs. Wannee Sirikanchana

Secretary to the Audit Committee
and Secretary to the Good Corporate
Governance Committee
age 54 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

11. Mr. Surasak Ngamsidhipongsa

Company Secretary,
Secretary to the Board of Executive Directors
and Secretary to the Nomination Committee
age 51 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

Shareholding of Directors and Management

No.	Director and Executive Name	As of 31 December 2008 at Baht 1 each	As of 31 December 2009 at Baht 1 each	Increase (Decrease) in Shares Held During 2009 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.	Miss Sunee Wattanapholmongkol	-	-	-
17.	Miss Wanna Tungcharoenjing	-	-	-
18.	Mr. Nava Chantanasurakon	-	-	-
19.	Mr. Kittisak Mapanao	960,000 shares	1,160,000 shares	200,000 shares
20.	Mr. Wichien Tungsuknirundorn	-	-	-
21.	Mr. Somsak Sivapaiboon	1,410,000 shares	1,100,000 shares	(310,000 shares)
22.	Mr. Narongrit Chotnuchittrakul	-	-	-
23.	Mr. Jira Chotinuchit Spouse: Mrs. Chantiva Chotinuchit	- 200,000 shares	- 600,000 shares	- 400,000 shares

Management Remuneration and Audit Fees in 2009

Management Remuneration in 2009

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 5 April 2005, and the Annual General Meeting of Shareholders No. 19, held on 29 April 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 30 April 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 4 April 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.

The Board of Directors Meeting No. 6/2008 held on 3 December 2008 resolved with voluntary consent of every director remunerations of the Board of Directors and the Committees be reduced for 6 months that the Chairman of the Board of Directors was empowered to consider amount of reduction in the remuneration. The Chairman of the Board of Directors, after consideration, deem it appropriate to reduce remunerations of the Board of Directors and the Committees for 6 months from 1 January 2009 to 30 June 2009, was as follows:

1. The meeting allowance for the directors of the Company and the members of the Committees as appointed by the Board of Directors, shall be reduced from the rates per existing regulation by 20 percent for 6 months from 1 January 2009, was as follows:

(1.1) The Chairman of the	
Board of Directors	25,000 Baht/month
Directors	20,000 Baht/month
(1.2) The Chairman of the	
Board of Executive	
Directors	15,000 Baht/month
Executive Directors	12,000 Baht/month
(1.3) Audit Committee	
Chairperson	15,000 Baht/meeting
Audit Committee	
Members	12,000 Baht/meeting
(1.4) Chairman of the	
Remuneration Committee	10,000 Baht/meeting
Remuneration Committee	
Members	8,000 Baht/meeting

(1.5) Chairman of the	
Nomination Committee	10,000 Baht/meeting
Nomination Committee	
Members	8,000 Baht/meeting
(1.6) Chairman of the	
Good Corporate	
Governance Committee	10,000 Baht/meeting
Good Corporate Governance	
Committee Members	8,000 Baht/meeting
(1.7) Chairman of the Risk	
Management Committee	10,000 Baht/meeting
Risk Management	
Committee Members	8,000 Baht/meeting

2. The remuneration for the Chairman of the Board of Directors and the Chairman of the Board of Executive Directors for they worked for the Company's on full-time basis shall be reduced from the rates per existing regulation by Baht 100,000 per month each. Thus, the remuneration after reduction, for the Chairman of the Board of Directors shall be Baht 200,000 per month and for the Chairman of the Board of Executive Directors shall be Baht 100,000 per month from 1 January 2009 to 30 June 2009 respectively.

3. Apart from 6-month temporary reduction in the remunerations from 1 January 2009 to 30 June 2009 as specified in 1 and 2, other remunerations for the Board of Directors and the Committees shall follow the existing regulations as approved by the Meeting of the Shareholders.

For year 2009, the Annual General Meeting of Shareholders No. 29 held on 29 April 2009 acknowledged that there was no payment of bonuses to directors for year 2008 as proposed by the Board of Directors as the downturn of the global economy during the third and fourth quarters of year 2008 resulted in severe fluctuation of oil and steel prices which adversely affected the Company's operation and resulting in huge net loss, therefore the Company was not able to pay dividend to the Shareholders in accordance with law nor pay annual bonuses to directors in accordance with criteria as approved by the Meeting of the Shareholders.

**Summary of 2009 Monetary Remuneration for the Director of the Company
and the Members of the Committee as appointed by the Board of Directors**

(Unit: Baht/Year)

No.	Name and Position	Meeting Allowance	Remuneration	Insurance and Medical Expenses	Directors' Bonuses in 2008	Total Remuneration
1.	Mr. Maruey Phadoongsidhi Chairman of the Board of Directors and Executive Director	499,500	3,000,000	4,700	-	3,504,200
2.	Mr. Wit Viriyaprapaikit Director and Chairman of the Board of Executive Directors	472,500	1,800,000	1,500	-	2,274,000
3.	Mrs. Prapa Viriyaprapaikit Director	270,000	-	1,500	-	271,500
4.	Mr. Visith Noiphan Director, Independent Director, Audit Committee Member and Chairman of Nomination Committee	383,500	-	3,100	-	386,600
5.	Mrs. Kesree Narongdej Director, Independent Director and Audit Committee Chairperson	491,250	-	1,500	-	492,750
6.	Mr. Tongchat Hongladaromp Director, Independent Director and Chairman of Risk Management Committee	315,000	-	9,410	-	324,410
7.	Mr. Tawee Butsunorn Director, Independent Director, Chairman of Remuneration Committee and Chairman of Good Corporate Governance Committee	375,000	-	1,500	-	376,500
8.	Mr. Prateep Buphaintr Director, Independent Director, Audit Committee Member, and Nomination Committee Member	377,000	-	1,500	-	378,500
9.	Mr. Taweesak Senanarong Director, Remuneration Committee Member and Risk Management Committee Member	324,000	-	4,700	-	328,700

[Unit: Baht/Year]

No.	Name and Position	Meeting Allowance	Remuneration	Insurance and Medical Expenses	Directors' Bonuses in 2008	Total Remuneration
10.	Mr. Kamol Juntima Director, Nomination Committee Member and Good Corporate Governance Committee Member	362,000	-	1,500	-	363,500
11.	Mr. Somchai Pipitvijitkorn Director, Executive Director, Remuneration Committee Member and Risk Management Committee Member	478,000	-	1,500	-	479,500
12.	Mr. Permpoon Krairiksh Director and Executive Director	270,000	-	1,500	-	271,500
13.	Mr. Yuke Sutarat Director and Executive Director	432,000	-	1,500	-	433,500
14.	Mr. Piya Viriyaprapaikit Director, Executive Director and Good Corporate Governance Committee Member	488,000	-	1,500	-	489,500
15.	Mr. Win Viriyaprapaikit* Director, Executive Director and President	-	-	-	-	-

Remark: * Mr. Win Viriyaprapaikit, President, serves as an employee of the Company, thus did not receive meeting fees, a director's remuneration, or a director's pension.

**Remuneration of Independent Directors of Sahaviriya Steel Industries Public Company Limited
who hold directorship in West Coast Engineering Company Limited, which is a subsidiary company**

[Unit: Baht/Year]

No.	Name and Position of the Board of Directors of West Coast Engineering Company Limited	Meeting Allowance	Directors' Bonuses in 2008	Total Remuneration
1.	Mr. Visith Noiphan Chairman of the Board of Directors	186,000	-	186,000
2.	Mr. Tongchat Hongladaromp Director	150,000	-	150,000

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 39,230,245.48 for the year.

2. Other Forms of Remuneration

Contributions to the provident fund for executives at the level of Vice President and higher, for eight people plus the President, totaled Baht 2,272,172.10 for the year.

Remuneration for the Auditor in 2009

1. Audit Fees

The Company and its subsidiaries (Prachuap Port Co., Ltd. and West Coast Engineering Co., Ltd.) paid an audit fee of Baht 4,506,269 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.

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. 20 held on 29 April 2009 passed resolutions that there would be no dividend payment for the operational results of year 2008 as the Company had losses, as proposed by the Board of Directors.

Shareholding Structure

Shareholders

Listed are the names and shareholdings of the ten largest shareholders (as per article 258, voted the same way) as of 18 March 2009, the closure date of the company's share register, entitled to attend the Annual General Meeting of Shareholders No. 20.

Names	As of 9 April 2009	
	Number of Shares	Percentage of Shareholdings
1. Sahaviriya Group	6,163,635,550	47.04
2. CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG ZURICH	1,669,087,000	12.74
3. THE BANK OF NEW YORK (NOMINEES) LIMITED A/C 5100	759,717,300	5.80
4. CREDIT SUISSE	584,181,100	4.46
5. Ms. Pornpen Pingrungruengwattana	276,303,500	2.11
6. Ms. Sumal Limpiyachart	225,952,000	1.72
7. Thai NVDR Company Limited	225,913,845	1.72
8. Bank of Ayudhya Public Company Limited	200,000,000	1.53
9. Mr. Nobpadol Sivabut	166,200,200	1.27
10. Miss Jurairat Jinwattanaporn	150,767,270	1.15

Note: Sahaviriya Group consisted of:

	Percentage of Shareholding
1. Sahaviriya Group Co., Ltd.	25.34%
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.)	6.04%
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. Theerarat Kunatthanont	8.14%
4. Mrs. Kanokvipa Viriyaprapaikit	6.56%
5. Mrs. Sirikul Viriyaprapaikit Bendi	0.93%
6. Mrs. Krissana Viriyaprapaikit	0.03%
7. Ms. Kanokvalee Viriyaprapaikit	4,000 shares
8. Mrs. Prapa Viriyaprapaikit	100 shares
9. Mr. Wit Viriyaprapaikit	100 shares
Total shareholdings in SSI	47.04%

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 31 December 2009, the Company's foreign shareholding was 26.54 percent of the paid-up capital.

Related Transactions

(Unit: Million Baht)

Related Parties	Relationship	2009 Related Transactions		Outstanding Balance	
Thai Coated Steel Sheet Co., Ltd.	3.7 percent shareholding by the Company and common directors	Provide deep sea port service	2.00	Trade accounts receivable	0.34
		Provide maintenance service	0.13	Other accounts receivable	0.37
		Other income	4.36	Refunable advance	0.001
				Accrued income	5.78
Thai Cold Rolled Steel Sheet PLC	50.15 percent shareholding by the Company and jointly controlled	Sell hot rolled coils	4,456.44	Trade accounts receivable	226.17
		Provide deep sea port service	24.63	Refunable advance	0.08
		Provide maintenance service	37.90	Advance payment	0.51
		Other income	11.90	Accrued income	1.70
		Compensation for damaged coils	0.06		
Bangsaphan Transport Co., Ltd.	Direct and indirect shareholding by the Company's director (s)			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	5.79	Trade accounts receivable	0.46
		Provide maintenance service	0.06	Refunable advance	0.0045
		Other income	0.10	Accrued income	0.16
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	7,191.47	Trade accounts receivable	1,688.00
		Provide deep sea port service	0.24	Refunable advance	0.005
		Provide maintenance service	0.33	Accrued income	0.19
		Use steel-cutting service	4.02	Trade accounts payable	0.06
Sahaviriya Plate Mill PLC	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Provide deep sea port service	0.02	Refunable advance	0.0007
		Provide maintenance service	0.68		
		Buy steel plate	2.01		
Prapawit Building Property Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Lease head office space	13.23	Deposit	6.95
				Accounts payable	1.02
Western Housing Co., Ltd.	Common directors and aggregate direct shareholding by the Company's director (s)	Use accommodations	1.51	Accounts payable	0.16
				Accrued expense	0.07
C.A.R. Services Co., Ltd.	The aggregate direct and indirect shareholding by the Company's director (s)	Provide maintenance service	3.76	Trade accounts receivable	0.35
		Use domestic transportation service	24.28	Trade accounts payable	1.43
				Other accounts payable	0.02
				Accrued expense	1.08
Sahaviriya Panich International Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Sell hot rolled coils	10,970.71	Trade accounts receivable	884.47
		Buy deformed bars	0.71	Accrued expense	1.67
		Revenue from sale commission	17.72		
Line Transport Co., Ltd.	Common directors with the subsidiary and aggregate direct and indirect shareholding by the Company director (s)	Provide deep sea port service	6.87	Trade accounts receivable	1.03
		Provide maintenance service	0.20	Other accounts receivable	0.13
		Other income	0.39	Trade accounts payable	3.50
		Use domestic transportation service	174.18	Other accounts payable	0.05
				Accrued expense	31.55

(Unit: Million Baht)

Related Parties	Relationship	2009 Related Transactions		Outstanding Balance	
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	0.12
		Other income	0.20	Other accounts receivable	0.04
		Use vessal transportation service	97.06	Accrued expense	11.09
Bangpakong Port Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Use domestic transportation service	1.05		
Sahaviriya Iron and Steel Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)			Refunable advance	2.19
Thai Steel Sales Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Other income	0.0025		

The auditor's opinion on related transactions between the Company and related parties is stated in Note 5 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.

