

# PROJECTION OF THE FUTURE

Annual Report 2010

Sahaviriya Steel Industries Public Company Limited

# 2010



innovate • strength



innovate • strength

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## Our Purpose (Vision and Mission)

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

## Values (iFacts)

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



# Message from the Chairman

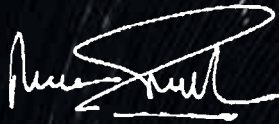
## To shareholders:

It is my great pleasure to inform you that the year 2010 was the first year in which Sahaviriya Steel Industries Public Company Limited (SSI) operated under a new business plan for the period of 2010 - 2012, and guided by our new mission statement - "Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders", The Company was able to achieve its business success through the employment of the new business plan.

Although in the year 2010, the steel industry globally and in Thailand was marked with rapid changes in market conditions and high price volatility, we still performed remarkably. We successfully eliminated our accumulated loss in the first quarter, and realised a consolidated net profit of THB 2,467.9 million in 2010 compared to THB 1,273 million in 2009. This strengthened the Company's position and ability to generate return for stakeholders in the coming years.

This success resulted from a combination of factors. Our adherence to transparency and good corporate governance, a high grade product strategy to provide a more stable rolling margin, continuous implementation of cost reduction programs, expansion of our market base and an increase in the number of new customers through new products and services, and finally a strong growth in domestic steel demand particularly from the automotive, energy, and electrical appliance sectors who consume high grade products as their raw materials.

The Board of Directors has relentlessly placed importance on good corporate governance, and in 2010 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 for the year 2010. The meeting was rated "Excellent", the same result as that for the year 2008 and 2009. In addition, following the survey of corporate governance activities of the Thai listed companies in 2010 under "Corporate Governance Report of Thai Listed Companies 2010" 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", the same result as that for the year 2009.



Mr. Maruey Phadoongsidhi  
Chairman



To ensure compliance with good corporate governance principles, the Board of Directors' meeting resolved to appoint a new Good Corporate Governance Committee to supplement works in the area of good corporate governance. The Board also approved the Company's Business Philosophy and Business Ethics, which were proposed for amendments in August 2010 to reflect the changes in business circumstances and context by committing to operate business with responsibility, transparency, faithfulness, and competitiveness, as well as equal treatment to and balancing of the interests of all stakeholders.

Apart from assigning the Executive Board of Directors to assume responsibilities in the execution of approved policies and plans and to closely monitor the progress of the management in order to achieve compliance with the policy and operational plan, the Board of Directors also realised the importance of building a platform for future growth, particularly the Company's long term strategy toward backward integration to upstream iron & steel making production. The Board of Directors' meeting on 26 August 2010 approved the signing of the memorandum of understanding with Corus UK Limited (which subsequently changed its name to Tata Steel UK Limited), a subsidiary of Tata Steel Group - one of the world's major steel producers, to express the intention to acquire one of Tata Steel UK Limited's integrated iron & steel making plants, Teesside Cast Products. This investment included the purchase of the steel plant in the value of approximately USD 500 million, and the purchase of existing net working capital. This will provide the Company with a stable source of raw materials, enhance competitiveness, stabilise profit, and increase business flexibility as well as diversify risks related to production process and marketing. The acquisition was successfully completed in February 2011.

Not only is the Company committed to increase value to stakeholders in terms of profit, but also to increase value to the community, society, and environment. 45 programs for community and social sustainable development were engaged, encompassing educational development, career development, environment protection and conservation, and promotion of life quality and health, and culture maintenance as well as CSR projects for the less privileged people.

The Company won awards at national level, including Energy Saving Honorary Award 2010 as the successful entrepreneurs under "Promotion to Reduce Energy Usage in Transportation", Prime Minister's Industry Award 2010 for Logistics Management, Honorary Award for the Outstanding Workplace in Labour Relations and Welfare Benefits with No Federation of Labour Union category (received 5 years in succession from 2006 - 2010), and a Certificate for Environmental Governance, and CSR-DIW Continuous Awards.

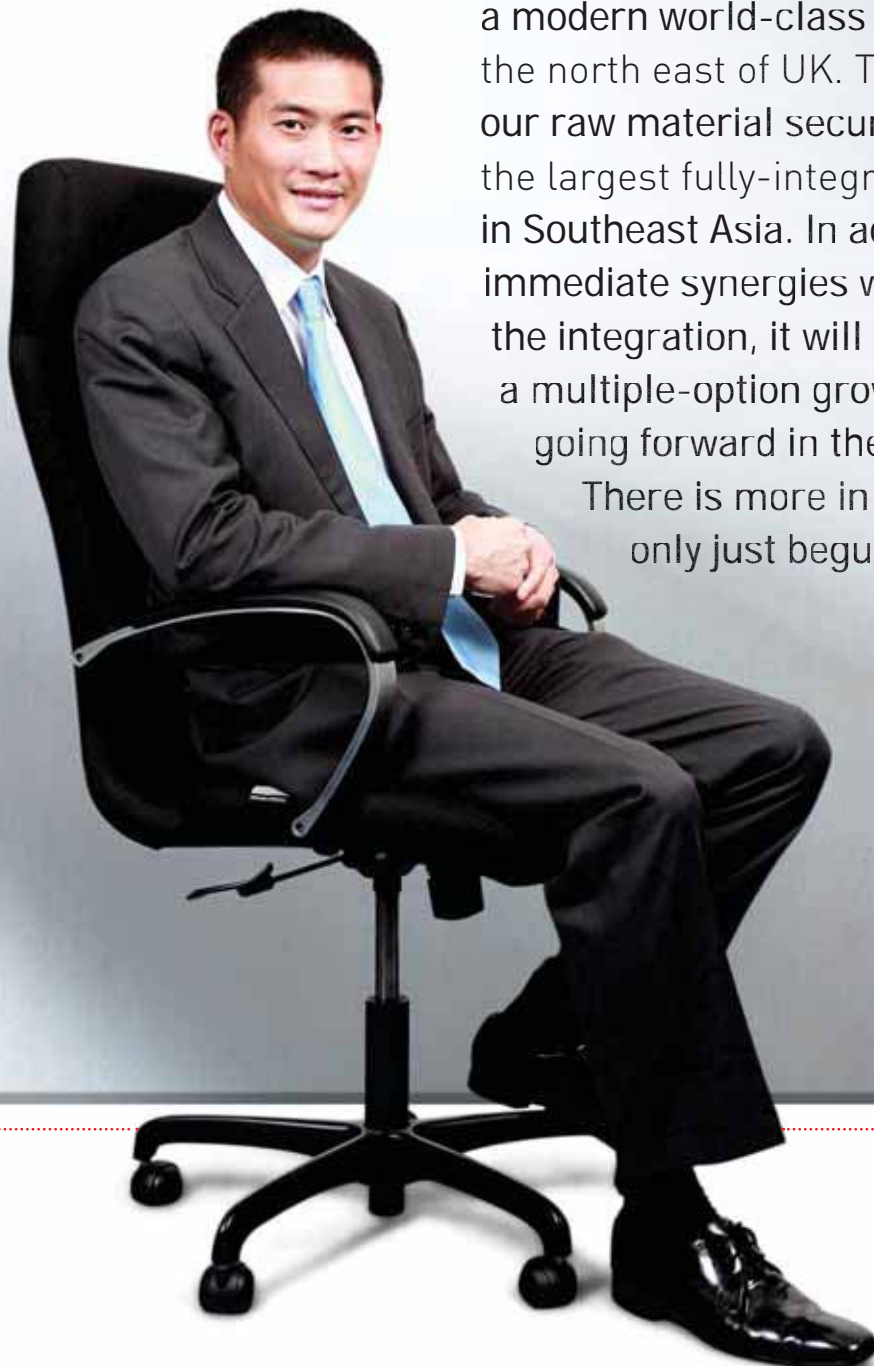
On behalf of the Board, I would like to thank all our shareholders, customers, suppliers, financial institutions, communities, relevant government and private agencies as well as the media and press for all their support. My thanks are further extended to the executives and employees who committed and dedicated themselves to their duties in fulfilling the business objectives. The Board will oversee the Company and ensure that it operates with integrity and transparency and emphasises on community, society and environmental development to generate sustainable optimal returns for the stakeholders.



We started off year 2010 with a new motto **innovate • strength**.  
Wow, did we really innovate • strengths in so many dimensions: sales volume, production, sales revenue and profit from hot rolled coil. That last one really strengthened our balance sheet. We wiped out retained loss and intend to keep it that way and continue to strengthen our shareholders' wallet for years to come.

We signed an MOU with Tata Steel Europe to acquire Teesside Cast Products (TCP), a modern world-class steel plant in the north east of UK. This acquisition fulfills our raw material security, and makes SSI the largest fully-integrated flat steel producer in Southeast Asia. In addition to the multiple immediate synergies we can expect from the integration, it will also provide us a multiple-option growth platform going forward in the future.

There is more in store; we have only just begun.



Win Viriyapapaikit  
President

## Message from the President

Dear shareholders,

We started off year 2010 with a new motto “innovate • strength” (and a new business plan and a new vision statement for that matter).

Wow, did we really innovate • strengths in so many dimensions.

First and foremost, **the remarkable results**. E.g. the record sales volume of 2.24 million tonnes, the record HSM production of 2.23 million tonnes, the record sales revenue of THB 47,790.9 million, the 5<sup>th</sup>-highest net profit of THB 2,445.8 million, etc. That last one really strengthened our balance sheet. We wiped out retained loss (from the subprime crisis) since Q1/2010. We intend to keep it that way and continue to strengthen our shareholders' wallet for years to come.

Secondly, **growth opportunity**. As I wrote last year, our perseverance to adversity and our moral conscience to do the right thing ultimately prevailed. Not only did we survive the crisis, we did also capture the rarest and most unique opportunity. On 27 August 2010, we signed an MOU with Tata Steel Europe to acquire Teesside Cast Products (TCP), a modern world-class steel plant in the north east of UK. On 24 February 2011, we subsequently signed a binding agreement. TCP is a tier-1 steel slab producer in the world, whether in terms of production performance, product quality, and people quality. This acquisition fulfills our long-term goal of backward integration and raw material security, and makes SSI the largest fully-integrated flat



steel producer in Southeast Asia. In addition to the multiple immediate synergies we can expect from the integration, it will also provide us a multiple-option growth platform going forward in the future.

Next, **our people and our management**. 2 major initiatives really stand out. *Goal Program 2.0* brought much more clarity in territory and objective, more responsibility and authority to execute, and more satisfaction and enrichment to each individual's job. *Appraisal System 2.0* made each and every one of our people a star in their own right - we focused on and nurtured each individual's strength (as their strength is in fact our strength), and helped them to overcome their weakness. Altogether, the concept of *SSI 2.0* as a new company hatching from the old did give us the awareness and the desire to be better and do better. I can proudly say that we have come a long way from that old SSI with its "can't do" mantra, to the new SSI with its "can do" fighting spirit. Not only do we have the right ability to do what we have to do, but also the right mind set to do them.

True to our new motto, we set our sights on innovation. Now, that's easier said than done. Ultimately, we realized it was not just the creativity, but also the execution. We needed the discipline not only to formulate and screen for practical ideas, but also to nurture and grow them to bring definitive business results. Our Innovation Platform derived 287 such ideas and incubated 15 into effect - resulting in net THB 275.1 million of cost-savings, and THB 1,261 million new sales revenue or about 56,500 tonnes of Innovate Premium Value Products.



**Our customers.** 2.24 million tonnes of satisfying steel products. 41 percent of which (among which 26 percent are high-grade and 15 percent are unique products) are Premium Value Products which adds additional value to the customer. 14 new products, 8 new grades, and 8 new customers. Alas, the dream of uncommoditizing steel products is coming true. Don't blink; there is more in the pipeline.

**Our suppliers.** 5 percent across-the-board cost reduction was a frightful thing to ask from our suppliers. We got 13.65 percent, and are terribly grateful. We returned their support with a 40 percent increase in procurement business (ex-slabs), a total of THB 3,561 million. On the slabs side, our relationship with our core slab suppliers also grew stronger - accounting for 75 percent of our total slab purchase this year.

**Our local community.** At the beginning of the year, we made promises. In local hiring, we said at least 70 percent of new hires would be locals; we hired 90 percent locals (154 of 171 total new hire) - we now have 75 percent of our workforce as local (across the SSI group, 81 percent). In local procurement, the promise was THB 35 million; we purchased THB 47 million (across the SSI group, THB 142 million). Our 45 CSR programs supplemented the lives of 14,841 people. With total budget of THB 6 million, each program is designed to have more-bangs-for-bucks and sustainability, with clear guideline for program co-sponsorship, each partner's role and commitment, and targeted results for targeted beneficiaries. In particular, SSI Arsa (our touchstone employee-volunteer get-your-hands-dirty program) had 5 such activities - 1,567 employees and 12,536 man-hours of participation, and 500 numbers of local participants. We built the mangrove nursery and crab farm, constructed Recyclable Waste Bank at Morasuab School, bonded concrete in the sermon hall and painting pavilion & rest rooms at Cha Moug Temple, renovated substrate culture farm for 7 local schools, and cleaned up Mae Ramphung Beach on the occasion of World Environment Day.