Other References

Name and Location of Other References

Share Registrar:

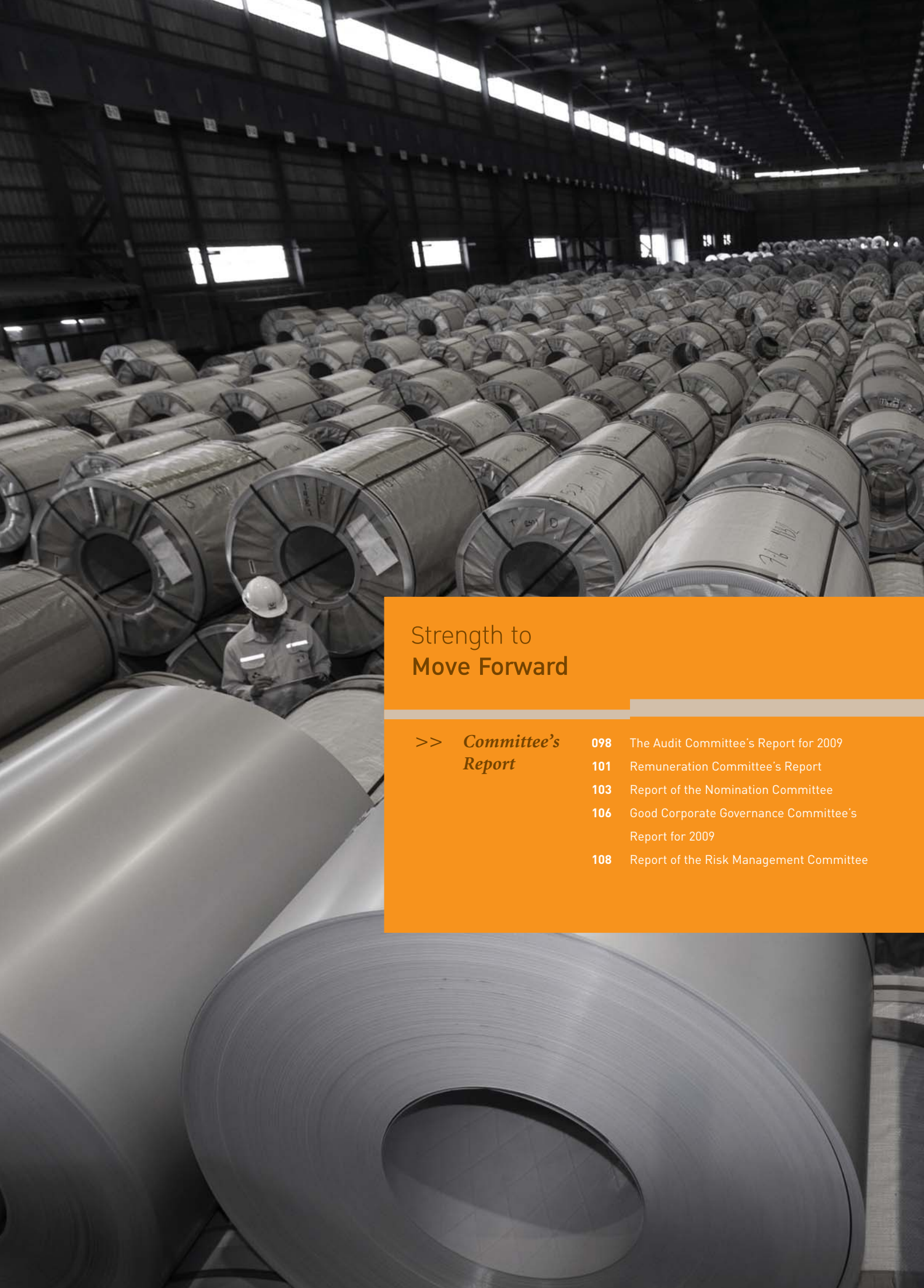
Ordinary shares : Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building,
62 Ratchadapisek Road, Klongtoey, Bangkok 10110
Tel. 0-2229-2800, 0-2229-2888 Fax 0-2359-1259

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 Rajadapisek Road, Klongtoey, Bangkok 10110
Tel. 0-2264-0777 Fax 0-2264-0789-90

Corporate secretary

: Mr. Surasak Ngamsidhipongsak
Assistant Vice President - Corporate Secretariat Office
Tel. 0-2238-3063-82 Fax 0-2236-8892
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Strength to Move Forward

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The Audit Committee's Report for 2009

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

The Company's Audit Committee consists of

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

The Company's Audit Committee held 8 meetings and all directors in the Committee attended the meetings to perform the following duties:

1. Reviewed the interim and annual financial statements of 2009 together with the external auditors and the management and submitted them to the Board of Directors for approval before disclosure to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
2. Acknowledged the Management Discussion and Analysis Report pertaining to key financial data quarterly.
3. Approved the internal audit plan and acknowledged the internal audit reports regarding the internal controls.
4. Reviewed the adequacy of the internal control system against the self-evaluation forms issued by the SEC and external auditors.
5. 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.
6. 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.

7. Reviewed the Major Risk Management Report prepared by the Risk Management Committee quarterly.
8. Considered, selected, and proposed to the Board of Directors for consideration and sought approval at the 21st Annual General Meeting of shareholders for the appointment of Miss Thipawan Nananuwat and/or Mr. Supachai Phanyawattano and/or Mr. Narong Puntawong of Ernst and Young Office Limited, as the Company's auditors for fiscal year 2010, together with their fees.
9. Ensured the compliance of related companies transactions with the securities and exchange laws and laws concerning the Company's businesses.
10. Acknowledged reports from the company secretary to ensure compliance of conflict of interest transactions as specified in the company policy and procedure, as requested by the SEC.
11. Revised the Company's Audit Committee charter.
12. Revised and approved the Company's Internal Audit charter.
13. Carried out a self-assessment for 2009 and submitted the results to the Board of Directors.
14. Reviewed the information disclosed to the SET and the SEC, as disclosed in the 2009 Company's annual report (Form 56-2) and in the annual information disclosure form ending 31 December 2009 (Form 56-1).
15. 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 view, the Audit Committee was of the opinion that:

1. The annual financial statements of the Company in 2009 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 relevant laws and regulations.
4. The Audit Committee concurred with reports from the Risk Management Committee.



Professor Emeritus Kesree Narongdej

Audit Committee Chairperson

26 February 2010

Remuneration Committee's Report

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 Butsunorn	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	Secretary of the Remuneration Committee
	Human Resources and Administration

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 2009 and considered the following:

2.1 Payment of Bonus to Company Directors

On February 16, 2009 the Remuneration Committee met to deliberate on the bonus to be paid to directors for 2008. The principles for such payment are that directors' gratuities are paid only when dividends are paid to shareholders. In the year 2008, since the Company realized a net-loss of Baht 4,885 million, it was not able to pay dividend to the Shareholder. Therefore the Committee resolved not to pay bonuses to directors.

2.2 Payment of Bonus for the Position of President

On December 21, 2009 the Remuneration Committee met to deliberate on the bonus to be paid to the President for the year 2008 ending December 31, 2009. The principles for such payment are based on annual goal program of the President in 2009, the Company's operational results for 2009, the bonus for regular employees in 2009, and the bonus for the position of president in the last 5 years. Among the principles considered by the Committee were the Company's operational results for 2009 as it was the major responsibilities of the President.

According to the above principles, the Committee unanimously resolved to pay the bonus to the President by a rate of three times of the salary, which is commensurate with bonus payment for managerial-level employees with outstanding performance.



Mr. Tawe Butsunton

Chairman of the Remuneration Committee

February 22, 2010

Report of the Nomination Committee

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 9 November 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 24 November 2007 to 23 November 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 by the Board of Directors. In 2009, the Nomination Committee had three meetings. Major agendas of the meetings included acknowledgement of the Company's management structure, the name list and the number of directors who were due to retire by terms and were eligible for re-election at the Annual General Shareholders' Meeting and acknowledgement of a report on results of the assessment of corporate governance of Sahaviriya Steel Industries in 2009 organized by Thai Institute of Directors, and invitation to the shareholders to submit 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 2010, five directors are due to retire by terms, namely:

- | | |
|-------------------------------|---|
| (1) Mrs. Kesree Narongdej | Director, Independent Director and Audit Committee Chairperson |
| (2) Mr. Tongchat Hongladaromp | Director, Independent Director
and Chairman of the Risk Management Committee |
| (3) Mr. Prateep Buphaintr | Director, Independent Director,
Audit Committee Member and Nomination Committee Member |
| (4) Mr. Kamo Juntima | Director, Nomination Committee Member
and Good Corporate Governance Committee Member |
| (5) Mr. Win Viriyaprapaikit | Director, Executive Director and President |

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 2 November 2009 to 31 January 2010. 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. 2/2010 on 15 February 2010, 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 Independent Director, Audit Committee Chairperson, Audit Committee Member, Chairman of the Risk Management Committee, Nomination Committee Member, Good Corporate Governance Committee Member, Executive Director and President, as the case be, as before.

Additionally, in this Nomination Committee's Meeting, Mr. Kamol Juntima and Mr. Prateep Buphaintr, Nomination Committee Member, were among those who were retiring by term, thus was also considered a stakeholder. Consequently, at a time of the nomination process for Nomination Committee Member, Nomination Committee Member were excluded from the meeting and abstained from voting.

6. Besides the nomination of directors replacing those who are due to retire by term as mentioned in 5, the Nomination Committee's Meeting considered that as the overseas and the domestic economies were highly volatile while the Company's business are engaged in international trade on importing raw materials and exporting products and certain countries imposes trade barriers to products with origin from Thailand, the Company needs more personnel who are knowledgeable, competent and have experiences in international trade, economy, finance and banking, and also it

would be in line with good corporate governance principle that the Company has more independent directors than the numbers as required by the regulations governed by the Securities Exchange Commission, the Nomination Committee's Meeting resolved to propose to the Board of Directors' Meeting to appoint Mr. Siripol Yodmuangcharoen and Mr. Somchai Sakulsurarat, who are qualified and have experiences in the fields that would support the development of the Company's business and assist the Board of Directors to resolve the Company's problems, as independent directors.

With total number of directors of 15 at present the nomination of 2 new directors to the Board of Directors' Meeting and the Shareholders' Meeting for approval would result in total being 17 which would exceed number of directors stipulated in the Company's Articles of Association. To comply with the Company's Articles of Association, the Board of Directors will need to first propose to the Shareholders' Meeting to approve amendment to the Company's Articles of Association, clause 16, first paragraph.

7. After the Nomination Committee Meeting No. 2/2010 on 15 February 2010 resolved the matter in 6, the Company received on 16 February 2010 a letter from Mrs. Prapa Viriyaprapaikit resigning as director effective 26 January 2010 due to her increased duties which results in her unable to contribute fully to the Company. The Company informed the matter to the Stock Exchange of Thailand and the Securities Exchange Commission on 17 February 2010.

8. The Nomination Committee Meeting No. 3/2010 on 19 February 2010 considered the vacant director position as mentioned in 7 and resolved to propose to the Board of Directors' Meeting to appoint Mr. Somchai Sakulsurarat, who is knowledgeable, competent and has experiences in international economy, finance and banking, as director replacing Mrs. Prapa Viriyaprapaikit and also to appoint Mr. Somchai Sakulsurarat as independent director. As a result, total number of independent directors would be 6. As for an appointment of Mr. Siripol Yodmuangcharoen as director, the Nomination Committee Meeting resolved to propose the matter to the Board of Directors' Meeting and the Annual General Shareholders' Meeting of year 2010 for consideration.

Total number of directors after approved by the Annual General Shareholders' Meeting of year 2010 would be 16 which is in accordance with Clause 16, paragraph one of the Company's Articles of Association. Therefore, the Company does not need to amend the Company's Articles of Association.

The Nomination Committee hereby reports the results of its selection of directors to replace those who are retiring by term, its consideration on appointment of replacement director and appointment of Director and Independent Directors to the Board of Directors' Meeting for acknowledgment and presentation to the Annual General Shareholders' Meeting of 2010 accordingly.



Mr. Visith Noiphan

Chairman of the Nomination Committee

19 February 2010

Good Corporate Governance Committee's Report for 2009

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

The Good Corporate Governance Committee was established in accordance with the resolution of the Board of Directors' meeting No. 7/2007 held on December 3, 2007. The Committee consists of three members of the Company's directors namely Mr. Tawee Butsunton (Independent Director) as Chairman, Mr. Kamol Juntima and Mr. Piya Viriyaprapaikit.

The duties and responsibilities of the Committee are to formulate, implement, and evaluate policies and procedures of good corporate governance to ensure that the Company maintains its sustainable and effective development of good corporate governance practices and in compliance with the rules and procedures under the listed company.

In 2009, the Good Corporate Governance Committee held seven meetings to carry out its allotted duties and submitted the summary reports to the Company's Board of Directors as follows:

1. Proposing the implementation of the good corporate governance framework of reporting disclosure and transparency of the company's directors and executives dated June 26, 2009 and effective on July 1, 2009. The goal of these guidelines is to obtain information designed for monitoring any related party transactions that might constitute the conflicts of interest.

2. Assessing and formulating the Company's Code of Ethics which includes Business Philosophy, Business Ethics and Employee's moral code. Proposing clear and concise guidelines on fundamental issues regarding the conflicts of interest and ethical code of conduct as stipulated in the Company's Code of Ethics.

3. Acknowledging various reports that deem beneficial to the Company as follows:

- 3.1 Reporting on significant changes in shareholding and securities trading status of the Company's directors and executive officers including the President, Vice President and Assistant Vice Presidents, and Finance and Accounting Department managers in order to prevent any inside trading of the Company's securities.

- 3.2 Reporting on interests of the Company's directors and executive officers including the President, Vice President and Assistant Vice Presidents, and all high-level executives.

3.3 Reporting on recommendations and complaints from stakeholders. The Company has provided two modes of reporting non-compliance conducts that constitute wrongdoing, unethical conduct, and fraud:

- 1) By e-mail (ssigcg@yahoo.com)
- 2) By mail address to the Good Corporate Governance Committee, P.O. Box 534, Bang Rak, Bangkok, 10500.

3.4 Reporting on activities regarding social and environmental conducted by the office of Public and Community Relations and the office of Safety and Environment of the Company to ensure that their responsibilities are in compliance with the approved plan and budget.

In 2009, the Company's Annual General Meeting (AGM) was appraised by the Securities and Exchange Commission (SEC) which is associated with the Thai Investors Association (TIA) and the Thai Listed Companies Association, with an outstanding accomplishment. Additionally, the Company's corporate governance report survey of 2009 was rated by the Thai Institute of Directors (IOD) in cooperation with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), with an excellent accomplishment.