One single event prominently stand out. **The Bangsaphan International Triathlon 2010 event**, commemorating Her Majesty the Queen's birthday. Though the first such organized, we successfully had 156 national and international competing athletes (myself included, also the first such attempt). The clean blue sea in our deep-water port, the scenic view alongside the Klong Maerumphung canal on our well-paved road to the plant, and the beauty of mother-nature around the near-by National Conservation Forest all made the swim, the cycle and the run most memorable and unique experience. (I survived the experience.) The athletes ask for more. We will do more such events. The tourism interest in Bang Saphan becomes international.

**Our safety record.** Sadly, we had a fatality in May - a first for our employee. Khun Chanchai Arj-On was doing his routine on 7 May when he got off his vehicle and was crushed to death by another approaching vehicle. Though police investigation concluded that it was an accident beyond one's capability - the driver was not driving carelessly, not a single day goes by without us reminding ourselves of the seriousness and necessity of safety precaution and practice.

**On the environmental front.** SO<sub>x</sub>, NO<sub>x</sub>, TSP emissions (Furnace 1&2) were 309 ppm, 47.2 ppm and 86.2 mg/m<sup>2</sup> respectively (as measured on 26 November 2010) - far below the statutory standard of 800 ppm, 200 ppm and 240 mg/m<sup>2</sup>. Our ambitious marquee Climate Change Leadership project resulted in a net CO<sub>2</sub> emission reduction of 63,901 tonnes CO<sub>2</sub> since the beginning of SSI's Climate Change Initiatives in 2007.

**Our subsidiaries and affiliates.** All units performed exceptionally and each had its own achievements and innovation.

- Thai Cold Rolled Steel Sheet PLC (“TCRSS”) - SSI realized net profit from investment in TCRSS of THB 206 million in 2010. Apart from this, SSI also enjoys direct benefits from TCRSS through closed marketing cooperation which helps boosted sales volume 32 percent and reduced inventory cycle for both SSI and TCRSS 30 days from 2008.
- West Coast Engineering Co., Ltd. (“WCE”) - SSI also realized net profit from investment in WCE of THB 37 million, of which 32 percent was from the market expansion to external customers in cement, energy, consumer product and pulp & paper industries. It achieved 25 R&D works which helped save import parts cost by THB 5.85 million or 42.35 percent.
- Prachuap Port Co., Ltd. (“PPC”), performed well in 2010 and continued to provide good return to SSI. The company realized THB 92 million net profit from investment in PPC. Its revenue from external customers increased 106 percent from THB 1.9 million in 2009 to THB 3.9 million in 2010.

So - in a year that saw Thailand’s worst political upheaval in nearly 4 decades, the near undoing of the Euro zone, the commodity price collapse from China property-bubble control - how did we do?

I think, we had some valuable lessons and had our fair share of success. I remain proud of our people and our management - they are truly remarkable and are my inspiration every day.

The same fundamental question remains - how does one person, or one team, or one business organization, with its limitation and all, affect the world for the better?

There is more in store; we have only just begun.



Win Viriyaprapaikit  
President

# PROJECTION OF THE FUTURE

We rigorously continue the pursuit of our aspiration of excelling our business performance with commitment and transparency by developing capabilities of Thai industry for robustness with ceaseless innovation and technology to usher security enhancement through a fully-integrated business from upstream to downstream while cherishing the life of people in the community, society and maintaining ecological integrity. What we are operating today and everyday is a challenge to step forward to become a leader of international steel industry with a prosperous and advanced future.







Teesside Cast Products of Sahaviriya Steel Industries UK Limited.



## Security...with vision and strategy

As a pioneer with an intuitive vision who created a new chapter of Thai steel industry: with a strategy to produce a fully integrated steel industry from upstream to downstream, enhancing synergy to increase alternatives and business opportunities, for security and growth into the future with solid financial position, while embracing good corporate governance.

Sahaviriya Steel Industries Public Company Limited



innovate • strength





## Growing...by continuous innovation and development

SSI's assiduous effort of development aims to enhance competitiveness with constant integration of core knowledge, evolved innovation and technology to incubate expertise of the staff with SSI 2.0 concept as a driver for growth and concrete result in order to practically improve business performance.

SSI 2.0



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innovate • strength...for communities and society

Assure employees' welfare and safety  
in workplace, promote life quality of the community,  
extend accountability for nature and environment  
balance and empower every group of stakeholders  
in order to lay a foundation of happiness  
of coexistence of every life in the society.

SSI 2.0







innovate • strength

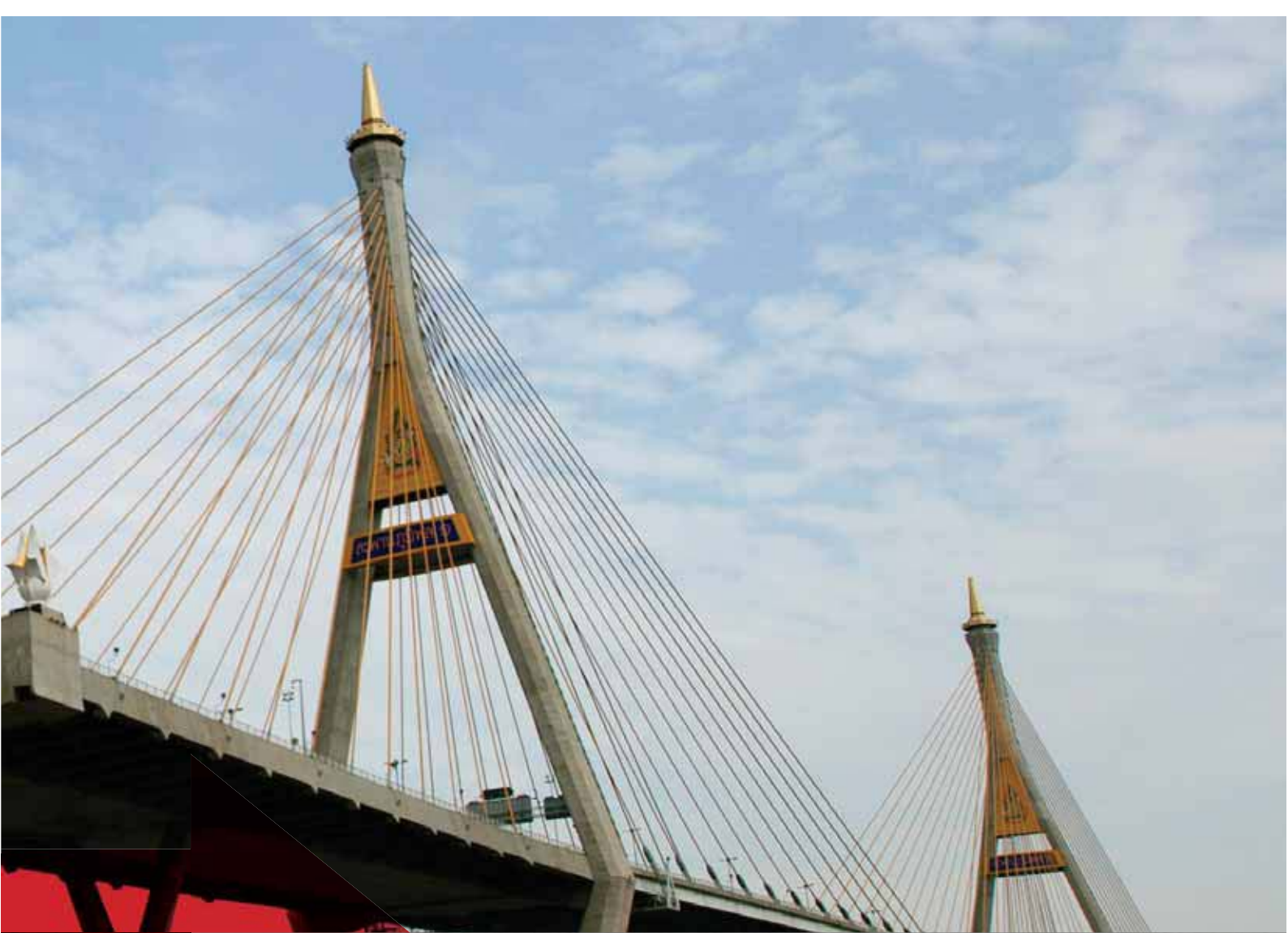
## Approaching success...through actualised implementation

The success of today and in the future emerges from hands-on practices with commitment and dedication along with prudent implementation according to the plan. For us, a quest for accomplishment never refrains, in order to enable Thai steel industry to flourish in all dimensions and serve as a gear to drive for the sustainable development of the country.

# SSI 2.0







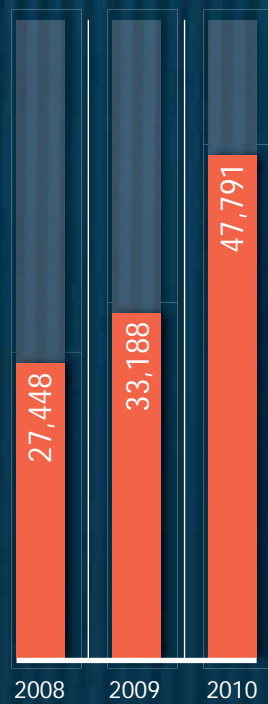
## Financial Highlights

Financial Highlights		2010	2009	2008
Revenues from Sales	Million Baht	47,791	33,188	27,448
Revenues from Services	Million Baht	299	228	309
Total Revenues	Million Baht	48,332	33,637	27,894
Gross Profit from Sales	Million Baht	3,851	(2,400)	2,035
Gross Profit from Services	Million Baht	131	88	111
Net Income (Loss)	Million Baht	2,446	1,273	(5,166)
Total Assets	Million Baht	42,493	42,772	41,786
Total Liabilities	Million Baht	22,617	25,017	25,003
Total Shareholders' Equity	Million Baht	19,875	17,755	16,783
Net Profit Margin	%	5.24	3.79	(18.52)
Return on Equity	%	13.59	7.72	(26.74)
Return on Assets	%	5.94	3.01	(13.20)
Debt to Equity Ratio	Times	1.14	1.41	1.56
Earning (Loss) per Share	Baht	0.19	0.10	(0.39)
Book Value per Share	Baht	1.45	1.29	1.22



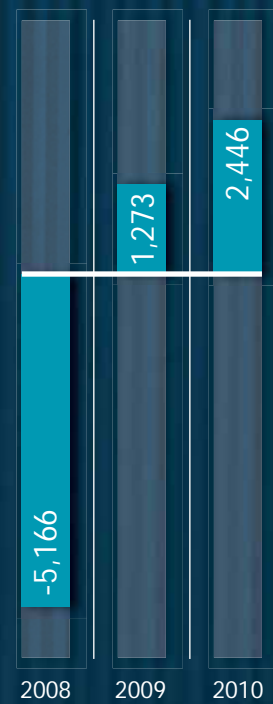
## Revenues from Sales

Unit: Million Baht



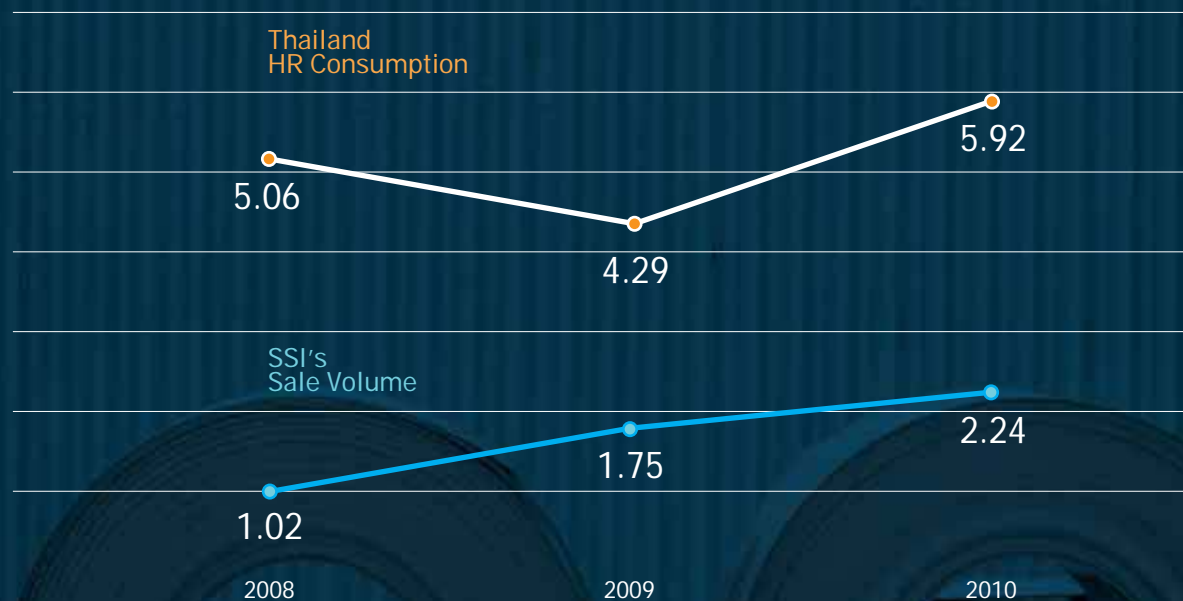
## Net Profit (Loss)