The Good Corporate Governance Committee is committed to increase the value and protect the interests of the Company and all its stakeholders with transparency, fairness, integrity, and dedication. Concurrently, the Committee also put high responsibility priorities on the environmental protection and preservation, and the social responsibility and community development.



(Mr. Tawee Butsumtorn)

Chairman of the Good Corporate
Governance Committee

February 11, 2010

Report of the Risk Management Committee

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

1. With the aim to increase the efficiency and effectiveness of the Company's risk management, the Board thus on 3 December 2007 resolved to establish a board-level Risk Management Committee to assist the Board in overseeing the risk management activities of the Company. 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. Ms. Sunee Wattanapholmongkol | Secretary |

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

2.1 To monitor the effectiveness of the management of the Company's key risk exposures on an on-going basis, reports on the management of the Company's major risks submitted by the Risk Management Working Committee on a quarterly basis covering the last quarter of 2008 and the first, second and third quarters of 2009 were reviewed and discussed with the management. The result of the reviews indicated that the proper risk management process to identify, assess, and manage the Company's key risk exposures under the changing risk condition was implemented by the management in a systematic and effective manner.

2.2 As the Company's cost of energy which consists of electricity and fuel oil is one of the major costs of production of the Company, a significant and rapid rise in the oil price which occurred in the first half of 2008 posed a potential risk to the Company as it would have a material adverse effect on the Company's operating result. To mitigate such potential threat, the Committee, at its meeting on 16 July 2008, suggested to the management that a feasibility study be undertaken to explore the viability of the use of alternative energy such as natural gas, the price of which was then significantly lower than that of fuel oil. To monitor the development of the study, it was required that reports on the progress of the study be presented to the Committee on a regular basis. The latest report indicated that it was still unable to come to any conclusion regarding the use of alternative energy. This was due largely to the fact that the price of fuel oil had since declined significantly in line with the changing condition of the oil market. Furthermore, the contemplated use of natural gas in place of fuel oil required the participation of outside parties and substantial capital expenditure was also needed for the required facilities and equipment.

(Dr. Tongchat Hongladaromp)
Chairman of the Risk Management Committee
22 January 2010

FLEXIBLE BUSINESS STRATEGY REMAINS SSI'S KEY TO SUCCESS

Sahaviriya Steel Industries Plc (SSI) was established in 1993 as Thailand's first manufacturer of hot-rolled steel sheet in coils (HRC) with an initial investment of 13.3 billion baht. SSI's facility is considered the most modern and largest state-of-the-art hot strip mill in Southeast Asia, with a capacity of 4 million tonnes per annum (MTPA) for HRC, and up to one million tonnes for pickled and oiled HRC. Both plants are located in Bang Saphan district, Prachinburi province, on the western coast of Thailand. President Wira Viriyakul discusses the company's strategy in the annual report.

(HRC P/O) with our own oiling line, and cold-rolled (CRC) and electro-coated (EG) via our...

Strength to Move Forward

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Report on the Responsibility of the Board of Directors for the Financial Reports of 2009

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

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

Operational Results

Total Revenues and Income from Sales and Services

In 2009 total revenue of the Company and its subsidiaries were Baht 33,637 million, which increased 25 percent from revenue in 2008, comprising 22 percent increment on sales of hot-rolled steel sheet in coils from Baht 26,966 million in 2008 to Baht 32,888 million in 2009. In addition, the company and its subsidiaries had revenue from sales of steel scrap Baht 300 million, revenue sales and services of subsidiaries Baht 228 million, gain on exchange Baht 51 million and other income Baht 51 million. In 2008 its revenue from sales of steel scrap Baht 487 million, income from sales and services of subsidiaries Baht 309 million, gain on exchange Baht 104 million and other income Baht 33 million.

The growth on sales of hot-rolled steel sheet in coils in 2009 resulted from sale volume rising 71 percent compared to its in 2008 due to recovery of Steel Industry including related industries; such as automobile and electric parts industries, that confronted world economic crisis affecting to reduction in demand of steel consumption from the second half of 2008 continually to the first quarter of 2009. The company also had an advantage on domestic rivals in cost of sales. Its sale quantity of hot-rolled steel sheet arose from 1.02 million tons in 2008 to 1.75 million tons in 2009. The company had proportion 90 percent on domestic sales and 10 percent on export sales compared to 94 percent and 6 percent respectively in 2008.

The revenues from sales and services of two subsidiaries; Prachuap Port Co., Ltd. and West Coast Engineering Co., Ltd., amount to Baht 694 million with 2 percent rising from 2008, consisting of income from sales and services to related party in the amount of Baht 466 million increasing 25 percent from 2008 owing to business volume expansion in 2009. The revenues from sales and services of two subsidiaries in 2008 amount to Baht 682 million which included Baht 373 million of income from sales and services to related party.

Cost of Sales and Services

The Company's cost of sales before reversal of allowance for diminution in value of inventories amount to Baht 35,740 million, which increase 40 percent from its in 2008, due to increment of sale volume in 2009 and high cost of goods sold from inventories of the year 2008.

In 2009, the Company had reversed of allowance for diminution in value of inventories in the amount of Baht 5,373 million as a result of slab and hot-rolled steel sheet in coils prices have been fluctuated less than in 2008 that the company recorded loss of allowance for diminution in value of inventories in the amount of Baht 5,439 million. When net cost of sales from realizing loss on allowance for diminution in value of inventories took into consideration, in 2009 net cost of sales after reversal of allowance for diminution in value of inventories amount to Baht 30,366 million, 91 percent of revenue from sales, while in 2008 net cost of sales after reversal of allowance for diminution in value of inventories amount to Baht 30,956 million, 113 percent of revenue from sales.

The cost of sales for hot-rolled steel sheet in coils firstly comprised slab cost, which accounted for 85 - 90 percent of the total cost of sales, and secondarily conversion cost; such as costs of fuel, electricity, direct labor, spare parts and maintenance.

The Company continued to implement cost-saving measures in order to reduce both direct and indirect production costs, and also had Research and Development Project for improvement of production efficiency in terms of productivity per working hour and quality of product.

In 2009, the two subsidiaries' cost of sales and services in amount of Baht 456 million, which was 66 percent of their revenue from sales and services to the company, affiliated companies and outside clients while in 2008 their cost of sales and services amount to Baht 470 million, which was 69 percent of their revenue from sales and services to the company, other affiliated companies and outside clients.

Gross Profit

In consideration for net cost of sales after reversal of allowance for diminution in value of inventories, in 2009 the company gained gross profit in the amount of Baht 2,821 million, or 8 percent of revenue from sales. In 2008, the Company's net cost of sales after reversal of allowance for diminution in value of inventories was higher than revenue from sales; thus making gross loss in the amount of Baht 3,501 million, or 13 percent of revenue from sales.

In 2009, The Company's subsidiaries earned gross profit amount to Baht 238 million, or 34 percent of revenue from sales and services to the Company, affiliated companies, and outside clients. In 2008, the Company's subsidiaries gained gross profit amount to Baht 212 million, or 31 percent of revenue from sales and services to Company, affiliated companies and outside clients.

Expenses

Selling expenses chiefly consisted of freight and transportation expenses. In 2009, the selling expenses of the Company and its subsidiaries amount to Baht 292 million, or down 28 percent from 2008, according to major sales with sale condition excluding transportation cost. Administrative expenses amount to Baht 284 million, or down 45 percent from 2008, due to a fixed cost arising from temporary shut-down in the amount of Baht 206 million in 2008.

Financing Expenses

The Company's and its subsidiaries' financing expenses consisted of interest and bank fees, amount to Baht 993 million and Baht 27 million respectively, up 43 percent when compared to the expenses in 2008 from the amount of Baht 686 million and Baht 25 million respectively, owing to use of short-term loans as an additional working capital and the interest on long-term loans from a financial institution for investment in a jointly controlled entity in the third quarter of 2008.

Loss from Investment in Jointly Controlled Entity

Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS), a jointly controlled entity, significantly obtained a consequence from the world economic crisis toward automobile and electric parts industries in the first half of 2009. It resulted in the Company's realized record for share of loss from the jointly controlled entity under the equity method in the amount of Baht 341 million in Consolidated Financial Statements for the year 2009 compared to a share of loss in the amount of Baht 323 million for the year 2008.

Net Profit or Loss

In 2009, the Company had a great performance by earning net profit in the amount of Baht 1,548 million, compared to net loss in the amount of Baht 4,885 million in 2008, net profit margin to total revenue by 4.63 percent, an average return on assets by 3.81 percent, an average return on equity by 9.51 percent, and earning per share by Baht 0.12.

The company and its subsidiaries gained net profit on Consolidated Financial Statements in 2009 in the amount of Baht 1,273 million, compared to net loss in the amount of Baht 5,166 million in 2008, a net profit margin to total revenue by 3.8 percent, an average return on assets by 3.1 percent, an average return on equity by 7.72 percent, and earning per share by Baht 0.10.

Financial Status

Assets

The Company's and its subsidiaries' total assets as at 31 December 2009 increased Baht 986 million from the figure as at 31 December 2008, up 2 percent and their proportion of assets have been shown as below;

As at 31 December 2009, the Company and its subsidiaries had net trade accounts and note receivable in the amount of Baht 2,871 million, down 15 percent from the figure as at 31 December 2008, owing to decline of past-due trade receivables and term collection. The Company remained Provision of Doubtful Debt for past-due accounts over 6 months in the amount of Baht 284 million as at 31 December 2009, in the same figure as at 31 December 2008.

As at 31 December 2009, the Company and its subsidiaries had net balance of Raw Material, Finish Goods and Goods in Transit in the amount of Baht 13,049 million, up 27 percent from the figure as at 31 December 2008, due to reduction of allowance for diminution in value of inventories that resulted from prices of slab and hot-rolled steel sheet in coils had less fluctuation in 2009 than their prices in 2008.

(Unit: Percent)

	31 December 2009	31 December 2008	31 December 2007
Trade Accounts and Notes Receivable	7	8	9
Inventories	33	27	24
Land, Buildings, Machinery and Equipment	50	53	62
Investment in Joint Venture	9	10	-
Other Long-term Investment	-	-	4
Other Assets	1	2	1
Total Assets	100	100	100

Liabilities and Source of Fund

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

(Unit: Percent)

	31 December 2009	31 December 2008	31 December 2007
Short-term Loans and Trade Financing Facilities	30	34	12
Trade Accounts Payable	9	2	3
Long-term Loans	4	3	4
Debentures	14	19	17
Other Liabilities	1	2	2
Shareholders' Equity	42	40	62
Total Liabilities and Shareholders' Equity	100	100	100

As at 31 December 2009, the Company and its subsidiaries had total liabilities amount to Baht 25,018 million, not significant different from the figure as at 31 December 2008. The Company and its subsidiaries acquired short-term facilities for working capital from domestic financial institutions amount to Baht 17,926 million in term of Letter of Credit, Trust Receives, Promissory Note, discounted Bills of Exchange, Packing Credit, and Bank Guarantee as well as Credit of foreign supplier for raw material purchase in the amount of USD 100 million.

As at 31 December 2009, the Company and its subsidiaries had the outstanding balance of bank overdrafts and short-term loan in the amount of Baht 12,933 million, down 10 percent from those as at 31 December 2008, partly coming from utilizing credit of foreign suppliers for slab purchase and having long-term loan included current portion of long-term loan from financial institutions as at 31 December 2009 amount to Baht 7,890 million, down 15 percent from those as at 31 December 2008, due to reimbursement current portion of long-term loan in 2009.

In addition, the Company and its subsidiaries had obligations to banks regarding the outstanding of a letter of credit as at 31 December 2009, amounting to USD 10.2 million and Baht 1,567 million respectively, and its subsidiaries had bank guarantee as at 31 December 2009 in amount of Baht 17.1 million and 0.1 million pound sterling respectively.

As at 31 December 2009, the Company and its subsidiaries possessed shareholders' equity amount to Baht 16,959 million, up 5.9 percent from that as at 31 December 2008. The Company had deficit on unappropriated Retain Earning as at 31 December 2009 amount to Baht 882 million, dropped from that as at 31 December 2008 amount to Baht 2,430 million. The Company and its subsidiaries had debt to equity ratio equal 1.41 times, down from 1.49 times as at 31 December 2008 due to earning net profit in 2009.

Liquidity

1. Cash Flow

In 2009, the Company and its subsidiaries presented net positive cash flow provided by operating activities in the amount of Baht 3 million as follow;

1.1 Net cash flows used in operating activities of Baht 3,125 million by cash outflow from operation amount to Baht 1,964 million due to sales for goods with high cost of goods sold in which the loss realized allowance for diminution in value of inventories amount to Baht 5,373 million and cash inflow from operation amount to Baht 6,126 million owing to lowering price of raw material in 2009 compared to that in 2008, increasing account payable and decreasing account receivable and note receivable.

1.2 Net cash flows used in investing activities of Baht 119 million by mainly improving automation system in manufacturing on maintenance plan.

1.3 Net cash flows used in financing activities of Baht 3,303 million by repayment long term loan and liabilities under finance lease in the amount of Baht 1,410 million and Baht 202 million respectively and repayment short term loan in the amount of Baht 1,390 million.

2. Liquidity Ratios

The Company and its subsidiaries have better liquidity in 2009 compared to its in 2008 by having higher working capital ratio, lower term collection and lower inventory turnover as follows;

Share Prices

During 2009, the Company's share price ("SSI") reached its lowest level of buying-selling price at Baht 0.34 per share on 30 January 2009, and peaked at Baht 1.38 per share on 20 October 2009. The average daily trading volume was 33.94 million shares and average daily trading value of Baht 28.84 million. The average share price for the year 2009 was Baht 0.85 per share. On 31 December 2009, the share price was closed at Baht 1.20 per share.

[Unit: Percent]

	2009	2008	2007
Average Working Capital Ratio (times)	0.93	0.90	1.73
Average Collection (days)	28	46	48
Average Sales Turnover (days)	40	62	74

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 2009 and 2008, 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 2009 and 2008, and 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 matter as presented in Note 5 to the financial statements. In 2009, the Company sold goods to related parties in the normal course of business totaling Baht 22,619 million, which comprises 68 percent of the Company total sales (2008: Baht 14,103 million, 51 percent of the Company total sales). As at 31 December 2009, the outstanding balances of those related parties amounted to Baht 2,787 million (2008: Baht 3,172 million) and included balance of one related company debtor totaling Baht 1,688 million that were not yet due (2008: Baht 2,527 million, of which approximately Baht 1,152 million was past due longer than 3 months but less than 6 months and approximately Baht 1,375 million was 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

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
As at 31 December 2009 and 2008

		Consolidated financial statements		Separate financial statements	
Unit: Baht	Note	2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents		50,909,343	47,039,948	28,057,682	21,059,981
Trade accounts and notes receivable					
Related parties	5	2,800,937,536	3,179,261,656	2,786,715,800	3,171,953,654
Unrelated parties		354,073,882	495,845,003	339,215,993	475,444,764
Less: Allowance for doubtful accounts		(283,808,960)	(283,808,960)	(283,808,960)	(283,808,960)
Trade accounts and notes receivable - net	6	2,871,202,458	3,391,297,699	2,842,122,833	3,363,589,458
Amounts due from and advances paid to related parties	5	3,339,915	1,281,516	3,724,992	2,058,567
Inventories - net	7	14,169,091,131	11,449,730,281	14,186,495,785	11,452,686,373
Other current assets					
Advances payment		13,327,762	7,747,490	13,205,977	7,710,393
Input tax refundable		473,517,006	380,472,465	473,517,006	380,472,465
Prepaid expenses		12,299,006	18,882,425	11,129,612	17,703,095
Accrued income from related parties	5	7,960,157	7,147,705	7,015,136	7,510,459
Undue input vat		8,106,563	47,330,948	5,168,425	42,681,354
Others		9,621,511	7,237,440	2,344,507	858,519
Total current assets		17,619,374,852	15,358,167,917	17,572,781,955	15,296,330,664
Non-current assets					
Investments in subsidiary companies	8	-	-	278,999,930	278,999,930
Investment in joint venture	9	3,838,851,915	4,179,440,824	4,502,797,025	4,502,797,025
Other long-term investment	10	-	-	-	-
Property, plant and equipment - net	11	21,252,007,317	22,179,723,495	18,941,579,429	19,740,689,226
Intangible assets - net	12	47,935,437	56,011,562	47,421,871	55,481,229
Other non-current assets - net	13	15,084,573	12,994,037	6,506,179	8,386,404
Total non-current assets		25,153,879,242	26,428,169,918	23,777,304,434	24,586,353,814
Total assets		42,773,254,094	41,786,337,835	41,350,086,389	39,882,684,478

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

Balance Sheets (continued)

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
As at 31 December 2009 and 2008

		Consolidated financial statements		Separate financial statements	
Unit: Baht	Note	2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	14	12,933,461,701	14,322,592,907	12,905,530,469	14,226,076,662
Trade accounts payable					
Related parties	5	4,988,839	10,267,547	36,837,077	31,440,799
Unrelated parties		3,754,944,415	906,966,243	3,721,088,102	886,599,993
Total trade accounts payable		3,759,933,254	917,233,790	3,757,925,179	918,040,792
Amounts due to and advances received					
from related parties	5	46,756,844	5,204,828	85,888,480	22,405,683
Current portion of long-term loans	15	1,799,257,539	1,424,034,567	1,698,400,000	1,308,400,000
Current portion of liabilities					
under finance lease agreements	16	22,720,276	198,213,010	-	170,769,561
Current portion of liabilities					
under hire purchase agreements		1,780,815	4,625,629	917,094	2,736,099
Other current liabilities					
Accrued interest expenses		51,814,096	78,538,217	51,577,339	78,352,902
Accrued corporate income tax		11,216,813	2,157,610	-	-
Accrued expenses		96,727,485	66,073,864	91,859,952	60,846,268
Advances received from sales of goods and provision of services		132,379,873	27,455,543	130,284,768	27,455,543
Retention payable		6,773,397	12,939,668	4,953,658	4,224,456
Others		56,194,476	35,177,977	40,100,651	22,191,504
Total current liabilities		18,919,016,569	17,094,247,610	18,767,437,590	16,841,499,470
Non-current liabilities					
Long-term loans, net of current portion	15	6,091,035,543	7,876,371,986	5,685,200,000	7,383,600,000
Liabilities under finance lease agreements, net of current portion	16	7,454,810	30,162,246	-	-
Liabilities under hire purchase agreements, net of current portion		643,121	2,423,936	301,857	1,218,952
Total non-current liabilities		6,099,133,474	7,908,958,168	5,685,501,857	7,384,818,952
Total liabilities		25,018,150,043	25,003,205,778	24,452,939,447	24,226,318,422

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

Balance Sheets (continued)

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
As at 31 December 2009 and 2008

Unit: Baht	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Liabilities and shareholders' equity (continued)					
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
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
Discount on ordinary share					
		(2,171,280,000)	(2,171,280,000)	(2,171,280,000)	(2,171,280,000)
Unrealised gain					
	17	Revaluation surplus on assets	6,646,798,646	6,974,531,885	6,407,640,215
Retained earnings (deficit)					
	18	Appropriated - statutory reserve	441,796,917	441,796,917	441,796,917
		Unappropriated	(1,059,093,245)	(2,332,290,048)	(882,290,190)
Equity attributable to the company's shareholders					
			16,959,502,318	16,014,038,754	16,897,146,942
Minority interest - equity attributable to minority shareholders of subsidiary					
			795,601,733	769,093,303	-
Total shareholders' equity					
			17,755,104,051	16,783,132,057	16,897,146,942
Total liabilities and shareholders' equity					
			42,773,254,094	41,786,337,835	41,350,086,389
					39,882,684,478

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

Income Statements

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
For the years ended 31 December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Unit: Baht					
Revenues					
Revenue from sales		33,187,968,074	27,448,082,742	33,187,804,166	27,454,912,175
Revenue from rendering of services		228,280,755	308,775,278	-	-
Other income					
Exchange gain		169,614,334	104,153,025	169,666,963	104,085,987
Others		51,453,600	33,259,518	51,947,706	32,700,219
Total revenues		33,637,316,763	27,894,270,563	33,409,418,835	27,591,698,381
Expenses					
Cost of sales		35,587,493,716	25,412,830,407	35,739,748,807	25,516,131,819
Record (reversal) of allowance for diminution in value of inventories		(5,373,237,036)	5,439,961,966	(5,373,237,036)	5,439,961,966
		30,214,256,680	30,852,792,373	30,366,511,771	30,956,093,785
Cost of rendering of services		139,973,986	198,169,865	-	-
Selling expenses		291,844,329	400,351,314	292,813,420	399,085,809
Administrative expenses		209,546,381	458,791,847	155,516,393	403,370,747
Management benefit expenses		74,829,598	70,622,964	51,665,545	8,796,801
Other expenses					
Loss from litigation claim		11,835,195	-	11,835,195	-
Loss on impairment of land	11	-	10,005,134	-	10,005,134
Total expenses		30,942,286,169	31,990,733,497	30,878,342,324	31,817,352,276

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

Income Statements (continued)

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
For the years ended 31 December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Unit: Baht					
Income (loss) before share of loss from investment in joint venture, finance cost and corporate income tax		2,695,030,594	(4,096,462,934)	2,531,076,511	(4,225,653,895)
Share of loss from investment in joint venture		(340,588,908)	(323,356,201)	-	-
Income (loss) before finance cost and corporate income tax		2,354,441,686	(4,419,819,135)	2,531,076,511	(4,225,653,895)
Finance cost		(1,020,125,651)	(711,357,448)	(982,883,658)	(659,705,244)
Income (loss) before corporate income tax		1,334,316,035	(5,131,176,583)	1,548,192,853	(4,885,359,139)
Corporate income tax	20	(19,904,273)	(10,157,768)	-	-
Net income (loss) for the year		1,314,411,762	(5,141,334,351)	1,548,192,853	(4,885,359,139)
Net income (loss) attributable to					
Equity holders of the parent		1,273,196,803	(5,166,204,548)	1,548,192,853	(4,885,359,139)
Minority interests of the subsidiary		41,214,959	24,870,197		
		1,314,411,762	(5,141,334,351)		
Basic earnings (loss) per share	22				
Net income (loss) attributable to equity holders of the parent		0.10	(0.39)	0.12	(0.37)
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

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
For the years ended 31 December 2009 and 2008

	Consolidated financial statements							Total
	Issued and paid-up share capital	Discount on share capital	Revaluation surplus on assets	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiary	
				Appropriated	Unappropriated			
Balance as at 31 December 2007	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 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)
Total expenses recognised directly in equity								
Net loss for the year	-	-	(786,722,577)	-	-	(786,722,577)	(14,706,528)	(801,429,105)
Total income (expense) for the year								
Dividend payment (Note 25)	-	-	(786,722,577)	-	(5,166,204,548)	(5,952,927,125)	24,870,197	(5,141,334,351)
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
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
Expenses recognised directly in equity								
Amortisation of revaluation on assets	-	-	(327,733,239)	-	-	(327,733,239)	(14,706,529)	(342,439,768)
Total expenses recognised directly in equity								
Net income for the year	-	-	(327,733,239)	-	-	(327,733,239)	(14,706,529)	(342,439,768)
Total income (expense) for the year								
Net income for the year	-	-	(327,733,239)	-	1,273,196,803	1,273,196,803	41,214,959	1,314,411,762
Balance as at 31 December 2009	13,101,280,000	(2,171,280,000)	6,646,798,646	441,796,917	(1,059,093,245)	16,959,502,318	795,601,733	17,755,104,051

Unit: Baht

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

Statements of Changes in Shareholders' Equity (continued)

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
For the years ended 31 December 2009 and 2008

Unit: Baht	Separate financial statements					Total
	Issued and paid-up share capital	Discount on share ordinary	Revaluation surplus on assets	Retained earnings		
				Appropriated	Unappropriated	
Balance as at 31 December 2007	13,101,280,000	(2,171,280,000)	7,480,117,228	441,796,917	3,109,694,596	21,961,608,741
Expenses recognised directly in equity	-	-	(203,443,600)	-	-	(203,443,600)
Amortisation of revaluation on assets	-	-	(561,621,446)	-	-	(561,621,446)
Reversal of revaluation surplus on assets as a result of business combination	-	-	(765,065,046)	-	-	(765,065,046)
Total expenses recognised directly in equity	-	-	-	-	(4,885,359,139)	(4,885,359,139)
Net loss for the year	-	-	(765,065,046)	-	(4,885,359,139)	(5,650,424,185)
Total income (expense) for the year	-	-	-	-	(654,818,500)	(654,818,500)
Dividend payment (Note 25)	-	-	-	-	-	-
Balance as at 31 December 2008	13,101,280,000	(2,171,280,000)	6,715,052,182	441,796,917	(2,430,483,043)	15,656,366,056
Balance as at 31 December 2008	13,101,280,000	(2,171,280,000)	6,715,052,182	441,796,917	(2,430,483,043)	15,656,366,056
Expenses recognised directly in equity	-	-	(307,411,967)	-	-	(307,411,967)
Amortisation of revaluation on assets	-	-	(307,411,967)	-	-	(307,411,967)
Total expenses recognised directly in equity	-	-	-	-	1,548,192,853	1,548,192,853
Net income for the year	-	-	(307,411,967)	-	1,548,192,853	1,240,780,886
Total income (expense) for the year	-	-	-	-	(882,290,190)	(882,290,190)
Balance as at 31 December 2009	13,101,280,000	(2,171,280,000)	6,407,640,215	441,796,917	(882,290,190)	16,897,146,942

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

Cash Flow Statements

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
For the years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Note				
Cash flows from operating activities				
Net income (loss) before tax	1,334,316,035	(5,131,176,583)	1,548,192,853	(4,885,359,139)
Adjustments to reconcile net income (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	712,277,928	566,740,297	583,083,039	437,447,539
Loss from withholding tax written off	552,654	483,021	552,654	483,021
Record (reversal) of allowance for diminution in value of inventories	(5,373,237,036)	5,439,961,966	(5,373,237,036)	5,439,961,966
Loss on disposal of deteriorated raw materials	-	2,664,541	-	2,664,541
Loss from litigation claim	11,835,195	-	11,835,195	-
Share of loss from investment in joint venture	340,588,908	323,356,201	-	-
Loss on impairment of land	-	10,005,134	-	10,005,134
Gain on sales of property, plant and equipment	(455,285)	(1,730,085)	(455,285)	(1,705,745)
Loss on written off of property, plant and equipment	208,321	3,545,308	160,205	3,432,735
Unrealised loss on exchange	16,401,928	9,497,653	16,470,638	9,497,653
Interest expenses	993,241,579	686,404,842	956,598,198	635,505,251
Income (loss) from operating activities before changes in operating assets and liabilities	(1,964,269,773)	1,909,752,295	(2,256,799,539)	1,651,932,956
Operating assets (increase) decrease				
Trade accounts and notes receivable - related parties	378,324,120	(490,487,477)	385,237,853	(498,452,646)
Trade accounts and notes receivable - unrelated parties	139,751,886	219,391,367	134,209,535	225,188,803
Amounts due from and advances paid to related parties	(2,058,399)	3,029,287	(1,666,425)	5,431,182
Inventories	2,653,876,187	(8,211,475,263)	2,639,427,624	(8,198,401,578)
Other current assets	(54,612,655)	(390,278,403)	(55,114,453)	(392,300,710)
Other assets	1,858,614	(178,405)	1,880,225	(210,804)
Operating liabilities increase (decrease)				
Trade accounts payable - related parties	(5,278,708)	469,984	5,396,278	16,723,597
Trade accounts payable - unrelated parties	2,833,364,296	(57,633,109)	2,819,874,233	(61,926,829)
Amounts due to and advances received from related parties	41,552,017	(34,355,541)	63,482,797	(38,011,531)
Other current liabilities	138,824,164	(58,629,250)	140,808,534	(18,054,216)
Cash flows from (used in) operating activities	4,161,331,749	(7,110,394,515)	3,876,736,662	(7,308,081,776)
Cash paid for interest expenses	(1,019,965,700)	(639,130,831)	(983,373,761)	(587,736,707)
Cash paid for corporate income tax	(16,747,752)	(12,501,963)	(882,576)	(552,654)
Net cash flows from (used in) operating activities	3,124,618,297	(7,762,027,309)	2,892,480,325	(7,896,371,137)