Unit: Million Baht



## Thailand HR Consumption

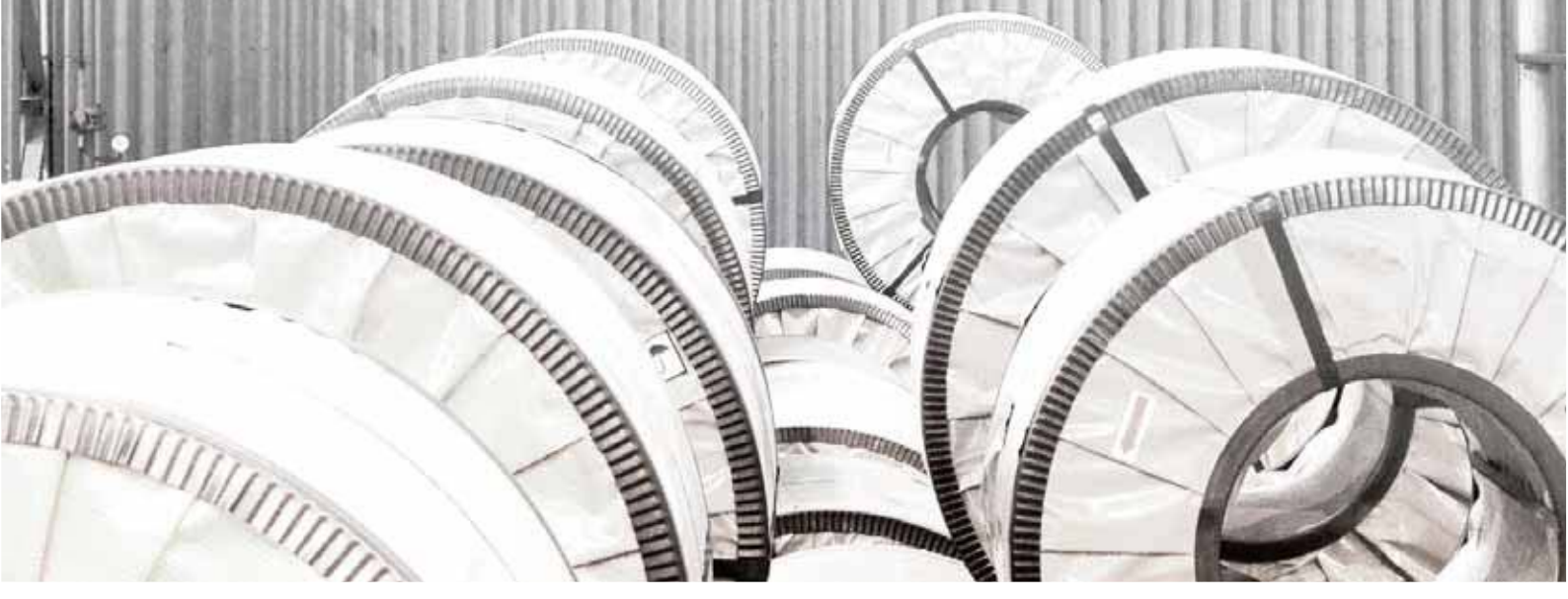
Unit: Million Tonnes



Key Data of SSI Shares		2010	2009	2008
Closing Price <sup>(1)</sup>	Baht	1.50	1.20	0.53
High	Baht	2.14	1.38	1.37
Low	Baht	1.08	0.34	0.29
Average Price	Baht	1.68	0.85	0.89
Number of Shares	Million Shares	13,101.28	13,101.28	13,101.28
Par Value	Baht	1.00	1.00	1.00
Average Daily Volume	Million Shares	79.03	33.94	23.67
Average Daily Value	Million Baht	133.05	28.84	21.14
Market Capitalization <sup>(1)</sup>	Million Baht	19,651.92	15,721.54	6,943.68
Foreign Limit	%	49.00	49.00	49.00
Foreign Ownership <sup>(2)</sup>	%	27.83	26.54	21.34
Minority Shareholders <sup>(2)</sup>	%	30.70	29.04	33.02
P/E Ratio <sup>(1)</sup>	Times	8.02	12.37	n/a
Dividend per Share	Baht	-	-	-
Dividend Yield	%	-	-	-

<sup>(1)</sup> As of the last business day of December 2010

<sup>(2)</sup> As of the closing dates of the share register book for determining the shareholders attending the Annual General Meetings or the Extraordinary General Meetings, as the case may be.



## Average Daily Value

Unit: Million Baht



## Market Capitalization

Unit: Million Baht





## Significant Changes in 2010

In 2010, the world economy grew by 4.8 percent due to the increase in global trade and capital investment flows. Other factors like high unemployment rates in United States of America, Europe and other countries, high public debt in Europe, and risks related to currency exchange rate fluctuation as well as withdrawal of stimulus packages given by major government depressed the recovery of the world economy and posed the risk of instability to financial markets. Nevertheless, strong economic growth in the emerging and developing countries was a large contribution to the global growth.

According to the Bank of Thailand, Thai economy in 2010 expanded at 8 percent, a big improvement from last year's contraction of -2.3 percent. This reflected an outstanding performance of Thai economy in 2010. The positive factors were attributed to the high export in terms of US dollars following the economic recovery of major trading partners, combined with the revival in private domestic consumption and investment. Such revival was supported by increasing farm income from rising prices of major crops, as well as an expansion in production capacity in response to higher export-based economic activities.

Steel consumption in 2010 grew at a higher rate than expected, owing to the above-forecasted level of production figures in automotive and construction industries. The rise of demand following recovery in the world economy and the rapid-and-strong growth of steel consumption in China and India largely contributed to an increase in the Company's sales volume. The recovering economy and growing steel demand worldwide pushed the price of iron ore to rise, which further pushed the price of slab, a main raw material of the Company, to surge to its peak in the third quarter before slightly dropping in the fourth quarter. Though the Company's average selling prices were forced to rise accordingly, the Company's sales volume was increased in the second and third quarter respectively.

**Marketing:** The Company employed a marketing strategy with emphasis on sales of high-grade products to generate a high profit margin in order to reduce risk from steel price fluctuation in domestic markets, and, at the same time, still maintaining high sales volume of commercial-grade products to reduce production cost. In 2010, the Company sold Hot Rolled Coil and Hot Rolled Pickled and Oiled of 2.24 million tonnes, 95 percent of which was for domestic customers.

## Performance Highlights 2010 (Consolidated)

- In 2010, the Company and its subsidiaries posted a total revenue of THB 48,332 million, an increase of 44 percent from 2009.
- Sales of hot-rolled coils, the Company's main source of revenue, was THB 47,086 million, an increase of 43 percent from 2009 reflecting the overall economic expansion and growing steel consumption.
- Return on Equity for the year 2010 was at 13.59 percent, an increase of 5.87 percent from 2009.
- The Company and its subsidiaries posted a consolidated net profit of THB 2,446 million, an increase of 92 percent from the previous year.
- A net profit margin of 5.2 percent and a return on assets of 5.9 percent.
- Return on Equity ratio of 13.6 percent, from Earning per share of THB 0.19.
- Liquidity improved from the previous year with the current ratio of 0.98 times and an average collection period of 24 days and an average sales turnover of 44 days.
- The Company increased its research and development expenditures by THB 59 million and incurred THB 42 million of expenses relating to the acquisition of the iron and steel making plant at Teesside in UK.



## innovate • strength



**Innovation and R&D:** The Company realises that creativity and innovative thinking are one of the important mechanisms to enhance business strength and excellence. In 2010, the Company employed the motto “Innovate • Strength” and applied it to all business functions across the organisation.

To encourage the effectiveness of innovative thinking processes, the achievement of the Company’s business purposes under its 3 year business plan, and to drive the Company toward innovative organisation according to its new vision and mission “Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders”, the Company established two working committees, namely the Innovation Process Working Committee, and the Innovate Premium Value Product Working Committee, to pursue tasks regarding innovation in order to ensure that the innovation is being materialised in the organisation.

The Innovation Process Working Committee initiated a platform to serve as a center for gathering innovative ideas from the Company’s employees and growing and turning those ideas into reality.

In 2010, there were 287 innovative ideas received from the Company’s employees, and the Company derived benefits from these ideas in both monetary and non-monetary terms, for example, THB 34.6 million saving of operating expenses, increasing production and working efficiency,

better prevention of dangers from working accidents and environment, etc.

The Innovate Premium Value Product Working Committee was established to help the Company achieve its business purposes and to raise the Company’s product standard to exceed other manufacturers. In 2010, the Company was able to sell the Innovate Premium Value Product at 56,500 tonnes, which accounted for sales revenue of THB 1,261 million.

To increase long-term competitiveness for personnel, the Company employed two innovative programs. Firstly, Goal Program 2.0 aimed to clarify and intensify the scope, purpose, responsibility, and authority of work, as well as to increase job satisfaction for each employee. Secondly, Appraisal System 2.0 aimed at maximising the capability and work performance of each employee by indentifying and cultivating the strengths and overcoming the weaknesses of each individual.

In order to reinforce and materialise the innovation in the organisation, the Company included this into the agenda for its monthly management meeting, where each division is required to report innovative ideas and progress under its responsibility to other Executives.

## R&D towards World Class

With strong determination for R&D, the Company established an R&D unit to perform tasks advancing towards innovative in the organisation under its vision and mission. The R&D unit has consistently composed a number of studies and encouraged company personnel to acknowledge the importance of R&D, in which its studies were applied to obtain a certificate from the National Science and Technology Development Agency (NSTDA). From the year 2006 to 2010, the Company submitted its studies in the total of 69 projects, which accounted for

the project value of THB 55.34 million, and some of the projects qualified for patent registration. Additionally, SSI was the first and the only company among Thai steel producers who undertook and submitted a large number of studies to NSTDA every year. This represented the Company's vigorous commitment and awareness on R&D as a mean for knowledge building. In 2010, the Company carried out 17 R&D projects, consisting of 8 projects on product development and 9 projects on production process, which represented the total project value of THB 10.81 million.

The Company's R&D studies with significant benefits for the field in metallurgy at both national and international level were selected for presentation at several academic meetings, namely

- The 4<sup>th</sup> Thailand Metallurgy Conference,
- Materials Science & Technology 2010 Conference & Exhibition - the international academic meeting to discuss current research and technical applications of materials science and technology at the international level held on 17 - 20 October 2010 at City of Houston, Texas State, United States of America, and
- 8<sup>th</sup> International Conference on Fracture and Strength of Solids held at City of Kuala Lumpur, Malaysia.

Moreover, the Company's innovative products received a quality certificate from the Classification Societies, which have been accepted worldwide. This signified that SSI has the capability to produce a special quality product to respond to the needs of leading domestic customers, while it aims to expand to the international markets in the future. In 2010, the Company successfully developed its product quality and received world-class certificates as follows:

- Det Norske Verita (DNV, Norway) for premium quality products in grades NV-A, and NV-B.
- Lloyd's Register (England) for premium quality products in grades LR-A, LR-B, LR-D, 360AR and 410AR.
- Bureau Veritas (BV, France) for premium quality products in grades BV-A, BV-B and BV-D.