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

Cash Flow Statements (continued)

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
For the years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Note				
Cash flows from investing activities				
Acquisition of investment in joint venture	-	(3,454,382,589)	-	(3,454,382,589)
Acquisitions of property, plant and equipment	(119,151,972)	(99,866,309)	(83,577,999)	(64,059,659)
Proceeds from sales of property, plant and equipment	547,229	3,897,484	547,229	3,033,354
Acquisitions of intangible assets	(73,685)	(3,121,005)	-	(3,074,504)
Net cash flows used in investing activities	(118,678,428)	(3,553,472,419)	(83,030,770)	(3,518,483,398)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(1,389,131,205)	10,076,402,415	(1,320,546,193)	10,082,076,662
Repayment of long-term loans	(1,410,113,470)	(529,074,724)	(1,308,400,000)	(416,000,000)
Cash receipt from long-term loans	-	3,325,000,000	-	3,300,000,000
Repayment of debentures	-	(725,000,000)	-	(725,000,000)
Cash receipt from sale-leaseback of equipment and machinery	-	38,559,888	-	-
Repayment of liabilities under finance lease and hire purchase agreements	(202,825,799)	(219,269,613)	(173,505,661)	(195,622,638)
Dividend payment	-	(654,818,500)	-	(654,818,500)
Net cash flows from (used in) financing activities	(3,002,070,474)	11,311,799,466	(2,802,451,854)	11,390,635,524
Net increase (decrease) in cash and cash equivalents	3,869,395	(3,700,262)	6,997,701	(24,219,011)
Cash and cash equivalents at beginning of year	47,039,948	50,740,210	21,059,981	45,278,992
Cash and cash equivalents at end of year	50,909,343	47,039,948	28,057,682	21,059,981
Supplemental cash flows information				
Non-cash transaction				
Assets acquired under finance lease and hire purchase agreements	-	3,651,636	-	2,225,100
Amortisation of revaluation surplus on assets	342,439,768	239,807,659	307,411,967	203,443,600

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

Notes to Consolidated Financial Statements

Sahaviriya Steel Industries Public Company Limited, its subsidiaries and its jointly controlled entity
For the years ended 31 December 2009 and 2008

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, Kwang Silom, Khet Bangrak, Bangkok and its plant located at 9 Moo 7, Ban Klang Na-Yai Ploy Road, Tambon Mae Rumphueng, Amphur Bang Saphan, Prachuap Khiri Khan.

Antidumping measures of Thailand

Since 2002, the government has introduced various measures to counteract dumping and subsidising of imported goods. These measures include the following:

(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 issued an announcement of a review of the need for the continued imposition of the duty as summarised in (a) and (b) above. The results of the review are summarised below.

1) On 21 May 2009, the Committee on Dumping and Subsidies, Department of Foreign Trade, Ministry of Commerce announced the Committee’s judgment that antidumping duties on imported coil and non-coil hot rolled steel originating from 14 countries (see (a)) would continue to be imposed at the same rate, for a period of 5 years. In addition, the Committee approved the exemption of some coil and non-coil hot rolled steel imported for cold-rolling and further processing for some downstream users from antidumping duties for a period of 5 years.

2) On 21 December 2009, the Committee on Dumping and Subsidies, Department of Foreign Trade, Ministry of Commerce approved the exemption of some coil and non-coil hot rolled steel imported for re-export originating from the 14 countries from antidumping duties.

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 30 January 2009, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of 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 (percent)		Assets as a percentage to the consolidated total assets as at 31 December (percent)		Revenues as a percentage to the consolidated total revenues for the year ended 31 December (percent)	
			2009	2008	2009	2008	2009	2008
Prachuap Port Company Limited	The provision of deep-sea port services and marine shipping services	Thailand	51.00	51.00	4.95	5.21	0.39	0.56
West Coast Engineering Company Limited	The provision of machinery and equipment maintenance services	Thailand	99.99	99.99	0.77	0.89	0.32	0.56

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) 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 investment in joint venture under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidances as follows:

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007)

Impairment of Assets

TFRS 5 (revised 2007)
 Non-current Assets Held for Sale
 and Discontinued Operations
 Accounting Treatment Guidance for Leasehold
 right
 Accounting Treatment Guidance for Business
 Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidances became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes

that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

		Effective date
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade 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.

4.4 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.

4.5 Investments

a) 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).

b) Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

c) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method, and net of allowance for loss on diminution in value (if any).

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

4.6 Property, plant and equipment/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/service 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 assets of the Company and its subsidiaries, 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 assets of the Company and its subsidiaries, the decrease is recognised as an expense in the income statement. However, the 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 the 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.

4.7 Borrowing costs

The 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.

4.8 Intangible assets

Intangible assets are measured at cost on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation

period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The intangible assets which is computer software has a finite useful life of 10 years.

4.9 Related party transactions

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

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

4.10 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 are depreciated over the useful life of the assets.

4.11 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.

4.12 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. 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.

4.13 Employee benefits

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

4.14 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.

4.15 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

4.16 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. 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.

4.17 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 an 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 longer-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/service line, roads, berth and berth facilities, and tug boats at revalued amounts. Fair value from revaluation is determined by the

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.

Intangible assets

The initial recognition and measurement of 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.

Investment in joint venture

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 ordinary shares and convertible preferred shares, which is equal to 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 joint venture and applied the equity accounting method for the investment in joint venture 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.

Litigation

The Company and its subsidiaries have contingent losses and liabilities as a result of dispute and litigation. The Company and its subsidiaries' managements exercised a degree of judgment to assess of the results of the dispute and litigation and, for conservative purposes, as of the balance sheet date have recorded full allowance for impairment of the land and assets located on that land and contingent liabilities in respect of the result of the litigation. However, actual results could differ from the estimates.

5. Related party transactions

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

	Nature of business	Relationship 31 December 2009	Relationship 31 December 2008
Subsidiary companies			
Prachuap Port Company Limited	Deep-sea port services and marine shipping services	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 and distributor of cold rolled coils	Jointly controlled entity	Jointly controlled entity
Related companies			
Thai Coated Steel Sheet Company Limited	Producer and distributor of electro-galvanized coils	Shareholding by the Company and common directors	Shareholding by the Company and common directors
Bangsaphan Barmill Public Company Limited	Producer and distributor 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 and distributor 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	Producer and distributor 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 director(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 director(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)
Sahaviriya Iron and Steel Company Limited	Producer of slab	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)
Thai Steel Sales 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)
Prachuap Pattana Development Company Limited	Holding Company	Common directors and aggregate direct shareholding by the Company's director(s)	Common directors and aggregate direct shareholding by the Company's director(s)

	Consolidated financial statements		Separate financial statements	
Unit: Million Baht	2009	2008	2009	2008
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
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	4,456.4	219.3	4,456.4	219.3
<i>Related companies</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	-	1,667.5	-	1,667.5
B.S. Metal Company Limited	7,191.5	4,759.4	7,191.5	4,759.4
Sahaviriya Panich International Company Limited	10,970.7	7,449.4	10,970.7	7,449.4
	22,618.6	14,095.6	22,618.6	14,102.7
<u>Revenue from rendering of services</u>				
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	62.5	14.0	-	-
<i>Related companies</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	-	50.5	-	-
Bangsaphan Barmill Public Company Limited	5.9	10.8	-	-
Line Transport Company Limited	7.1	7.2	-	-
C.A.R. Services Company Limited	3.8	0.8	-	-
Thai Coated Steel Sheet Company Limited	2.1	1.5	-	-
Other related companies	1.8	3.1	-	-
	83.2	87.9	-	-
<u>Other income</u>				
<i>Subsidiaries (eliminated from the consolidated financial statements)</i>				
West Coast Engineering Company Limited	-	-	2.3	0.8
Prachuap Port Company Limited	-	-	3.7	0.9
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	11.9	2.5	11.9	2.5
<i>Related companies</i>				
Thai Cold Rolled Steel Sheet Public Company Limited*	-	2.8	-	2.8
Thai Coated Steel Sheet Company Limited	4.4	3.5	4.4	3.5
Other related companies	0.7	3.5	0.1	3.0
	17.0	12.3	22.4	13.5

* Previously classified as related company and classified as jointly controlled entity as from 30 September 2008

	Consolidated financial statements		Separate financial statements	
Unit: Million Baht	2009	2008	2009	2008
<u>Purchases of goods and services</u>				
<i>Subsidiaries (eliminated from the consolidated financial statements)</i>				
Prachuap Port Company Limited	-	-	149.6	99.6
West Coast Engineering Company Limited	-	-	310.7	271.8
<i>Related companies</i>				
Line Transport Company Limited	122.3	69.4	122.3	69.4
B.S. Metal Company Limited	4.0	4.0	4.0	4.0
Sahaviriya Plate Mill Public Company Limited	2.0	-	-	-
Other related companies	1.7	1.2	1.7	1.1
	130.0	74.6	588.3	445.9
<u>Purchases of raw materials</u>				
<i>Related companies</i>				
Sahaviriya Plate Mill Public Company Limited	-	11.9	-	-
Sahaviriya Panich International Company Limited	-	159.5	-	159.5
B.P. Wire Rod Company Limited	-	225.1	-	225.1
	-	396.5	-	384.6
<u>Selling and administrative expenses</u>				
<i>Subsidiary company (eliminated from the consolidated financial statements)</i>				
Prachuap Port Company Limited	-	-	3.1	1.5
<i>Related companies</i>				
Prapawit Building Property Company Limited	13.2	14.1	11.5	12.3
Sahaviriya Panich International Company Limited	17.7	5.0	17.7	5.0
Line Transport Company Limited	51.9	31.6	51.3	31.1
Bangpakong Lighter Company Limited	97.1	113.3	97.1	113.3
C.A.R. Services Company Limited	23.7	56.0	23.7	56.0
Bangpakong Port Company Limited	1.1	3.6	1.0	3.6
Other related companies	1.1	2.3	1.1	2.0
	205.8	225.9	206.5	224.8

Business transactions and pricing policies are summarised as follows.

Transactions with the Company, subsidiary companies and jointly controlled entity	Pricing policy
Revenue from sales	<ul style="list-style-type: none"> Same prices as those charged to third parties, dependent on purchasing volume and relevant marketing considerations.
Other income	<ul style="list-style-type: none"> Sales of scrap material are priced based on scrap weight and the prices set by the Company. Revenue from providing management staffs to subsidiary companies and jointly controlled entity were charges based on agreements.
Purchases of goods and services	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Same prices as those charged to third parties, dependent on purchasing volume and relevant marketing considerations.
Revenue from rendering of services	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> At an agreed price
Selling and administrative expenses	<ul style="list-style-type: none"> 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 2009 and 2008, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Trade accounts and notes receivable				
<i>Subsidiary company</i>				
West Coast Engineering Co., Ltd.	-	-	-	217,337
Total trade accounts and notes receivable - subsidiary company	-	-	-	217,337
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Plc.	226,166,676	5,656,826	214,247,032	-
Total trade accounts and notes receivable - jointly controlled entity	226,166,676	5,656,826	214,247,032	-
<i>Related companies</i>				
B.S. Metal Co., Ltd.	1,688,001,374	2,526,507,440	1,688,001,374	2,526,482,990
Sahaviriya Panich International Co., Ltd.	884,467,394	645,253,327	884,467,394	645,253,327
Other related companies	2,302,092	1,844,063	-	-
Total trade accounts and notes receivable - related companies	2,574,770,860	3,173,604,830	2,572,468,768	3,171,736,317
Trade accounts and notes receivable - related parties	2,800,937,536	3,179,261,656	2,786,715,800	3,171,953,654

The uncertainty of the current economic situation could adversely affect the debtor's ability to make payment in the future.

	Consolidated financial statements		Separate financial statements	
Unit: Baht	2009	2008	2009	2008
Amounts due from and advances paid to related parties				
<i>Subsidiaries</i>				
Prachuap Port Co., Ltd.	-	-	13,879	140,731
West Coast Engineering Co., Ltd.	-	-	1,052,981	782,392
Total amounts due from and advances paid to subsidiaries	-	-	1,066,860	923,123
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Plc.	598,806	520,282	84,787	520,282
Total amounts due from and advances paid to jointly controlled entity	598,806	520,282	84,787	520,282
<i>Related companies</i>				
Sahaviriya Iron and Steel Co., Ltd.	2,187,199	-	2,187,199	-
Other related companies	553,910	761,234	386,146	615,162
Total amounts due from and advances paid to related companies	2,741,109	761,234	2,573,345	615,162
Amounts due from and advances paid to related parties	3,339,915	1,281,516	3,724,992	2,058,567
Accrued income from related parties				
<i>Subsidiaries</i>				
Prachuap Port Co., Ltd.	-	-	-	310,568
West Coast Engineering Co., Ltd.	-	-	464,401	556,202
Total accrued income from subsidiaries	-	-	464,401	866,770
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Plc.	1,707,220	721,649	297,798	217,633
Total accrued income from jointly controlled entity	1,707,220	721,649	297,798	217,633
<i>Related companies</i>				
Thai Coated Steel Sheet Co., Ltd.	5,782,234	6,004,781	5,782,234	6,004,781
Bangsaphan Barmill Plc.	275,743	161,572	275,743	161,572
Other related companies	194,960	259,703	194,960	259,703
Total accrued income from related companies	6,252,937	6,426,056	6,252,937	6,426,056
Accrued income from related parties	7,960,157	7,147,705	7,015,136	7,510,459

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Trade accounts payable				
<i>Subsidiaries</i>				
Prachuap Port Co., Ltd.	-	-	13,607,756	15,196,034
West Coast Engineering Co., Ltd.	-	-	18,240,482	5,977,218
Total trade accounts payable - subsidiaries	-	-	31,848,238	21,173,252
<i>Related companies</i>				
Line Transport Co., Ltd.	3,500,349	9,245,457	3,500,349	9,245,457
C.A.R. Services Co., Ltd.	1,426,873	800,461	1,426,873	800,461
Other related companies	61,617	221,629	61,617	221,629
Total trade accounts payable - related companies	4,988,839	10,267,547	4,988,839	10,267,547
Trade accounts payable - related parties	4,988,839	10,267,547	36,837,077	31,440,799
Amounts due to and advances received from related parties				
<i>Subsidiaries</i>				
Prachuap Port Co., Ltd.	-	-	25,040,708	-
West Coast Engineering Co., Ltd.	-	-	14,176,642	17,288,427
Total amounts due to and advances received from subsidiaries	-	-	39,217,350	17,288,427
<i>Related companies</i>				
Line Transport Co., Ltd.	31,603,248	263,281	31,554,887	214,275
Bangpakong Lighter Co., Ltd.	11,093,769	-	11,093,769	-
C.A.R. Services Co., Ltd.	1,099,439	2,308,605	1,099,439	2,308,605
Sahaviriya Panich International Co., Ltd.	1,669,342	744,187	1,669,342	744,187
B.S. Metal Co., Ltd.	-	638,893	-	638,893
Prapawit Building Property Co., Ltd.	1,024,476	982,731	997,924	962,765
Other related companies	266,570	267,131	255,769	248,531
Total amounts due to and advances received from related companies	46,756,844	5,204,828	46,671,130	5,117,256
Amounts due to and advances received from related parties	46,756,844	5,204,828	85,888,480	22,405,683

6. Trade accounts and notes receivable

The balances of trade accounts and note receivable as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Related parties				
<u>Age of receivable</u>				
Not yet due	2,797,724,520	544,915,235	2,786,715,800	539,721,169
Past due				
Up to 3 months	3,213,016	1,482,525,199	-	1,480,411,263
3 - 6 months	-	1,151,821,222	-	1,151,821,222
Total	2,800,937,536	3,179,261,656	2,786,715,800	3,171,953,654
Unrelated parties				
<u>Age of receivable</u>				
Not yet due	69,723,565	207,547,520	55,407,033	191,635,804
Past due				
Up to 3 months	541,357	4,488,523	-	-
Over 12 months	283,808,960	283,808,960	283,808,960	283,808,960
Total	354,073,882	495,845,003	339,215,993	475,444,764
Less: Allowance for doubtful accounts	(283,808,960)	(283,808,960)	(283,808,960)	(283,808,960)
Total	70,264,922	212,036,043	55,407,033	191,635,804
Trade accounts and notes receivable - net	2,871,202,458	3,391,297,699	2,842,122,833	3,363,589,458

7. Inventories

Details of inventories as at 31 December 2009 and 2008 are as follows:

	Consolidated financial statements							
	Cost		Allowance of diminution in value of inventory				Inventory - net	
			Reduction cost to net realisable value		Stock obsolescence			
Unit: Baht	2009	2008	2009	2008	2009	2008	2009	2008
Finished goods	5,053,722,242	5,502,641,036	(49,316,318)	(2,192,171,159)	-	-	5,004,405,924	3,310,469,877
Work in process	10,021,559	26,380,459	-	-	-	-	10,021,559	26,380,459
Raw materials	3,882,261,933	9,376,799,035	(18,823,635)	(3,071,022,930)	-	-	3,863,438,298	6,305,776,105
Goods in transit	4,236,062,843	879,921,170	(3,564)	(177,752,689)	-	-	4,236,059,279	702,168,481
Spare parts and factory supplies	1,209,156,140	1,259,359,203	-	-	(153,990,069)	(154,423,844)	1,055,166,071	1,104,935,359
Total	14,391,224,717	17,045,100,903	(68,143,517)	(5,440,946,778)	(153,990,069)	(154,423,844)	14,169,091,131	11,449,730,281

	Separate financial statements							
	Cost		Allowance of diminution in value of inventory				Inventory - net	
			Reduction cost to net realisable value		Stock obsolescence			
Unit: Baht	2009	2008	2009	2008	2009	2008	2009	2008
Finished goods	5,075,735,421	5,518,307,024	(49,316,318)	(2,192,171,159)	-	-	5,026,419,103	3,326,135,865
Work in process	-	-	-	-	-	-	-	-
Raw materials	3,893,855,395	9,392,080,605	(18,823,635)	(3,071,022,930)	-	-	3,875,031,760	6,321,057,675
Goods in transit	4,236,062,843	879,921,170	(3,564)	(177,752,689)	-	-	4,236,059,279	702,168,481
Spare parts and factory supplies	1,202,975,712	1,257,748,196	-	-	(153,990,069)	(154,423,844)	1,048,985,643	1,103,324,352
Total	14,408,629,371	17,048,056,995	(68,143,517)	(5,440,946,778)	(153,990,069)	(154,423,844)	14,186,495,785	11,452,686,373

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 14 and 15 to the financial statements.

8. Investments in subsidiary companies

Details of investments in subsidiary companies as presented in separate financial statements as at 31 December 2009 and 2008 are as follows:

Companies	Paid-up capital (Million Baht)		Shareholding percentage (Percentage)		Cost (Baht)		Dividend received during the year (Baht)	
	2009	2008	2009	2008	2009	2008	2009	2008
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	-	-

9. Investment in joint venture

9.1 Detail of investment in joint venture

Investment in joint venture represent investment in entity which is jointly controlled by the Company and other companies and as at 31 December 2009 and 2008 details are as follows:

Company's name	Nature of business	Consolidated financial statement					
		Shareholding percentage (percent)		Cost (Baht)		Carrying amounts based on equity method (Baht)	
		2009	2008	2009	2008	2009	2008
Thai Cold Rolled Steel Sheet Public Company Limited	Producer and distributor of cold rolled coils	50.15	50.15	5,440,922,025	5,440,922,025	3,838,851,915	4,179,440,824
Total				5,440,922,025	5,440,922,025	3,838,851,915	4,179,440,824

Company's name	Nature of business	Separate financial statements							
		Shareholding percentage (percent)		Cost (Baht)		Allowance for impairment of investment (Baht)		Carrying amounts based on cost method - net (Baht)	
		2009	2008	2009	2008	2009	2008	2009	2008
Thai Cold Rolled Steel Sheet Public Company Limited	Producer and distributor of cold rolled coils	50.15	50.15	5,440,922,025	5,440,922,025	(938,125,000)	(938,125,000)	4,502,797,025	4,502,797,025
Total				5,440,922,025	5,440,922,025	(938,125,000)	(938,125,000)	4,502,797,025	4,502,797,025

On 24 September 2008, the Company 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 as approved by the resolution of the Extraordinary Shareholders' Meeting No. 1/2550 dated 26 June 2008. After the acquisition, the Company converted 214,525,510 convertible preferred shares to 214,525,510 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 joint venture and applied the equity accounting method for the investment in joint venture 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.

9.2 Share of loss

During the year, the Company recognised its share of net loss from investments in the joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

	Consolidated financial statements		Separate financial statements	
	Share of loss from investments in joint venture during the year		Dividend received during the year	
	2009	2008	2009	2008
Unit: Baht				
Thai Cold Rolled Steel Sheet Public Company Limited	340,588,908	323,356,201	-	-
Total	340,588,908	323,356,201	-	-

9.3 Summarised financial information of jointly controlled entity

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:

	As at 31 December	
	2009	2008
Unit: Million Baht		
Current assets	1,455	1,534
Non-current assets	6,358	6,085
Total assets	7,813	7,619
Current liabilities	2,339	1,944
Non-current liabilities	1,662	1,522
Total liabilities	4,001	3,466
Net assets	3,812	4,153

Unit: Million Baht	For the year ended 31 December 2009	For the period from the date of gaining joint control to 31 December 2008
Revenue	6,047	2,325
Cost of sales	(6,110)	(2,517)
Selling and administrative expenses	(162)	(58)
Other expenses	-	(22)
Loss before finance cost	(225)	(272)
Finance cost	(116)	(51)
Net loss	(341)	(323)

Thai Cold Rolled Steel Sheet Public Company Limited mortgaged/pledged 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.

10. Other long-term investments

Details of other long-term investments, which the Company classified as general investment, as at 31 December 2009 and 2008 are as follows:

Company	Nature of business	Consolidated / Separate financial statements							
		Shareholding percentage (percent)		Cost (Baht)		Allowance for impairment of investments (Baht)		Carrying amount based on cost method - net (Baht)	
		2009	2008	2009	2008	2009	2008	2009	2008
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)	-	-
				293,999,500	293,999,500	(293,999,500)	(293,999,500)	-	-

The Company and its subsidiaries arranged for an independent professional valuer to reappraise the value of certain assets in December 2007 on an asset-by-asset basis and recorded the assets at the new revaluation amounts. The basis of the revaluations was as follows:

- Land was revalued 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 using the depreciated replacement cost approach.

The results of revaluation by independent appraisers are presented below.

	Consolidated financial statements					
Unit: Baht	Land	Building and building improvement	Machinery and equipment in production/service 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

	Separate financial statements				
Unit: Baht	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

Breakdown of property, plant and equipment carried on the revaluation basis and their accumulated depreciation as at 31 December 2009 and 2008 are as follows:

Consolidated financial statements					
2009					
Unit: Baht	Land	Building and building improvement	Machinery and equipment in production/ service line	Roads	Berth and berth facilities, and tug boats
Original cost - net allowance for impairment loss	1,040,195,943	1,983,898,990	15,649,249,214	131,615,196	2,057,552,879
Surplus from revaluation	(52,828,009)	1,134,953,222	9,025,298,206	26,088,666	801,917,821
Revalued amount	987,367,934	3,118,852,212	24,674,547,420	157,703,862	2,859,470,700
Accumulated depreciation on original cost - net allowance for impairment loss	-	1,076,333,402	4,785,393,535	105,777,064	695,578,943
Accumulated depreciation on surplus from revaluation	-	767,012,160	2,970,873,499	27,899,242	406,249,852
Accumulated depreciation on revalued amount	-	1,843,345,562	7,756,267,034	133,676,306	1,101,828,795

Consolidated financial statements					
2008					
Unit: Baht	Land	Building and building improvement	Machinery and equipment in production/ service 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

Separate financial statements								
2009					2008			
Unit: Baht	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	1,818,889,018	15,494,406,093	49,322,646	664,503,067	1,818,032,882	15,474,381,965	49,322,646
Surplus from revaluation	10,491,367	1,103,366,527	8,989,432,000	27,739,994	10,491,367	1,103,366,526	8,989,432,000	27,739,994
Revalued amount	674,994,434	2,922,255,545	24,483,838,093	77,062,640	674,994,434	2,921,399,408	24,463,813,965	77,062,640
Accumulated depreciation on original cost - net allowance for impairment loss	-	1,029,348,094	4,652,545,885	40,010,145	-	931,673,867	4,245,098,535	34,995,144
Accumulated depreciation on surplus from revaluation	-	757,766,085	2,947,831,653	26,279,673	-	702,597,761	2,697,602,793	24,264,890
Accumulated depreciation on revalued amount	-	1,787,114,179	7,600,377,538	66,289,818	-	1,634,271,628	6,942,701,328	59,260,034

In October 2006, the Federation of Accounting Professions issued Notification No. 25/2549 allowing entities which carry their assets 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 and its subsidiaries have 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:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Net income (loss) (Baht)	945,463,564	(5,391,305,679)	1,240,780,886	(5,088,802,739)
Earnings (loss) per share (Baht)	0.07	(0.41)	0.09	(0.39)

As at 31 December 2009, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 600.7 million (2008: Baht 496.1 million) (The Company only: Baht 389.1 million (2008: Baht 299.9 million)).

As at 31 December 2009, the Company and its subsidiaries have machinery, equipment and vehicles acquired under hire purchase and finance lease agreements, with net book values (at historical cost) amounting to Baht 45.8 million (the Company only: Baht 2.4 million).

The Company and its subsidiaries have mortgaged/pledged assets amounting to approximately Baht 20,327.0 million (The Company only: Baht 18,420.9 million) as collateral against bank overdrafts, short-term loans from financial institutions and long-term loans, as described in Note 14 and Note 15 to the financial statements.

As described in Note 26.1 (f), during 2007 and 2008, the Company and a subsidiary, Prachuap Port Company Limited, received letters from Prachuabkirikhan Provincial Land Office, Bangsaphan Branch, ordering the Company to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) for 25 plots of land with a combined book value of Baht 123.4 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 in order to corroborate a decision on whether to revoke or amend

the issued certificates. 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 that are being investigated. Subsequently, on 16 November 2007 and 25 August 2008, the Company and the subsidiary submitted letters to oppose any revocation or amendment of such certificate. However, for conservative purposes, in preparing the financial statements the Company and the subsidiary had recorded full allowance for impairment of the land and assets located on that land in the previous years' income statements.