## Revenue Structure

Product/ Business	Operated by	Shareholding by SSI (%)	2010		2009		2008	
			Revenue (Million Baht)	%	Revenue (Million Baht)	%	Revenue (Million Baht)	%
Hot rolled coils	Sahaviriya Steel Industries PLC	-	47,785 <sup>(1)</sup>	98.86	33,188 <sup>(1)</sup>	98.67	27,448 <sup>(1)</sup>	98.40
Maintenance and engineering design services	West Coast Engineering Co., Ltd.	99.99	125	0.26	103	0.31	154	0.55
Deep sea port	Prachuap Port Co., Ltd.	51.00	180	0.37	125	0.37	155	0.56
Other revenues	Sahaviriya Steel Industries PLC		237	0.49	216	0.64	135	0.48
	Prachuap Port Co., Ltd.		2	0.01	1	0.01	1	0.005
	West Coast Engineering Co., Ltd.		3	0.01	4	0.01	1	0.005
			48,332	100.00	33,637	100.00	27,894	100.00

<sup>(1)</sup> Including sales to Thai Cold Rolled Steel Sheet PLC in the amount of THB 5,872 million, THB 4,456 million and THB 1,887 million in 2010, 2009, and 2008 respectively.



## Nature of Business Operations

Sahaviriya Steel Industries Public Company Limited, (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 THB 13,300 million. SSI's facility is acknowledged as the modern and largest stand-alone hot strip mill in South East Asia, with a capacity of 4.0 million tonnes per year for HRC, and up to 1 million tonnes per year for HRC pickled and oiled. Both plants are located in the 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 - 1,560 mm and thickness between 0.9 - 20.0 mm. SSI is one of only a few manufacturers that can commercially produce the thinnest available hot-rolled coils of 0.9 mm. Moreover, the Company succeeded in 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 1.0 - 7.0 mm, which is high-grade flat steel used in the high-end markets including automotive and appliances industries.

In 2010, most of the Company's products were sold to local customers for direct use in automobiles and parts, gas cylinders, steel structures, steel pipe, and home appliances industries, and for further process in the downstream industries such as cold-rolled steel sheet industry, whereas the remaining were exported to oversea markets.

In addition, SSI has the strategic investments in the following relating and supporting businesses.

- Thai Cold Rolled Steel Sheet PLC (TCRSS), Thailand's first cold strip mill with an annual production capacity of 1.2 million tonnes, 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-galvanising mill with an annual production capacity of 240,000 tonnes, further galvanises 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 tonnes ("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 specialised in catering to steel industries, provides maintenance and engineering services as well as engineering design.

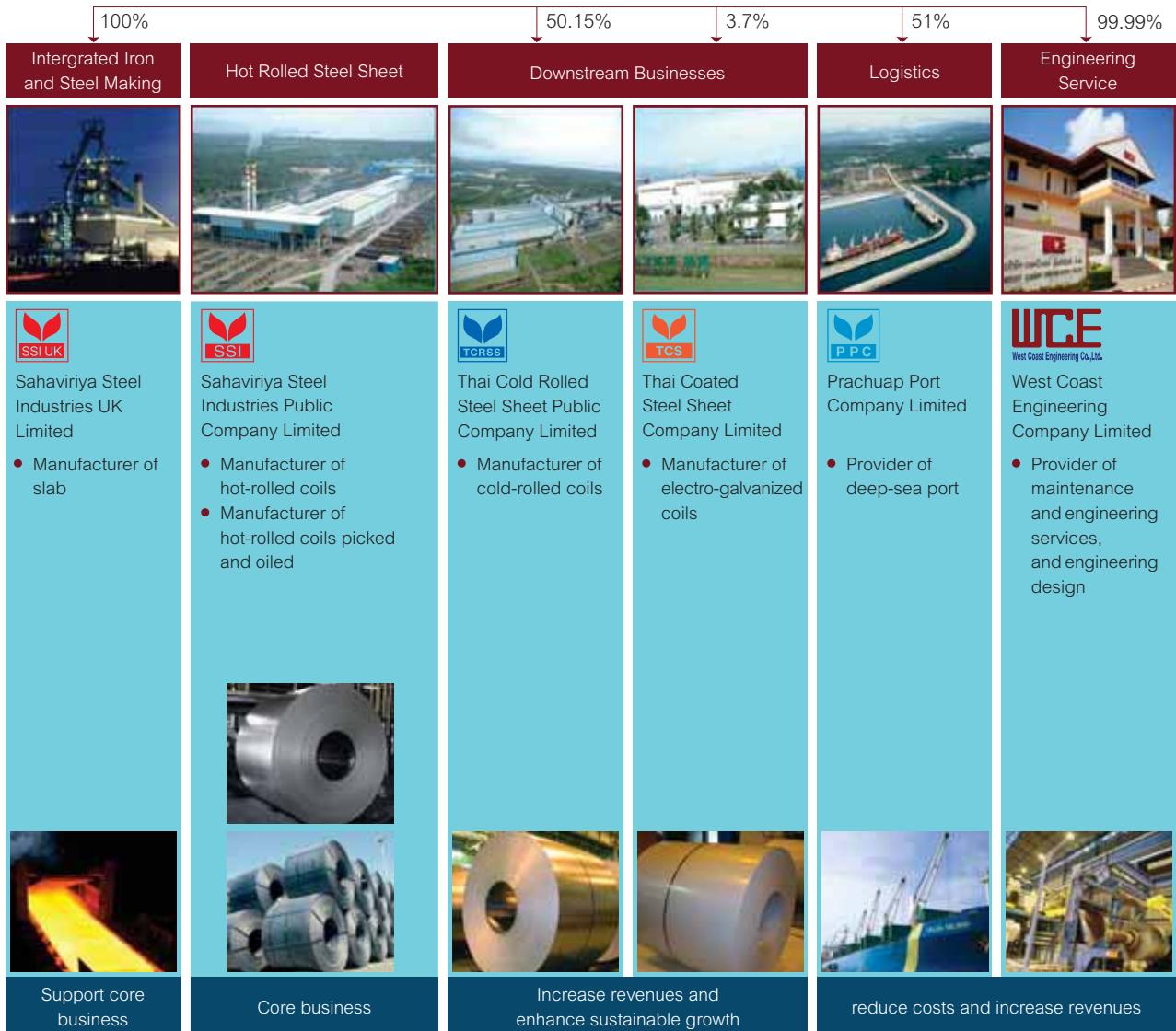
- Sahaviriya Steel Industries UK Limited (SSI UK), established in 2010 to acquire and operate the iron and steel making facility in Teesside, United Kingdom.

- Redcar Bulk Terminal Limited, established in 2010 by SSI UK, is to become a joint venture between SSI UK and Tata Steel UK Limited, to own and operate a deep-sea port. At 31 December 2010, the company was 100 percent owned by SSI UK.

Provided the Company and SSI UK are successful in acquiring the iron and steel making facility in the UK, the Company's investments will extend from upstream to downstream, affording the Company the cost competitive advantage internationally and greater stability and efficiency in its supply chain management.

Sahaviriya Steel Industries PLC continues to reinforce its position as market leader of high-grade steel sheets in ASEAN and create sustainable value for stakeholders, based on its strategic locations, technological excellence, high-quality personnel, and effective management toward good corporate governance as well as social, community, and environment responsibility.

# SSI Group Structure





# Organisation Chart

## Board of Directors

Board of Executive Directors

Internal Audit Office

President

Executive Vice President

### Finance & Accounting Division

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

### Public Affairs and Social Responsibility Division

- Public & Community Relations Office
- Government Affairs Office
- External Affairs Office

### Human Resources & Admin. Division

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

- 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 Sub-Division**
  - Domestic PO Dept.
- Commercial 2 Sub-Division**
  - Domestic Market A1 Dept.
  - Domestic Market B1 Dept.
  - Domestic Market B2 Dept.
  - Sales Supporting 1 Dept.
  - Sales Supporting 2 Dept.
- Overseas Commercial Sub-Division**
  - Slab Procurement Dept.
  - Export A Dept.
  - Export B Dept.
- Product and Market Development Sub-Division**
  - Product and Market Development Dept.
  - Technical Service 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 Operations**
  - Production Planning & Control Dept.
  - Slab & Coil Yard Dept.
- Maintenance & Utility**
  - Electrical Maintenance Dept.
  - Mechanical Maint. 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 summarised as follows:

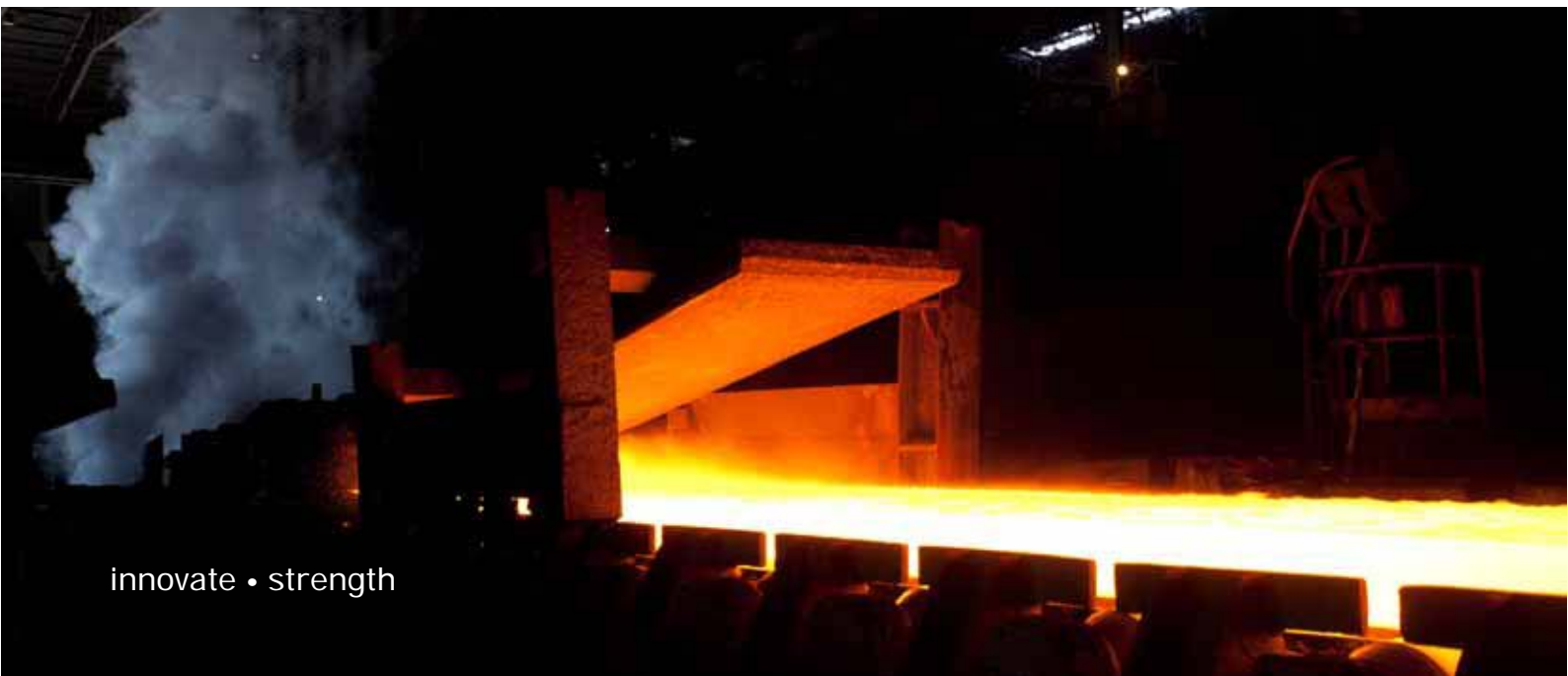
## 1. Board of Directors

As of 31 December 2010 the Board of Directors consisted of sixteen members, namely:

- Director who is also an executive 1 persons
- Directors who are not executives 8 persons
- Independent directors 7 persons

The names of the Board of Directors are as follows:

- |                             |   |                                |                      |
|-----------------------------|---|--------------------------------|----------------------|
| 1. Mr. Maruey Phadoongsidhi | Chairman of<br>the Board of Directors                                       | 3. Mr. Visith Noiphan          | Independent Director |
| 2. Mr. Somchai Sakulsurat   | Deputy Chairman<br>of the Board of<br>Directors and<br>Independent Director | 4. Mrs. Kesree Narongdej       | Independent Director |
|                             |   | 5. Mr. Tongchat Hongladaromp   | Independent Director |
|                             |   | 6. Mr. Tawee Butsunorn         | Independent Director |
|                             |   | 7. Mr. Siripol Yodmuangcharoen | Independent Director |
|                             |   | 8. Mr. Prateep Buphaintr       | Independent Director |
|                             |   | 9. Mr. Wit Viriyaprapaikit     | Director             |
|                             |   | 10. Mr. Taweesak Senanarong    | Director             |
|                             |   | 11. Mr. Somchai Pipitvijitkorn | Director             |
|                             |   | 12. Mr. Kamol Juntima          | Director             |
|                             |   | 13. Mr. Permpoon Krairiksh     | Director             |
|                             |   | 14. Mr. Yuke Sutarat           | Director             |
|                             |   | 15. Mr. Piya Viriyaprapaikit   | Director             |
|                             |   | 16. 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 qualifications 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, employee, or consultant who receives full time salary, nor a 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) Is not or has not ever 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 THB 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 year 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 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 THB 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 operating 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 decisions 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 authorised by the auditor or professional provider to sign an auditor's report or a professional report (in any case) on behalf of juristic person.
- A director with management participation means a director holding a management position, a director with the responsibility in any implementation as management and authorised 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 authorised to sign as the Company's representative are Mr. Maruey Phadoongsidhi, Mr. Wit Viriyaprapaikit, Mr. Kamol Juntima, Mr. Somchai Pipitvijitkorn, Mr. Piya Viriyaprapaikit and Mr. Win

Viriyaprapaikit. Any two of these six 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 authorised 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 authorisation, 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 organise 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 as '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 authorised 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 2010 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 authorised 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 Authorisation 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 2010 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 the knowledge and experience which is 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, and 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 consultants, 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 the 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 2010, the Remuneration Committee consisted of three members whose term of office is three years, (from 24 November 2011 to 23 November 2013) as follows:

- |                               |          |
|-------------------------------|----------|
| 1. Mr. Tawee Butsunton        | Chairman |
| 2. Mr. Somchai Pipitvijitkorn | 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, concerning 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 2010, the Nomination Committee consisted of three members whose term of office is three years, (from 24 November 2011 to 23 November 2013) as follows:

- |                             |          |
|-----------------------------|----------|
| 1. Mr. Visith Noiphan       | Chairman |
| 2. Mr. Kamol Juntima        | Member   |
| 3. Mr. Piya Viriyaprapaikit | 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 judgment, 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 2010 the Good Corporate Governance Committee consisted of three members, whose term of office is three years (from 4 December 2011 to 3 December 2013), as follows:

- |                          |          |
|--------------------------|----------|
| 1. Mr. Tawee Butsunorn   | Chairman |
| 2. Mr. Kamol Juntima     | Member   |
| 3. Mr. Prateep Buphaintr | Member   |

### Scope of Duties and Responsibilities of the Good Corporate Governance Committee

1. Assess and propose to the Board of Directors the Company's policies concerning good corporate governance in accordance to business philosophy, and code of business conduct of the Company as well as international good corporate governance principles.

2. Develop and evaluate procedures or guidelines concerning good corporate governance and propose them to the Board of Directors.

3. Oversee the performance of the Company's management to ensure that they conform to the Company's policies and guidelines concerning good corporate governance approved by the Board of Directors.

4. Provide advice on corporate social responsibility (CSR) to management of the Company.

5. Oversee the Company's management to ensure that they establish a clear execution plan of CSR policy, and follow up their implementation according to the plan and submit the results to the Board of Directors.

6. Review business philosophies, codes of business conduct, codes of ethics for directors, and codes of ethics for employee, as well as guidelines concerning the same and propose them to the Board of Directors' as deemed appropriate.

7. Appoint external advisers concerning good corporate governance if deemed necessary and appropriate at the Company's expense.

8. The Good Corporate Governance Committee may take courses to enhance its knowledge in the matters related to its works at the Company's expense.

9. Perform other tasks relating to good corporate governance that are assigned to it by the Board of Directors.

10. Report results of the Committee's tasks to the Board of Directors for acknowledgement on an appropriate basis or at least twice a year, and must report immediately to the Board for acknowledgement or consideration of the matter that has a significant impact on the Company together with suggestion or recommendation for such matter as it deems appropriate.

11. Report results of the Company's good corporate governance to the shareholders' meeting on annual basis via the Company's annual report.



## 7. Risk Management Committee

As of 31 December 2010, the Risk Management Committee consisted of three members, whose term of office is three years (from 4 December 2011 to 3 December 2013), as follows:

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

### Duties and Responsibilities of the Committee

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

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

### The Company's Management is as follows:

1. Mr. Win Viriyaprapakit  
President
2. Mr. Nitiphong Tejavanija  
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. Jira Chotinuchit  
Vice President - Office of the President
- \*7. Mr. Somsak Sivapaiboon  
Vice President - Office of the President
- \*8. Mr. Chaipat Khemaphiruk  
Vice President - Office of the President
- \*9. Mr. Narongrit Chotnuchittrakul  
Vice President - Office of the President
- \*10. Mr. Wichien Tungsuknirudorn  
Vice President - Office of the President
- \*11. Miss Sunee Wattanapholmongkol  
Vice President - Finance & Accounting Division
12. Mrs. Wannee Sirikanchana  
Secretary to the Audit Committee  
and Secretary to the Good Corporate  
Governance Committee
13. Mr. Surasak Ngamsidhipongsa  
Company Secretary,  
Secretary to the Board of Executive Directors  
and Secretary to the Nomination Committee

### \* Remark:

- |        |  |
|--------|--|
| No. 7  | was assigned to take a position of President of Thai Cold Rolled Steel Sheet PLC on 1 February 2010.   |
| No. 8  | was assigned to take a position of Managing Director of Prachuap Port Co., Ltd. on 1 April 2010.   |
| No. 9  | was assigned to take a position of Vice President of Accounting and Finance Division of Thai Cold Rolled Steel Sheet PLC on 17 October 2008. |
| No. 10 | early retired on 1 March 2011.   |
| No. 11 | resigned from the position on 1 July 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. Organise a process of transmitting information within the organisation 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.

# Steel Industry and Competition Overview

## Global Steel Market in 2010

The World Steel Association (WSA) forecasted that the global steel useage in 2010 would increase by 13.1 percent to approximately 1,272 million tonnes. This was supported by an improved figure of the world crude steel production in 2010, which stood at 1,414 million tonnes, rising by 15.0 percent from the previous year. The improvement was mainly contributed by the recovery in world economy, which resulted in an increase of steel consumption, especially in China and India. A worldwide demand for steel created a shortage, and thus pushed up the price of iron ore. It was evident when the world's major miners such as VALE, Rio Tinto, and BHP Billiton increased the price of iron ore by roughly 100 percent.

## Domestic Steel Industry in 2010

According to the Iron and Steel Institute of Thailand (ISIT), domestic steel consumption in 2010 amounted to 14 million tonnes, from 10.7 million tonnes in 2009, (9.4 million tonnes of flat steel and 4.6 million tonnes of long steel). This was mainly due to the recovery in global economy and the strong growth of domestic industries. The Bank of Thailand (BOT) reported that the Thai economy in 2010 grew at 8 percent, a significant improved from the previous year at (2.3 percent). Thai economy grew particularly strong in the industrial sector, providing a favorable increase in domestic

steel consumption, which rose continuously from September 2009 through to 2010. Public spending also contributed to steel consumption with its investments in infrastructure. The government's mega-projects included a mass rapid transit railway network under the transportation master plan in Bangkok and its vicinities, consisting of 12 routes with a total length of 495 kilometers. The construction has now commenced and the scheduled completion date is 2019. Other mega-projects included double-track rail network, and a high-speed rail system. In addition, domestic

car production hit its 50-year record at 1.64 million units, representing a 64 percent jump over the previous year, and is expected to rise further by 9.42 percent to 1.8 million units in 2011.

## Steel Market Outlook in 2011

WSA forecasted that the world steel demand in 2011 will grow by 5.3 percent to reach a new record of 1,340 million tonnes, exceeding the pre-crisis peak level in 2007, and the previous record in the first half of 2008. This is significantly driven by government stimulus packages of the developed economies particularly the EU, NAFTA, and the CIS. WSA also estimated that China's apparent steel use in 2011 will be 42 percent above the 2007 level, and China will remain the world's largest consumer of steel.

As for the Thai economy in 2011, according to ISIT, Thai steel consumption is expected to grow by 5 - 8 percent to 14.42 million tonnes, while BOT estimated that Thai GDP will grow by 3 - 5 percent due to a lower economic growth worldwide compared to 2010, as well as appreciation of

the Thai Baht and the rise of fuel price. Nevertheless, growth will continue in some industrial sectors, especially the automotive industry, where there will be new models of cars being launched into markets. Growth of the construction industry will largely depend on the government's mega-projects. Potential concerns for the market in 2011 will be China's dumping of steel products, particularly flat steel products, because of its oversupply situation, as well as political uncertainty which will affect the government's mega-project investment schemes. These factors will have an impact on the forecast of steel demand. It is expected that China's steel export is likely to increase in 2011 and its target will be the Asian market, where Thailand is considered one of its major markets. In response to this, the Thai government is considering imposing anti-dumping measures on steel imported from China and Malaysia to protect local producers against unfair trading practices. In addition, it is important to keep monitoring the price movement of raw materials and steel products and the impact on the the price of the finished product.





# Risk Management

Recognising the risk factors which may impact actualisation of vision, mission and the goal of the Company, the Board of Directors thus specified policies regarding risk management and internal control in late 2004, to implement systematic risk management in the entire organisation in an effective and efficient manner.

The Company has appointed a Risk Management Working group as a key mechanism to implement various risk management measures. In previous years, the risks identified by each department have been assessed and analysed. Concomitantly, risk management measures are put in place and the results are systematically monitored. To conform to the Corporate Governance Policy endorsed in late 2007, the Board of Directors established the Risk Management Committee to take charge of risk management. The Risk Management Committee is assigned to review, and offer suggestions on the assessment of high risks of the Company prepared by the Risk Management Working Group. Subsequently, they will further propose to the Audit Committee additional comments or observations, prior to the submission to the Board of Directors every three month.

The major and key risk management measures of the Company in 2010 can be summarised as follows:

## Market Risk

### Risk from Price Fluctuations of Raw Material and Products

The World Steel Association (WSA) reported world crude steel production from January - December 2010 at 1,414 million tonnes (a rise of 15 percent over the previous year because the world economic recovery was more swift and solid than expected). As a result, steel demand predominantly rose, especially in China and India.



Consequently, early in 2010, the prices of steel slabs, which are the main raw materials of the Company, reached USD 500 per tonne, and subsequently peaked at USD 690 per tonne in the second quarter. In the third and fourth quarters, the price adjusted downward and slipped to USD 550 per tonne. Nevertheless, before the end of 2010, the severe storm struck major supply sources in Brazil, affecting iron ore and coal transportation and drove the price of steel slabs in Asia up again.

As for the domestic market, in the first half of 2010, the local consumption started to grow stronger. The production stepped up in order to restock inventory, which was at low level in late 2009. In addition, the country saw a continuous production expansion in the industrial sector, particularly from the rise in exports of automobile and electrical appliances. The steel consumption as a result, kept rising in 2010. Noticeably, consumption of hot rolled steel sheet products surged 23.10 percent over the previous year.

Since the price volatility in the world steel market is an external factor, which is beyond the Company's control, it employed various measures to manage such risks. The Company adopted the following key measures:

1. Focus on premium products with higher price but low price fluctuations.
2. Closely monitor domestic and overseas markets and continuously analyse and consider the outlook for demand of its products, in order to take appropriate decisions on purchase of steel slabs from overseas. In addition, the Company diversifies raw material sources in order to obtain high-quality raw materials at a lower cost to satisfy production demand and deliver the products to the customers within the shortest span of time.
3. Maintain proper level of both steel slabs and finished products to meet the sales forecast and reduce lead time of raw materials as well as finished products inventory to reduce negative risk from price fluctuations.
4. Ensure that production meets the sales plan and that the finished product is delivered to the customers in the shortest time.
5. Place an emphasis on the sales volume, to reduce per unit production cost and increase cash flow.

## Risk on Product Delivery

The Company has adopted measures to curb risks from customers refusing to accept delivery during the period of high price volatility. Financial and credit policies are adopted to mitigate these risks. Furthermore, to lower delivery costs and risks associated with rising fuel price, the Company promoted the use of barges in delivering products to customers. Motor vessels, for instance, have been arranged for use to increase efficiency of delivery.

## Production Risks

### Risk of Production Process

In 2010, the Company started product development to add value for customers. These value-added products required additional processing. During the year, the Company was able to implement a number of programs to improve production process and effectively deliver these value-added products to the customers. Nonetheless, upon assessment of production capabilities against the Business Plan for 2010 - 2012, the Company found the need for a multitude of activities to boost capacity of new production process.

To be able to deliver premium value products, the Company improved its production process so that it can accommodate innovative products, which have never been produced before. In addition, the process was simplified, while productivity was enhanced and production cost was under strict control. Under this program, which is anticipated to complete by 2011 - 2012, the Company has received co-operation from the employees in innovating production process to improve capabilities, and develop production to reach a goal according to the business plan.