On 6 August 2008, the Company received a letter from Prachuabkirikhan Provincial Land Office, Bangsaphan Branch notifying it that the process to revoke the certificate issued for a plot of land with a book value of Baht 0.3 million had been cancelled. The Company had made full allowance for impairment loss on this land in 2007, and the Company therefore reversed this amount in the income statement of 2008.

On 5 January 2010, the Director-General of the Department of Lands issued an order revoking almost all of the certificates of utilisation (Nor. Sor. 3 Kor) issued for plots of land for which the Company and the subsidiary had previously submitted letters opposing revocation to the Prachuabkirikhan Provincial Land Office. On 28 January 2010, the Company and the subsidiary submitted letters to the Director-General of the Department of Lands to appeal the order.

12. Intangible assets

Details of intangible assets which are software as at 31 December 2009 and 2008 are as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Cost	81,485,357	78,364,352	80,593,585	77,519,080
Acquisitions during the year	73,686	3,121,005	-	3,074,505
Accumulated amortisation	(33,623,606)	(25,473,795)	(33,171,714)	(25,112,356)
Net book value	47,935,437	56,011,562	47,421,871	55,481,229
Amortisation expenses included in the income statements for the year	8,149,811	7,987,525	8,059,358	7,900,915

13. Other non-current assets

Details of other non-current assets as at 31 December 2009 and 2008 are as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Deposits	7,411,490	9,270,105	6,506,179	8,386,404
Others	7,673,083	3,723,932	-	-
Total	15,084,573	12,994,037	6,506,179	8,386,404

14. Bank overdrafts and short-term loans from financial institutions

Details of bank overdrafts and short-term loans from financial institutions as at 31 December 2009 and 2008 are as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Bank overdrafts	931,232	6,516,245	-	-
Short-term loans from financial institutions				
Promissory note	2,377,000,000	2,340,000,000	2,350,000,000	2,250,000,000
Trust receipts	10,555,530,469	11,976,076,662	10,555,530,469	11,976,076,662
Total	12,933,461,701	14,322,592,907	12,905,530,469	14,226,076,662

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. These short-term loan agreements contain certain covenants as stipulated in the agreement that, among other things, required the Company to maintain according to the agreement such as maintenance of financial ratios, the minimum maintenance of the Company's shareholding in Prachuap Port Company Limited and Thai Cold Rolled Steel Sheet Public Company Limited.

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.

The bank overdraft and short-term loans of West Coast Engineering Company Limited, the subsidiary, are secured by mortgage of land and construction thereon and the assignment of beneficiary rights under insurance policies to the lender.

As at 31 December 2009, the bank overdraft and short-term loan facilities of the Company which have not yet been drawn down amounted to Baht 506.8 million (2008: Baht 3,769.8 million).

As at 31 December 2009, 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 85.0 million (2008: Baht 40.0 million).

As at 31 December 2009, 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 61.0 million (2008: Baht 43.9 million).

15. Long-term loans from financial institutions

Loan	Repayment schedule	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Unit: Baht					
15.1	Semi-annual installment commencing from March 2005 to September 2013	3,673,600,000	4,592,000,000	3,673,600,000	4,592,000,000
15.2	Semi-annual installment commencing from September 2005 to September 2013	720,000,000	800,000,000	720,000,000	800,000,000
15.3	Semi-annual installment commencing from September 2009 to September 2015	2,990,000,000	3,300,000,000	2,990,000,000	3,300,000,000
15.4	Monthly installment commencing from January 2006 to September 2014	444,480,582	481,604,053	-	-
15.5	Monthly installment commencing from June 2007 to May 2011	37,850,000	85,350,000	-	-
15.6	Quarterly installments commencing from June 2007 to March 2011	11,362,500	20,452,500	-	-
15.7	Quarterly installments commencing from September 2008 to June 2011	13,000,000	21,000,000	-	-
Total		7,890,293,082	9,300,406,553	7,383,600,000	8,692,000,000
Less: Current portion due within one year		(1,799,257,539)	(1,424,034,567)	(1,698,400,000)	(1,308,400,000)
Long-term loans - net		6,091,035,543	7,876,371,986	5,685,200,000	7,383,600,000

15.1 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.

15.2 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. 15.1 and 15.2 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 as stipulated in the agreement that, among other things, required the Company to maintain according to the agreement such as maintenance of financial ratios, 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.

15.3 A long-term credit facility amounting to Baht 3,300 million under the credit facilities agreement dated 16 September 2008 which the Company obtained from a commercial bank, 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. This loan agreements contain certain covenants as stipulated in the agreement that, among other things, required the Company to maintain according to the agreement such as maintenance of financial ratios, 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.

15.4 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, 5 September 2007 and 29 July 2008, 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.

This long-term loan is secured by the mortgage of land and related construction thereon and the expansion of the berth of the subsidiary, and the assignment of beneficiary rights under insurance policies to the lenders. This loan agreement contains covenants as stipulated in the agreement that, among other things, required the subsidiary to maintain according to the agreement such as the maintenance of financial ratios, restrictions on incurring indebtedness and creating or permitting the subsistence of security interest on assets, and the maintenance of present shareholders.

On 28 October 2009, the subsidiary entered into the memorandum to amend the agreement, under which

the lender agreed to extend the term of loan repayment and to revise the amounts of the loan installments. The details of the memorandum are summarised below:

Term of loan repayment:

Monthly installments, to be fully repaid within September 2014

Amount payable under each installment:

From July 2009 to August 2014 settlement of principal and interest totaling between Baht 5 million and Baht 10 million is to be made per installment, with full payment of all outstanding principal and interest to be made with the final installment. In addition, every six months, if the subsidiary's actual operating results are better than the projections that the subsidiary provided to the lender, the subsidiary is to make additional loan repayment to the lender, in an amount based on the calculation methodology specified in the memorandum.

15.5 A long-term credit facility of a subsidiary amounting to Baht 180 million under the credit facilities agreement dated 23 March 2007 and memorandum to amend the agreement dated 30 May 2008 with a term of 5 years, carrying interest at MLR less 0.5 percent per annum. Loan principal and interest are payable on a quarterly.

This credit facility is secured by the mortgage of certain land of the subsidiary and construction and/or future construction thereon, and the assignment of beneficiary rights under insurance policies to the lenders. This loan agreement contain covenants as stipulated in the agreement that, among other things, required the subsidiary to maintains according to the agreement such as the maintenance of financial ratios, the restrictions on incurring indebtedness and creating or permitting the subsistence of security interest, and the maintenance of the Company's equity in the subsidiary.

On 28 October 2009, the subsidiary entered into the memorandum to amend the agreement, under which

the lender agreed to change the term of loan repayment and to revise the amounts of the loan installments. The details of the memorandum are summarised below:

Term of loan repayment:

Monthly installments, to be fully repaid within May 2011.

Amount payable under each installment:

From July 2009 to April 2011 settlement of principal of Baht 3 million is to be made per installment, with full payment of all outstanding principal and interest to be made with the final installment.

15.6 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.

On 20 May 2008, the subsidiary entered into a memorandum to amend the loan agreement with the lender, under which the lender agreed to reduce the credit facility amount from Baht 60 million to Baht 27 million and change the loan repayment schedule from the quarterly installments as from June 2007 to December 2010 to the quarterly installments as from June 2007 to March 2011. In addition, the installment amount was changed. Whereas the amounts were formerly not less than Baht 2.50 million for the 1st to the 8th installments, not less than Baht 5 million for the 9th to the 15th installments, and full remaining settlement for the 16th installment, under the new conditions, they are not less than Baht 2.50 million for the 1st to the 4th installments and not less than Baht 2.27 million for the 5th to the 16th installments.

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 as stipulated in the agreement that, among other things, required the subsidiary to maintains according to the agreement such as the maintenance of financial ratios,

the restrictions on incurring indebtedness and creating or permitting the subsistence of security interest, and the Company's maintenance of a shareholding of not less than 75 percent in the subsidiary for the term of the loan agreement.

15.7 Long-term credit facility of a subsidiary amounting to Baht 75 million under a loan agreement dated 23 June 2008. The details are 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 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 to the lender. In addition, this loan agreement contains certain covenants as stipulated in the agreement that, among other things, required the subsidiary to maintains according to the agreement such as the maintenance of financial ratios, 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.

16. Liabilities under finance lease agreements

Details of liabilities under finance lease agreements as at 31 December 2009 and 2008 are as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Liabilities under finance lease agreements	31,659,450	238,958,088	-	176,812,535
Less: Deferred interest expenses	(1,484,364)	(10,582,832)	-	(6,042,974)
Total	30,175,086	228,375,256	-	170,769,561
Less: Current portion due within one year	(22,720,276)	(198,213,010)	-	(170,769,561)
Liabilities under finance lease agreements - net	7,454,810	30,162,246	-	-

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 are generally between 3 and 4 years.

As at 31 December 2009, future minimum lease payments required under the finance lease agreements were as follows:

	Consolidated financial statements		
	Less than 1 year	1 - 5 years	Total
Unit: Baht			
Future minimum lease payments	24,003,683	7,655,767	31,659,450
Deferred interest expenses	(1,283,407)	(200,957)	(1,484,364)
Present value of future minimum lease payments	22,720,276	7,454,810	30,175,086

17. Revaluation surplus

This represents surplus arising from revaluation of property, plant and equipment.

The movements in the revaluation surplus on assets account for the years ended 31 December 2009 and 2008 are as the follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Balance - beginning of year	6,974,531,885	7,761,254,462	6,715,052,182	7,480,117,228
Less: Amortisation	(327,733,239)	(225,101,131)	(307,411,967)	(203,443,600)
Reversal of revaluation surplus on assets as a result of business combination	-	(561,621,446)	-	(561,621,446)
Balance - end of year	6,646,798,646	6,974,531,885	6,407,640,215	6,715,052,182

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

The revaluation surplus as at 31 December 2009 and 2008 in the consolidated financial statements and the separate financial statements are consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Revaluation surplus of				
The Company	6,407,640,215	6,715,052,182	6,407,640,215	6,715,052,182
The subsidiaries	239,158,431	259,479,703	-	-
	6,646,798,646	6,974,531,885	6,407,640,215	6,715,052,182

18. 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.

19. Expenses by nature

Significant expenses for the years by nature are as follow:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unit: Baht				
Salary and wages and other employee benefits	610,651,364	590,149,121	439,982,896	423,716,640
Depreciation and amortisation	712,277,928	566,740,297	583,083,039	437,447,539
Fuel and electricity charge	699,316,292	437,244,534	691,469,235	427,683,196
Transportation expenses	240,400,914	362,967,717	242,772,780	363,371,296
Repair and maintenance of plant, machinery and equipment	17,367,014	22,229,512	295,954,503	261,592,545
Loss on impairment of land	-	10,005,134	-	10,005,134
Rental expenses	27,741,466	29,073,773	27,032,671	27,117,647
Record (reversal) of allowance for diminution in value of inventories	(5,373,237,036)	5,439,961,966	(5,373,237,036)	5,439,961,966
Raw materials and consumables used	33,166,139,148	26,461,522,538	33,277,118,203	26,491,712,670
Changes in inventories of finished goods and work in progress	465,277,694	(2,341,436,712)	442,571,603	(2,321,104,197)

20. 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.

21. Promotional privileges

The Company has received promotional privileges from the Board of Investment (BOI) for the manufacture of hot rolled coils and hot rolled pickled and oiled coils pursuant to the promotion certificate No. 1438(2)/2547 dated 8 June 2004. Subject to the imposed conditions, 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.

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2009	2008	2009	2008	2009	2008
Unit: Baht						
Sales						
Domestic sales	26,097,113,570	25,132,957,647	3,835,827,500	27,996,426	29,932,941,070	25,160,954,073
Export sales	3,151,704,376	2,293,958,102	103,158,720	-	3,254,863,096	2,293,958,102
Total sales	29,248,817,946	27,426,915,749	3,938,986,220	27,996,426	33,187,804,166	27,454,912,175

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 has received the following promotional privileges from the Board of Investment (BOI).

- 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 for 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 (BOI) 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.

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2009	2008	2009	2008	2009	2008
Unit: Baht						
Revenue						
Domestic sales	26,097,113,570	25,125,882,274	3,835,991,408	28,242,366	29,933,104,978	25,154,124,640
Export sales	3,151,704,376	2,293,958,102	103,158,720	-	3,254,863,096	2,293,958,102
Service income	15,263,787	74,690,655	213,016,968	234,084,623	228,280,755	308,775,278
Total revenue	29,264,081,733	27,494,531,031	4,152,167,096	262,326,989	33,416,248,829	27,756,858,020

22. 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.

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 of the Company and its subsidiaries for the years ended 31 December 2009 and 2008 by segment.

23. Segment information

	Manufacture of hot rolled coils segment		Maintenance services segment		Deep-sea port services segment		Elimination of inter-segment revenues		Consolidation	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Unit: Baht										
Revenue from external customers	33,187,804,166	27,447,836,802	103,394,275	153,973,446	125,050,388	155,047,772	-	-	33,416,248,829	27,756,858,020
Intersegment revenues	-	7,075,373	316,732,602	271,872,450	148,745,033	101,085,306	(465,477,635)	(380,033,129)	-	-
Total revenues	33,187,804,166	27,454,912,175	420,126,877	425,845,896	273,795,421	256,133,078	(465,477,635)	(380,033,129)	33,416,248,829	27,756,858,020
Segment income	2,821,292,395	(3,501,181,610)	75,310,463	68,660,303	163,006,642	143,213,527	-	-	3,062,018,163	(3,294,104,218)
Unallocated income and expenses:										
Other income									221,067,934	137,412,543
Selling expenses									(291,844,329)	(400,351,314)
Administrative expenses									(209,546,381)	(458,791,847)
Management benefit expenses									(74,829,598)	(70,622,964)
Share of loss from investment in joint venture									(340,588,908)	(323,356,201)
Other expenses									(11,835,195)	(10,005,134)
Finance cost									(1,020,125,651)	(711,357,448)
Corporate income tax									(19,904,273)	(10,157,768)
Minority interest									(41,214,959)	(24,870,197)
Net income									1,273,196,803	(5,166,204,548)
Property, plant and equipment	18,941,579,429	19,740,689,226	274,429,280	312,932,343	2,082,247,206	2,174,851,081	(46,248,598)	(48,749,155)	21,252,007,317	22,179,723,495
Other assets	22,408,506,961	20,141,995,252	88,452,860	91,567,063	69,424,465	47,248,803	(1,045,137,509)	(674,196,778)	21,521,246,777	19,606,614,340
Total assets	41,350,086,390	39,882,684,478	362,882,140	404,499,406	2,151,671,671	2,222,099,884	(1,091,386,107)	(722,945,933)	42,773,254,094	41,786,337,835

Transfer prices between business segments are as set out in Note 5 to the financial statements.

24. 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 2009, the Company and its subsidiaries contributed Baht 30.6 million (2008: Baht 32.8 million) to the fund (The Company only: Baht 22.3 million (2008: Baht 23.8 million)).

25. Dividend payment

On 29 April 2008, the Annual General Meeting of the Company's shareholders for the year 2007 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.

26. Commitments and contingent liabilities

26.1 Commitments and contingent liabilities of the Company and its subsidiaries

a) Capital commitments

As at 31 December 2009, the Company had capital commitments of approximately Baht 19.8 million, EUR 0.1 million and JPY 48.0 million relating to the acquisition and installation of machinery and equipment.

As at 31 December 2009, West Coast Engineering Company Limited, the subsidiary, had capital commitments of approximately Baht 2.2 million in relation to the construction agreements and the acquisition of machinery.

b) Raw material purchase commitments

As at 31 December 2009, the Company had raw material purchase commitments amounting to USD 150.5 million.

c) Operating lease commitments

The Company and its subsidiaries have entered into lease agreements in respect of the lease of land, office building space, vehicles and equipments. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2009, future minimum lease payments required under these operating leases agreements were as follow.

Unit: Million Baht	Consolidated financial statements	Separate financial statements
Payable within:		
Less than 1 year	14.9	14.5
1 - 5 years	4.4	4.4
Total	19.3	18.9

d) Other commitments

1) As at 31 December 2009, the Company had commitments amounting to Baht 158.4 million, USD 4.6 million, EUR 4.0 million and JPY 8.5 million in relation to the agreements to purchase spare parts and equipment supplies, and to obtain maintenance services.

2) As at 31 December 2009, the Company had commitments to banks under outstanding letters of credit amounting to approximately USD 10.2 million.

3) As at 31 December 2009, West Coast Engineering Company Limited, the subsidiary, had commitments amounting to Baht 2.5 million in relation to contracting agreements and service agreements.

4) As at 31 December 2009, Prachuap Port Company Limited, the subsidiary, had commitments amounting to Baht 0.3 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 and amounting to Baht 0.4 million in relating to other services agreements.

e) Bank guarantees

As at 31 December 2009, there were outstanding bank guarantees of Baht 1,584.6 million and GBP 0.1 million (The Company only: Baht 1,567.5 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 as follow:-

1) Bank guarantees of the Company of Baht 1,567.5 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 Royal Forest Department regarding the encroachment on a national forest reserve,

and other guarantee amounting to Baht 0.9 million.

2) The bank guarantees of the subsidiaries amounting to Baht 17.1 million and GBP 0.1 million, comprised a guarantee of Baht 11.0 million provided to the Customs Department in respect of the establishment of a wharf and godowns, Baht 4.9 million and GBP 0.1 million to guarantee contractual performance and Baht 1.2 million to guarantee electricity use.

f) Dispute and litigation

Dispute

1) During 2007 and 2008, the Company and a subsidiary, Prachuap Port Company Limited, received letters from Prachuabkirikhan Provincial Land Office, Bangsaphan Branch, ordering the Company to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) for 25 plots of land with a combined book value of Baht 123.4 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, in order to corroborate a decision on whether to revoke or amend the issued certificates. 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 that are being investigated. Subsequently, on 16 November 2007 and 25 August 2008, the Company and the subsidiary submitted letters to the Prachuabkirikhan Provincial Land Office, to oppose any revocation or amendment of such certificates since the land had legal documentation issued by government officials. However, for conservative purposes, in preparing the financial statements the Company and the subsidiary had recorded full allowance for impairment of the land and assets located on that land in previous years' income statements.

On 6 August 2008, the Company received a letter from Prachuabkirikhan Provincial Land Office, Bangsaphan Branch notifying it that the process to revoke the certificate issued for a plot of land with a book value of Baht 0.3 million had been cancelled. The Company had made full allowance for impairment loss on this land in

2007, and therefore reversed this amount in the income statement of 2008.

On 5 January 2010, the Director-General of the Department of Lands issued an order revoking almost all of the certificates of utilisation (Nor. Sor. 3 Kor) issued for plots of land for which the Company and the subsidiary had previously submitted letters opposing revocation to the Prachuabkhirikhan Provincial Land Office. On 28 January 2010, the Company and the subsidiary submitted letters to the Director-General of the Department of Lands to appeal the order. 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 has been sued by the Royal Forest Department in a civil case regarding the encroachment on a national forest serve, with a total of Baht 4.9 million claimed. Subsequently, on 1 September 2005, the Prachuapkhirikhan 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. 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 judgment for the term of the appeal, and lodged an appeal of the judgement with the Prachuapkhirikhan Porvincial Court. On 19 February 2009, the Appeal Court confirmed the order of the Prachuapkhirikhan Provincial Court and ordered the Company to pay compensation to the Royal Forest Department amounting to Baht 4.0 million. In March 2009, the Company submitted an appeal of the Appeals Court's judgement to the Supreme Court and the case is currently being considered by the Supreme Court.

However, for conservative purposes, in preparing the financial statements, the Company recorded allowance for loss from litigation claim amounting to Baht 4.0 million in this year's financial statement.

2) In March 2004, the Company was named 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 totaled 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. On 20 May 2009, the Central Intellectual Property and International Trade Court ordered the Company to pay compensation amounting to USD 200,000, together with interest as from the date of the lawsuit until the Company makes payment of the claims and legal fees. In August 2009, the Company submitted an appeal of the Court's judgements to the Supreme Court and case is currently being considered by the Supreme Court. Subsequently, on 23 December 2009, one of the plaintiffs withdrew its lawsuit and did not intend to enforce settlement in accordance with the judgement handed down by the Central Intellectual Property and International Trade Court. The Company withdrew its appeal in relation to the plaintiff.

However, for conservative purposes, in preparing the financial statements, the Company recorded allowance for loss from litigation claims amounting to Baht 7.8 million in this year's financial statement.

26.2 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 2009, the jointly controlled entity had capital commitments of USD 0.3 million, JPY 345 million and Baht 43 million relating to the procurement agreements for parts of production machinery made with various companies in which the delivery is scheduled during January 2010 until December 2011.

b) Raw material and chemical purchase commitments

As at 31 December 2009, the jointly controlled entity had raw material purchase commitments amounting to USD 5 million and Baht 53 million and had commitment in relation to the chemical purchase agreements for production as follows.

1) Commitments under chemical purchase agreement amounting to Baht 11 million, such agreement will be ending on 30 April 2010.

2) Commitments under long-term agreement for a period of 15 years ending 24 February 2012. The jointly controlled entity is committed to purchase chemical at a minimum of Baht 0.4 million per month.

c) Operating lease commitments

The jointly controlled entity has entered into several lease agreements in respect of the lease of office building space, vehicles and equipments. The terms of the agreements are generally between 1 and 4 years.

As at 31 December 2009, future minimum lease payments required under these operating leases agreements were as follows:

	Million Baht
Payable within:	
Less than 1 year	12
1 to 4 years	10

d) Other service commitments

As at 31 December 2009, the jointly controlled entity had commitments under other service agreements amounting to Baht 11 million.

e) Long-term service commitments

The jointly controlled entity had commitments under service agreement for repair and maintenance of utility system for a period of 14 years ending 31 December 2013.

As at 31 December 2009, the service fee payable in the future under the agreement was approximately Baht 15 million.

f) Bank guarantees

As at 31 December 2009, there were outstanding bank guarantees of approximately USD 44 million and Baht 118 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 44 million to guarantee payments of long-term loans, Baht 84 million to guarantee import duty on import of raw material, and Baht 34 million to guarantee electricity use and others.

27. Financial instruments

27.1 Financial risk management

a) Financial risk management of the Company and its subsidiaries

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalent, trade 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, trade accounts payable, amounts due to and advances received from related parties, long-term loans, 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 management of 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 from their credit provision. However, the Company and its subsidiaries are exposed to concentrations of credit risk 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, 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 of the Company and its subsidiaries as at 31 December 2009 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

Unit: Million Baht	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalent	-	-	39.0	11.9	50.9	0.10 - 0.75
Trade and note accounts receivable	-	-	-	2,871.2	2,871.2	-
Amounts due from and advance paid to related parties	-	-	-	3.3	3.3	-
	-	-	39.0	2,886.4	2,925.4	
Financial Liabilities						
Bank overdrafts and short-term loans from financial institutions	12,933.5	-	-	-	12,933.5	2.90 - 5.86
Trade accounts payable	-	-	-	3,759.9	3,759.9	-
Amounts due to and advances received from relate parties	-	-	-	46.8	46.8	-
Accrued interest expenses	-	-	-	51.8	51.8	-
Long-term loans	-	-	7,890.0	-	7,890.0	4.35 - 5.75
Liabilities under finance lease agreements	23.0	7.0	-	-	30.0	6.00 - 7.50
Liabilities under hire purchase agreements	1.8	0.6	-	-	2.4	2.85 - 4.00
	12,958.3	7.6	7,890.0	3,858.5	24,714.4	

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 2009 are summarised below.

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate as at 31 December 2009	
			Assets	Liabilities
			(Baht per 1 foreign currency unit)	
US dollar	1.1	97.9	33.4900	33.5168
Euro	-	0.3	-	48.1284
Italian Lira	-	1.8	-	0.0249
Japanese yen	-	13.2	-	0.3656

As at 31 December 2009, the Company had no outstanding forward exchange contract.

b) Financial risk management of the jointly controlled entity (Thai Cold Rolled Steel Sheet Public Company Limited) which the Company has 50.15 percent equity interest

Financial instruments of the jointly controlled entity, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalent, trade accounts receivable, trade accounts payable, amounts due to related parties, liabilities under finance lease agreements, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The jointly controlled entity are exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The jointly controlled entity manage the risk by establishing credit limits for

customers or counterparties and regularly analysis of the financial position of its customers or its counterparties, the jointly controlled entity therefore does not anticipate material losses from its credit provision.

Interest rate risk

The jointly controlled entity's exposure to interest rate risk relates primarily to their cash at banks, liabilities under finance lease, short-term loan from financial institutions, and long-term borrowings. However, since most of the financial assets and liabilities of the jointly controlled entity 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 of the jointly controlled entity as at 31 December 2009 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

Unit: Million Baht	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate [% p.a.]
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalent	-	-	143	-	143	0.01 - 0.64
Trade accounts receivable	-	-	-	417	417	-
	-	-	143	417	560	
Financial Liabilities						
Short-term loans	-	-	2,975	-	2,975	3.00 - 3.25
Trade accounts payable	-	-	-	512	512	-
Amounts due to related parties	-	-	-	44	44	-
Long-term loans	-	-	3,020	-	3,020	0.58 - 0.65
Liabilities under finance lease agreements	1	-	-	-	1	2.38 - 8.60
	1	-	5,995	556	6,552	

Foreign currency risk

The jointly controlled entity's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The jointly controlled entity seeks to reduce this risk by entering into forward exchange contracts and currency swap agreements when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial liabilities denominated in foreign currencies of the jointly controlled entity as at 31 December 2009 are amounted to USD 90.2 million (the average exchange rate is Baht 33.52 per USD 1) and JPY 30.3 million (the average exchange rate is Baht 0.37 per JPY 1).

As at 31 December 2009, the jointly controlled entity had the following outstanding forward exchange contracts.

Notional amount (Million USD)	Maturity date	Fixed exchange rate in forward exchange contracts (Baht per USD)
7.5	June 2010	34.33

As at 31 December 2009, the jointly controlled entity had the following outstanding currency swap agreements.

Notional amount (Million USD)	Maturity date	Fixed exchange rate in currency swap agreements (Baht per USD)
13.5	June 2010 – 2011	35.735
13.5	June 2010 – 2011	35.745
18.0	December 2011 – June 2013	35.720
18.0	December 2011 – June 2013	35.740

27.2 Fair values of financial instruments

a) Fair values of financial instruments of the Company and its subsidiaries

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, trade accounts and notes receivable, amounts due from and advances paid to related parties, bank overdrafts and short-term loans from financial institutions, trade 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 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 carrying fix interest rate, fair value is estimated by discounting expected future cash flows by the current market interest rate for liabilities with similar terms and conditions.

As at 31 December 2009, 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 61.3 million.

b) Fair values of financial instruments of the jointly controlled entity (Thai Cold Rolled Steel Sheet Public Company Limited) which the Company has 50.15 percent equity interest

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 jointly controlled entity 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, trade accounts receivable, trade accounts payable, amounts due to related parties and short-term loans, the carrying amounts at the balance sheet date are considered to be a reasonable approximation of their fair value.

For 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 agreements carrying fix interest rate, 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 2009, the jointly controlled entity had derivative which have fair value as follow:

Unit: Million Baht	Notional amount	Fair value (Loss)
Derivatives		
Currency swap agreements	2,251	(120)
Forward exchange contracts	257	(7)

28. 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 financial ratios to comply with the loan agreements.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 1.41 : 1 (2008: 1.49 : 1) and the Company's was 1.45 : 1 (2008: 1.55 : 1).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 19 February 2010.



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