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## Risk from Natural Disaster, Fire and Other Emergencies

### Flood

Bang Saphan District, the location of the Company's factory, is susceptible to floods. The Company therefore prepared in readiness an emergency flood plan and a response to any unfortunate event. The plan has been reviewed regularly and in the past year, the Company improved the water flood surveillance level to an increased response time in the event of a flood. It also procured a new set of equipment for flood response for readiness when it is needed. In addition, the surveillance was carried out through on site equipment inspection, weather condition and satellite monitoring and an information up-date with the team so that they were informed at all times.

### Fire

With respects to the fire risk, the Company has created a fire prevention and control plan, and arranged regular inspections and maintenance of fire prevention equipment for 24-hour readiness. Concurrently, more automatic fire extinguishers were installed at the machine control room. To increase skills and expertise in controlling and responding to fire in due time for safety, the Company held training and fire drills for various teams e.g. fire extinguishment teams, and first-aid teams, etc.

### Other Emergencies

The Company carried out risk assessments and prepared well in advance for other emergencies, which included irregularities of boiler; chemical spill; LPG spill; radiation emergency; and an emergency from power failure.

## Risk from Social and Community Impact

The Company realises, and places a great deal of importance on, the impact of the Company's manufacturing operation on the community in every area including environmental, safety and economy and society. In managing the said risks, the risk management plans are well laid out, and are as follows:

1. A working group was established to control product transportation for the companies in the Group. Their task is to supervise compliance with the Company's rules and regulations on truck transportation to prevent any negative effect on the communities. Additionally, the Company set up a center to collect complaints by local residents.

2. Participated in Corporate Social Responsibilities-Department of Industrial Works Project which is a project encouraging the entrepreneurs to demonstrate corporate social responsibilities to the society. This is a continuous project in which the Company took part for successive years since 2009. Under a self evaluation program according to the Project, the Company passed the criteria and was certified by Department of Industrial Works. The project was another corporate social responsibility activity that conforms to ISO26000, a benchmark standard of corporate social responsibility which was officially published in late 2010.

3. For the second year, the Company participated in the Environment Governance Project sponsored by Prachuap Khirikhan Province Industrial Office. The project continued to emphasise the principles of good governance principles that allowed the community to witness environmental work of the Company and audit its performance. After having passed the criteria, the Company received a certificate from the Mayor of Prachuap Khiri Khan Province on 5 October 2010.

4. Supported people around the vicinity of the plants by organising a community leader council and adopted it as a venue for dialogue, meetings and joint discussions between the community leader and the Company's executives to exchange information and opinions, as well as clarification on various concerns, problem resolutions and issues which were based on a foundation of trust and an amicable relationship.

5. Supported activities and community development projects in a number of areas such as education, society, religion, public health, career promotion and community economy. A focus was placed on the process of allowing the participatory of each community to think, make decisions according to their own requirements, and take ownership that will lead to sustainable development of each community.

## Financial Risk

### Risk from Exchange Rates Fluctuations

In 2010, the Company's payment in foreign currency for importing flat steel slabs, a major raw material from overseas, accounted for 85.39 percent of the total sale. Concurrently, the revenue in foreign currency from exporting products and sales to some local customers whose payments were in foreign currency, accounted for 9.45 percent of the total sale. The Company was thus confronted with the risk of foreign currency exchange rate. However, as the Company had both income and expense in foreign currency, the reduction in exchange rate risk could be achieved at a certain degree by offsetting the future foreign currency payables against the future foreign currency receivables with similar settlement dates, so called the "netting technique". For the transaction that could not be offset, the Company had a prevention measure for this risk by entering into forward contracts. 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 at any given period within a limit deemed appropriate by the Board of Executive Directors.

Furthermore, the Company was able to partially reduce impact from exchange rate fluctuation by setting or adjusting sale price in Thai Baht based on prevailing exchange rates. However, it is not possible to consistently or fully implement this price adjustment at all times as the competitive market condition may not permit.

### Risk from Trade 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. With an average outstanding account receivable of THB 2,914 million in 2010, the Company was exposed to the risk of customers' inability to settle the payment within due dates, or within the agreed date of credit extension. To mitigate the risk, the Company set up criteria and practices on credit offering as well as a 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 authorised executives in charge of credit approval. In addition, the credit risk was regularly governed through a report by the management 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 2010, the Company set forth conditions for some customers to deposit 10 - 15 percent of value for the purchase. At the end of 2010, the account receivable stood at THB 2,919 million and none of the accounts was past due dates. However, during the year, the record showed that some accounts were unable to settle payment within the schedule. With our efficient analysis and collection, and most of customers were well-known with a long record of business relationship, the Company could successful track them to settle past due payment without any damage to the Company.

### Risk on Liquidity

Liquidity risk is originated from the failure of the Company to meet its obligations as they fall, 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 (at the end of 2010, the ratio was 1.19 : 1 down from 1.45 : 1 from the previous year); (2) adhere to the principle of not using short-term financing



to fund non-current assets and (it showed that the Company strictly complied to this principle); (3) monitor the changes 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 2010, the current ratio was 0.98 : 1, higher than the previous year which was 0.94 : 1); (4) obtain sufficient sources of funds and the types of credit to meet requirement of the Company's business plan; and (5) prepare cash inflows and outflows projection 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.

## Risk from Acquiring and Operating the Steel Plant in UK

(As of 31 December 2010)

On 27 August 2010, the Company signed a memorandum of understanding with Tata Steel UK Limited ("TSUK") with an aim to acquire assets of Teesside Cast Products ("TCP"), located in the North East of the United Kingdom. The acquisition of the assets is considered a major investment and steelmaking is an expansion into the new line of business for the Company. Risks associated with the acquisition include the followings:

### Risk in Completing the Assets Acquisition

The Company has made a remarkable progress in negotiating the terms in acquiring assets with the seller. Though the Company was confident that the sales and purchase agreement is likely to be executed in the near future, this is a transaction with significant value that requires sophisticated structuring and complex procedures.

Both the Company, as the buyer, and TSUK, as the seller, would have to consider thoroughly before making the final decision in order to protect each of their own interests for the most of each party's benefit. Therefore, uncertainty on success and the timeline of assets acquisition still exists.

In acquiring TCP, the Company needs to raise a large amount of funds to pay for the assets from TSUK and invest in additional machinery and equipment, as well as improving the existing machinery and equipment. Also, a large amount of working capital fund for operating production and sales of slab steel will be required. The Company is in the process of raising new equity and sourcing loans for the investment. The success of securing additional fund is subject to various uncontrollable factors, although the Company is already in the advanced stages of discussion with financial institutions to secure the required funding. Nonetheless, loan conditions as well as the amount of loan are determined by those financial institutions and will require final approvals from each of the institution's credit approval authority.

### Risk of Operating a Steel Plant and Selling Steel Slabs

The expansion into steelmaking and selling steel slabs is an expansion to upstream business which, although directly relates to the Company's existing business, is different from our present business and hence entails a somewhat different business risk profile. Business performance of steelmaking and selling steel slabs can be affected by various conditions such as price of iron ore and coking coal, other costs of raw material, market price of steel slab, and management of raw material procurement. In addition, production and transportation, fluctuations of foreign currencies and competition in steel industry and overall demand and supply of general steel products are factors which affect the performance as well.

# Internal Controls

The Board of Directors of Sahaviriya Steel Industries Public Company Limited (SSI) recognises 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 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 internal control of the Company and the 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 corporate management, based upon the evaluation form of the company auditor, and (3) important issues from the audit report from the Internal Audit Office.

The Internal Audit Office is appointed as the 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 Organisations of the Treadway Commission (COSO). This framework consists of five main control components, namely:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communications
5. Monitoring and Evaluation

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

## Control Environment

- In 2010, the President announced a business direction for the Company to step up into an era of SSI 2.0, under the business strategy of "innovated products with added value for customers and fully integrated steel production."

- The Company re-organised the Company's structure to suit the new business plan as well as rotated some executives under a new organisational structure. With respect to human resources development, the Company held in-house training as well as sent employees for outside training.

- In mid 2010, the Company endorsed new business philosophy, business ethics standards and employee ethics (revised versions), as well as practice guidelines regarding conflicts of interest.

## Risk Assessment

- Please see details of risk assessment and risk management in this Annual Report 2010 under the subject "Risk Management".

## Control Activities

- The Company has defined corporate regulations, policies and guidelines to ensure proper procedures. In addition, an authorisation 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 Authorisation Chart is clearly shown and those delegated are held responsible and accountable. In 2009, the authorisation was reviewed and amended in some areas to ensure that it is flexible enough 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.

- The Company has instituted a number of standard management systems for its operations as follows:

- ISO 9001:2008 quality management standards

- ISO/TS 16949:2009 quality management standards for the automotive industry

- 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

- Thai Labour Standard (TLS8001-2003)

- Class Certification for Ship Building (DNV&BV&LR)

- Standard for Corporate Social Responsibility (CSR-DIW) B.E. 2552

- In the first quarter of 2010, the Company reviewed its hot-rolled steel sheet production process to assess limitation of capacities enhancement. In late 2010, the Company designed architecture for hot-rolled steel sheet production processes to accommodate production of new added-value products for customers.

## Information and Communication

- The Company developed its information technology system to create a Key Performance Indicator Online, to report progress on the Company's performance and the set goal according to vision and mission of the Company. This online progress report will inspire and energise employees and keep them aware of movements, conditions and updates of the Company.

- The Company developed a Production Planning and Control System to enable employees to perform their works through the Company's website. Previously, they were only able to work on client server. This new system enables the Company to rapidly and flexibly respond to the sales system, and enhances work effectiveness.

- The Company established a Virtual Private Network in order to permit the employees to connect to the Company's computer, in case they are remotely stationed outside the Company's office, or in an emergency situation when they are unable to work in the office. Allowing an efficient communication channel, the system serves as a starting point of business potential enhancement.

- The Company disseminated information regarding the Company's business plan and target to the employees through various in-house communications media such as in-house newsletter, intranet system, and internal TV. The communications aimed to foster mutual understanding and seek concerted collaboration from every unit and department, to propel the Company towards a designated goal.

## Monitoring and Evaluation

- The Company requires that all divisions report on their operational results at a monthly management meeting.

- Reports and operational result assessments are screened by the Board of Executive Directors to compare achievements with targets on a monthly basis. If there is any significant impact, the committee can then act accordingly.

- Various committees produce regular reports on their activities and resolutions from their meetings for the benefit of the Board of Directors as and when required.



# Good Corporate Governance

The Board of Directors at Sahaviriya Steel Industries Public Company Limited (SSI) is well aware of their role and responsibilities, and the fiduciary duties assigned to them by the Company's shareholders. The shareholders expect the Board to govern the Company to ensure an efficient and transparent management that creates trust and confidence amongst all stakeholders, so that the Company's businesses develop and prosper at a stable and sustainable rate. In 2002 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 Organisation 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 2010, the results of the Company assessment and survey relating to good corporate governance activities areas 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 2010. The meeting was rated "Excellent", the same result as that for the year 2008 and 2009.

- Following the survey of corporate governance activities of the Thai listed companies in 2010 under "Corporate Governance Report of Thai Listed Companies 2010" program organised by the Securities and Exchange Commission in conjunction with the Stock Exchange of Thailand and Thai Institute of Directors, the Company was rated "Excellent", the same result as that for the year 2009.

To ensure the Company's rigorous implementation as prescribed in the aforementioned policy, the Board of Directors resolved at the Meeting to perform the following:

1. Appointed the Good Corporate Governance Committee, a sub-committee to be responsible for lessening the burden of the Board. A new sub-committee was appointed to replace the old committee whose term ended in December 2010. The Committee is comprised of three directors: two members are independent directors and one of the two directors chairs the Sub-Committee.

2. Approved the revised business philosophy and business ethics which were proposed in August 2010. Details of the newly defined business ethics are as follows:

## Company's Business Ethics

In conducting the business, the Company adheres to the principles of accountability, transparency, integrity and business competitiveness by acting in the best interest of all stakeholders, in an equitable manner.

### 1. Shareholders

Realising that shareholders are owners of the Company, and it is in our interest to generate optimum returns in the long term, the Company has laid out working guidelines for the Board of Directors, Executives, and employees as detailed below:

1) Perform duties to the fullest capacity with integrity, prudence and fair treatment with all shareholders for the best benefit of all.

2) Report accurate, complete and timely financial statements and non-financial statements.

3) Report a trend of the Company, both, on the positive and negative sides, to all shareholders in an equitable manner based upon sufficient factual basis, quantitative information and rationale.

4) Ensure that there is no exploitation of undisclosed information or any wrongful action for improper advantage for oneself, or others, that may cause conflict of interest for the Company.

### 2. Customers

At SSI, the Company values the vital role of customers and their satisfaction, which contributes to the success of

the business, and it is always dedicated to pursuing necessary methods to fulfill their needs in a more efficient and effective manner and gain customers loyalty. The guidelines have been set up as follows:

1) Deliver premium products and services that meet expectations, or go beyond the expectations.

2) Communicate with customers with courtesy and ensure that complete, accurate and real-time information on products and services is given. The Company will not misrepresent products on quality, quantity or any condition of the products and services.

3) Strictly follow the conditions with the customer. Unless able to do so, the customers will be informed in advance so that joint solution can be made.

4) Establish a system and channel that allows customers to make complaints about quality, quantity and safety of the products and service, and respond to the complaints promptly.

5) Strictly protect confidential information of customers and will not disclose information for the benefit of the Company.

6) Product and service instructions of the Company need to be provided to the customers in an efficient manner for the maximum benefit.

### 3. Suppliers

Recognising the importance of ethical conduct with suppliers should be based on fair returns to both parties. The Company thus commits to provide factual, and accurate information to the suppliers. It follows the agreements and negotiation for mutual solutions based on business relationships as well as avoids any circumstances that may give rise to a conflict of interest. The guidelines are set out below:

1) Will not request, receive or pay for wrongful activities from and to suppliers, that are against the law and regulations.

2) In an event that requesting, receiving or payment for wrongful activities occurs, the suppliers need to be informed immediately to arrange a mutual solution.

3) Strictly follow conditions of trading contract with suppliers, unless the Company can follow the condition, it needs to inform the supplier beforehand to arrange a mutual and agreeable solution.

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#### 4. Business competitor

The Company has high concerns on ethical conduct with business competitors and sets out the following guidelines:

- 1) Never attempt to seek confidential information of any competitors by illegal and improper methods.
- 2) Never tarnish the business reputation of the competitors by offensive accusations.

#### 5. Employees

The Company realises the utmost importance of its personnel, who are vital for business success. It endeavours to ensure that all employees are fairly treated in terms of rewards, opportunities and potential development based on humanity practices regardless of their race, religion, gender and (dis) ability. The guidelines are spelt out as follows:

- 1) Treat all employees and individuals with respect and dignity.
- 2) Provide fair compensation to employees.
- 3) Provide a safe and healthy working environment to employees at all times.
- 4) Appointment, rotation, promotion and demotion must be carried out with sincerity, and to be based on knowledge, merit and suitability.
- 5) Place profound importance on human resources development and the capabilities of the entire personnel.
- 6) Avoid unfair practices which may affect job security of the employees, or any action that may threaten mental wellbeing.

#### 6. Supervisory Organisation

As lawful actions and ethical practices are of paramount importance, the Company strictly complies with laws, regulations and standards and always renders full cooperation to supervisory authoriaing agents.

#### 7. Society and community

The Company recognises accountabilities towards society and community as the core of business, with full realisation of the possible effect on natural resources and the environment. It has constantly lent support to a number of activities to improve society and communities, safeguard and rejuvenate natural resources as well as enhance the community capacities in an effort to bring about sustainable development.

In 2010, corporate action related to the Good Corporate Governance Policy can be summarised 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, not less than 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 the meeting, which set forth the meeting's agenda and details of each item, 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 2009 Annual Report, the Copy of the Minutes of the 21<sup>st</sup> Annual General Meeting of the Shareholder on 30 April 2009, the Company's Articles of Association relating to shareholders' meeting, proxy form, a list of documents and evidence to be present by the shareholder at the Shareholder's Meeting, the Agenda of the Shareholder's Meeting and the map of the venue of the Shareholder's Meeting, to Thailand Securities Depository Co., Ltd. (TSD) approximately 23 days before the date of 21<sup>st</sup> Annual General Meeting of Shareholders 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 23 days before the 21<sup>st</sup> Annual General Meeting of Shareholders on 30 April 2010. This was to facilitate shareholders' quick and continuous access to this information and give them time to consider it before receiving the actual documents.

- For the 21<sup>st</sup> Annual General Meeting of Shareholders, held on 30 April 2009, the Company gave minor shareholders an opportunity to suggest what they considered important and useful matters for inclusion in the agenda. They were 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 [www.ssi-steel.com](http://www.ssi-steel.com). This opportunity was made available since the 18<sup>th</sup> 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 [agm21@ssi-steel.com](mailto:agm21@ssi-steel.com) or by regular mail, to the Company Secretary within the determined time frame, and necessary details shall be provided for the purpose of further contact by the Company.

In preparation for the 22<sup>nd</sup> Annual General Meeting of Shareholders to be held on 29 April 2011, the Stock Exchange of Thailand via the SETPORTAL system, have been informed of the above (28 October 2010 and 30 November 2010 respectively).

All suggested matters received via e-mail at [agm22@ssi-steel.com](mailto:agm22@ssi-steel.com) or by regular mail to the Company Secretary 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 itemised in the notice of the 22<sup>nd</sup> Annual General Meeting of Shareholders, and then will be explained in addition to being answered at 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 attending 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 authorised for the 21<sup>st</sup> Annual General Meeting of Shareholders, namely two independent directors, the Chairman of the Board of Directors, 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 2010, the Company organised the 21<sup>st</sup> Annual General Meeting of Shareholders on 30 April 2010 at the Holiday Inn Hotel, Silom Road, Bangkok. All 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. A computer system was used to identify shareholders names in order to facilitate 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 the Company Articles, and conducted the meeting in accordance with the agenda as contained in the notice of the 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 2010 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 present to answer 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 the number of shares he/she owns.

- 2) Each shareholder may use his or her votes, (as per point 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 point 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, and these candidates have received an equal number of votes, the Chairman shall cast the deciding vote.

### 3. After the Shareholders' Meeting

- The Company Secretary always prepares the 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, 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 [www.ssi-steel.com](http://www.ssi-steel.com) since Extraordinary Shareholders' Meeting number 1/2005.

- The Company Secretary has supervised and filed the minutes and notices of the shareholders' meetings 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

At Board of Directors meeting on 24 December 2009, (Number 6/2009), a new business plan for 2010 - 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.

In 2010, the Company received awards under various categories as detailed below:

Award Category	Organising Agents	Date
Prime Minister's Industry Award 2010 for Logistics	Ministry of Industry	16 August 2010
Outstanding Award for Labour Relations and Welfare Relations for consecutive years (2005 - 2010)	Ministry of Labour	17 September 2010
2010 for The Plaque of Appreciation For Energy Reduction Promotion Project in Logistics	Industry Council of Thailand	21 September 2010
Outstanding Logistic Award, on Category of Metallurgical Plant as a successful organisation in the cost reduction and added value for logistics under the Logistics Enhancement Project for Primary Industries and Mines	Ministry of Industry	27 October 2010
Outstanding Enterprise Award on Recreation for the Year 2010	Ministry of Tourism and Sports	30 July 2010

## 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 as stated in the Company's Business Ethics. Subsequently, it has established a working mechanism to promote activities / or to 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 customer's opinion surveys and employee satisfaction surveys, shareholders' opinions and enquiries and hearing and answering at the Shareholders' Annual Meeting. Contact channels for the stakeholders to

submit suggestions is via the website and to report "tip" and "complaint" to the Good Corporate Governance Committee. In addition, the Company has virtually ensured adequate disclosure of related 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, committee, working committee or working subcommittee specifically in charge of assignments are set up to take care of every stakeholder 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 2010.

**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 shareholders.

**Stakeholder: Customer**

- The Commercial Division has carried out a myriad of activities to foster relationships with customers, follow up with issues and complaints from the customers as well as acknowledge opinions and suggestions for improvement of products and services in order to meet their expectations accordingly. Customer visits and monthly meetings with major customers are held. Additionally, the Company conducted an annual customer satisfaction survey and organized product trainings for the customers in need, offered advice and assistance to the customers regarding problems of the products of the Company.

- A sub-working group for innovation of value-added steel and services for the customers, conducted a customer needs analysis and cooperated with Production Division to gear towards value-added product and service development for the customers.

**Stakeholder: Suppliers and Business Competitors**

- The Slab Suppliers Audit Working Subcommittee arranged activities to strengthen the relationship with suppliers through information and experience sharing amongst suppliers. In 2010, the Company invited four overseas suppliers to attend meetings with the company, to review technical protocol and specification in order to develop raw materials for more varieties and better response to the customers' requirement. The meeting helped define a direction of solution in improving raw material quality and other problems.

- To foster a business relationship with suppliers and business competitors, the Company held a number of joint activities between executives and concerned parties for instance, meetings and sport events. Those built favorable relationships and provided opportunities of experience sharing.

- The Company's Purchasing Department performed the following tasks:

→ Disclosing procurement news of the Company via [www.ssi-steel.com](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 a 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.

→ Organising annual seminars and meetings with the suppliers and service providers. In 2011, the meeting was scheduled for February to clarify the Company's procurement, joint procurement with Sahaviriya Group as well as other related issues on procurement and safety and environment policies.

→ Visiting 29 suppliers and 18 Bang Saphan Communities to study production process and sales management system in 2010. The visits were to ascertain that their process and product quality meet the requirement of the Company.

→ Published the company brochures and distributed to shops in Bang Saphan communities, to promote the activities of the Company and create a new trading opportunity channel amongst new shops.

**Stakeholder: Employees**

- The human Resources and Administration Division is committed to pursuing the Company's business philosophy, that embraces confidence on the value of personnel and that **the quality employees contribute to the success of the organisation**. Hence, the Company has always arranged proper employment conditions that provide suitable compensation for the employees in order to stimulate motivation. A number of welfare and benefits are initiated in various forms, for example, provident fund, health insurance, life and accident insurance, support for activities of employee's saving cooperatives, trainings and seminar of employees, scholarship and transportation services to-from Bang Saphan Plant, and others.

In addition, the Company engaged in employee relations activities and arranged a wide variety of communication channels with the employees. The included SSI Internal TV, message from the President and the in-house wired voice program to build good relationship and trust between employees with the Company. Consequently, the Company received the Outstanding Award of labour relations and welfare for eight consecutive years (2003 - 2010) and Outstanding Award for Recreation from Ministry of Tourism and Sports. The honors reflect the monumental value the Company places on the efficiency development of labour management. Furthermore, the Company successively undertook assorted programs according to TLS 8001-2546 Thai Labour Standard, which covers areas to ensure that the employees' rights are respected and protected in line with laws according to specification of corporate social responsibilities standards and related regulations. Improvements of labour activities and reviews of the management policy for more suitability were constantly undertaken in order to allow sustainable development. Results of activities were regularly disseminated and public relations activities were carried out to enable them to learn more about policies and news of the Company. In 2010, the Company agreed to improve medical expense welfare and increase transportation service routes for the employees at Bang Saphan Plant for more convenience. In accordance with economic condition at present, the improvement would help improve well-beings of the employees.

#### Stakeholder: Society and Community

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

- The Management Working Group to Minimise Climate Change organised a number of programs and activities to combat global warming in 2010 which was divided in to several major activities that reduced Carbon dioxide gas (CO<sub>2</sub>) as described below:

1. Internal Activity Groups consisted of 10 sub-working groups. A total of 173 projects were carried out which contributed to a reduction equivalent to 32,390.42 tonnes of CO<sub>2</sub> per year, from a period from January-November 2010. Those activities included the product improvement to reduce emission of CO<sub>2</sub> production process improvement, waste reduction project, environmentally-friendly product procurement project for example, energy saving products, green label products, and others. In addition, the employees participated in various activities i.e. activities on Green Day and preparation of the system and an in-house climate change manual.

2. External Activity Groups consisted of two sub-working groups which completed nine projects. However, it is not possible to present the activities results in volume of reduction of CO<sub>2</sub> release. Those activities were the projects in which the Company participated with the governmental sector. In 2010, there were four projects described in the Table.

Governance/Private	Activities
MTEC (National Metal and Materials Technology Center) & Thailand Environment Institute	Launched a Project "Development environment data for intermediate and Downstream steel production"
JGSEE (The Joint School of Graduate of Energy and Environment)	Launched a Project " Study and carbon intensity level designing of cement, steel Industry and energy industry (Fossil fuel power plant)"
Faculty of Engineering, Chulalongkorn University	A research of "Preparation for greenhouse gas management for iron and steel Industry in Thailand"
TGO (Thailand Greenhouse Gas Management Organisation)	Applied to be a pilot company for assessment of carbon footprint at organisation level



3. Public Relations Activities Group. The three sub-working groups conducted a total of 20 projects. Its achievement cannot be assessed in a form of CO<sub>2</sub> release reduction in figure. Both internal and external public relations activities included information dissemination in the Safety, Occupational Health and Environment Week of Sahaviriya Group, and information dissemination through local radio programmes as well as activities with government sector and local authority in order to promote a reduction of climate change e.g. Reforestation Program in honor of His Majesty, Youth Environment Conservation Camp, Organic Fertiliser Bank, and Garbage Bank, etc.

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

In October 2010, the Company, Thai Cold Rolled Steel Sheet PLC, Siam United Steel (1995) Co., Ltd. and Bluescope Steel (Thailand) Ltd., as well as its stakeholders including shareholders, customers, suppliers, and employees jointly organised the “Thailand Iron Man Mini Marathon”, a charity mini marathon for the underprivileged, at Lan Tawan Yim, Lumpini Park. Income of THB 2.29 million was raised and contributed to 18 organisations which include foundations, associations, and organisations helping underprivileged people.

The compensation for stakeholders in the event of damage from the 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)

Furthermore, the Company has always relentlessly and rigorously attached importance on compliance to related laws. Amongst others, the Company respected the intellectual property rights on copyrights. In 2010, it endorsed the policy and regulations on information technology as well as practice guidelines for every employee to follow. On this, they are not allowed to download computer software from outside or download computer program from the Bulletin Board System (BBS) or internet or any other computer programs for use or installation on the Company’s computers. The Information Technology Department of the Company is in charge of inspection and assurance of conformity with the said policy and regulations.

## Tip and Complaint Reporting

Realising the 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, competitors, society and community. The reports can be for any concern, for instance, law violation, unethical practice or corruption, violation on conflict of interest, inaccurate report of financial statement, 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 in the Company’s website. Such channels allow the Company to obtain more in-depth information on problems, the Company can thus analyse information to enable a solution to be found 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 and complaints reporting and guidelines, concerning the 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> and the company website at [www.ssi-steel.com](http://www.ssi-steel.com). Any whistleblower can report tips and complaints via two channels:

- By E-mail at [ssigcg@yahoo.com](mailto:ssigcg@yahoo.com) or
- By Post. The post address is The Good Corporate Governance Committee, 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 external service providers and none of the company's employees can access these mail boxes, except the person authorised by the Chairman of the Good Corporate Governance Committee, whose reporting line is direct to the Chairman.

## Information Disclosure and Transparency

The Board of Directors recognises 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 items No. 1 and 7 of the Company's Good Corporate Governance Policy.

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

The unit responsible for disclosing corporate information to the SET and the SEC is the Corporate Secretariat Office. In 2010, 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](http://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](mailto:pr-ir@ssi-steel.com). They can also register to receive e-mail updates through the Company's website.
- Organised analyst meetings on a quarterly basis to announce the Company's operational results and financial status on the workday, 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 four one-on-one meetings between senior executives of the Company and Thai and foreign institutional investors and securities analysts.

- Participated in the three corporate road show programs as follows:

- The first presentation was on DB Access Thailand Corporate Day, 8 March 2010. It was hosted by Tisco Securities Co., Ltd. and Deutsche Bank in Singapore.

- The second presentation was on Tisco Corporate Day, 26 March 2010 at the offices of Tisco Securities Co., Ltd.

- The third presentation was on SCBS Thai Corp Day hosted by SCB Securities Co., Ltd., 4 November 2010 in Singapore.

## 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 workday, 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 an 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 organisation of exhibits presenting corporate information to target groups and the general public.

- special and electronic media, such as videos and the corporate website: [www.ssi-steel.com](http://www.ssi-steel.com), [www.blogssi.com/360degree/](http://www.blogssi.com/360degree/), [www.blogssi.com/ssiarsa/](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](mailto: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, reviewed or audited reports, to the SET and the SEC.

- Sent the 2009 Annual Report (Form 56-2) to the Company's shareholders, along with a notice of a 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 2009 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 sixteen people, seven 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 nine 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 decentralised 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) Board of Executive Directors
- 2) Audit Committee
- 3) Nomination Committee
- 4) Remuneration Committee
- 5) Good Corporate Governance Committee; and
- 6) 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 Good Corporate Governance Committee are independent directors. Most of the members of the Remuneration Committee and the Nomination 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, and 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 specialised skills and experience, in addition to a broad vision and managerial expertise to maximise the 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 the 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 the meetings of the Board of Directors and the other committees in advance, 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 the 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 2010, the Board of Directors met nine times, i.e. in February, May, July, August, September, October, November, and twice in 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 organised these meetings and issued notices of meetings and documents at least seven days and three days in advance, respectively, as per the Company's Audit Committee Charter (volume 3).

Meetings of other committees in 2010 can be summarised 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 four times, in January, February (twice) and December.
- 4) The Remuneration Committee met twice, namely in April and December.
- 5) The Good Corporate Working Committee met six times, once each in January, February, May, August (twice) and November.
- 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 seven independent directors. In 2010, they met three times, once each in February, May, 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 2010 (Number of Meetings Attended / Number of Meetings)							
Name and Position	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	9/9	12/12					
2. Mr. Somchai Sakulsurat Deputy Chairman and Independent Director	8/9						
3. Mr. Visith Noiphan Independent Director	9/9		6/6	4/4			
4. Prof. Kesree Narongdej Independent Director	7/9		6/6				
5. Mr. Tongchat Hongladaromp Independent Director	8/9						4/4
6. Mr. Tawee Butsunorn Independent Director	5/9				2/2	6/6	
7. Mr. Siripol Yodmuangcharoen Director and Independent Director	7/9						
8. Mr. Prateep Buphaintr Independent Director	9/9		6/6	3/3			
9. Mr. Wit Viriyaprapaikit Director	9/9	12/12					
10. Mr. Taweesak Senanarong Director	8/9				2/2		4/4
11. Mr. Somchai Pipitvijitkorn Director	8/9	11/12			2/2		4/4
12. Mr. Kamol Juntima Director	8/9			4/4		6/6	
13. Mr. Permpoon Krairiksh Director	6/9						
14. Mr. Yuke Sutarat Director	4/9	10/12					
15. Mr. Piya Viriyaprapaikit Director	7/9	12/12		1/1		6/6	
16. Mr. Win Viriyaprapaikit Director	7/9	11/12					

**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 consists of the people who are knowledgeable, competent and have experience 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 authorised and obligated to ensure that the Company achieves the objectives according to 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 organisation, 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 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 recognises the transparency of its business operations, whereby conflicts of interest between the company and its shareholders, and directors, employees, shareholders, and other stakeholders will be eliminated. The Board shall oversee and monitor procedures on conflicts of interest in ways that are scrupulous, honest, reasonable, independent, and moral.

**Principles 6 - 7**

- **Information Disclosure and Transparency**

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 Authorisation 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 first spelt out the business philosophy, business ethics and employee ethics in 2000. Later, in 2001, the Company specified the policy and regulations on human development regarding employee ethics as well as practice guideline on ethics and ethics implementation. In the same year, the Meeting of Board of Directors concurred to prescribe ethics of the directors of the Board as well. The Company compiled and published manuals on ethics and distributed them to the directors and employees for reference of practice guidelines. Additionally, this information can be found on the Company's intranet and website.

The Company revised and announced the policy and regulations of personnel management regarding employee ethics as well as practice guidelines (revision) on 1 September 2010 to replace the previous version in 2001. Concurrently, the announcement of conflict of interest took effect to serve as a clear guideline for employees to understand the nature of activity that may cause conflict of interest of each individual and the Company so that such circumstances can be avoided or prevented.

In practice, since 2003 up until the present, several campaigns were held to raise employees' consciousness and awareness of the importance of embracing the ethics and values of the Company, to enable the culture to root down in the Company. Extensive communications and public relations through a multitude of channels such as the intranet, "SSI Loves All" Newsletter and continuous activities have been implemented by the "Sub-Committee to promote ethics and values of employees' and the "Sub-working Group of the public relations to promote ethics and values of employees".

In 2010, the Sub-Committee and Sub-Working Group undertook public relations and campaigns for the entire company to practice corporate and employee ethics and values that were revised and endorsed. Several activities were arranged to realise such objectives:

1. Public relations and activities promoting awareness and understanding on 11 ethics through public relations media e.g. in-house wired voice and e-mail systems.

2. Organising Ethics week for 2010 from 18 - 23 October 2010 at the Head Office in Bangkok and Bang Saphan e.g.

- Ethics songs
- Article writing contest and lecture on "Ethics for Efficient Work"
- Seminar on "Develop Humans and the Company with Ethics" by Mr. Apichart Damdee.
- "Hello Ethics" activities (random call in the office to ask about ethics)
- "Ethics song lyric composition (extension)" activity
- "Ethics...The True Fan" activity
- "Face to Face" activity
- Ethics on tour, ethics game at various places in the office
- 11 ethics signage (new look)
- One Department One Project (ODOP), each department selected one ethics for its campaign and everyone in the Department needed to implement during the ethics week

3. Other activities

- Photo Contest "SSI a love corner" to reflect on ethics No. 1, a pride of organization
- Vote for SSI, ethics star in your mind
- A survey to assess understanding on ethics of employees for improvement on activities in the next year.



In addition, several training courses and seminars for employees were held as seen in various topics related to the corporate governance, safety at work and environment as detailed in the table below:

Topic	Duration	Speaker
Occupational health and safety	25 February 2010	Wannaporn Poolsakul
Competency Management: Technique for success	28 April 2010	Sirilak Meksangka
Job analysis for safety	20 May 2010 16 July 2010 25 September 2010 25 November 2010	Songklod Somta
Impact from environment and work related disease Environment & Safety	11 June 2010 21 - 22 June 2010 15 - 16 September 2010	Wannaporn Poolsakul Wannaporn Poolsakul
ISO 14001/TIS/OHSAS 18001 Awareness	21 - 22 June 2010 15 - 16 September 2010	Sunai Kangwanpanich
Behaviour base safety (BBS)	16 July 2010	Wannaporn Poolsakul
Safety with machinery (Awareness)	27 July 2010	Chutima Asote
Safety of working with radiation	6 September 2010	Ake-rawee Wonganusorn
Waste management at the plant	8 October 2010	Chidchanok Sookwirat
Introduction of fire extinguishing and training and fire evacuation drill	16 - 17 November 2010	Bangkok Fire and Rescue Department
Safety of forklift	19 November 2010	Occupational health and safety at work Association
Problem solving strategy and systematic decision making	9 December 2010	Acharn Thongpanchang Pongwarin B.T. Training Consulting Co., Ltd.

- **Conflicts of Interest**

The operation of the Company relies 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"> <li>• <b>Policies on trade discounts</b> 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.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Rules and procedures governing the extension of commercial credit</b> in order to systematise the authorisation of credit and minimise the credit risk.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Reports on the Company's sales volume and prices to the meetings of the Audit Committee on a quarterly basis</b>, 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.</li> </ul>
2006	<ul style="list-style-type: none"> <li>• <b>Establishment of a Credit Committee</b> in August to analyse 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.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• <b>Reports on the Company's sales volume and prices to the meetings of the Board of Executive Directors on a monthly basis</b>, since October. The reports are of the same type as those given to the Audit Committee.</li> </ul>
2009	<ul style="list-style-type: none"> <li>• <b>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.</b> 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.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• <b>Specified a working guideline on conflict of interest</b> to clarify the employees on the practice or action that may cause conflict of interest of oneself and the Company's to avoid such action or prevent it from happening.</li> </ul>

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 2010, 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. However, the Board of Directors does not employ this approach at individual level.

The Audit Committee also conducts a 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.

## Compensation for Directors and Executives

At the 16<sup>th</sup> 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 authorised 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 2010, under the heading of Shareholding Structure and Management.

## 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, seminars and reimbursement have also been set.

In 2010, 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 the operation guidelines, and provide documents and information helpful in performing his/her duties, such as the Director's Manual, the Corporate Authorisation 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 joint controlled entity. The Management fees for seconding the executive to these companies are mutually agreed.

With respect to the guidelines concerning conflict of the interest, it was stipulated that every employee including the president must not assume a position of director or executives in any business which competes directly or indirectly with the Company; and must not be a director of other companies that are engaging in or going to engage in business with the Company, except the position in the Group of Company that is granted consent from the Board of Directors.

# Supervising the Use of Inside Information

The Board of Directors oversees the enforcement of the Company's policies to prevent wrongful action on the Company's securities trading, to ensure fair and equitable treatment to all shareholders in order to rigorously comply with the Securities and Exchange Act, B.E. 2535 (1992). The Board spelt out the detailed policy and accordingly assigned the Corporate Governance Committee, a sub-committee, to assume responsibilities to supervise and monitor implementation according to the practice guidelines. The Company mandated that the directors of the board and every level of employees who acknowledge or inform about inside information which is not disclosed to the public, not to trade securities while possessing such information. In 2010, the Corporate Governance Committee reviewed and improved the practice guidelines of the Board of Directors for more clarity in reporting the Company's securities holdings. For the past number of years, the Company has taken the following steps:

- 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.

- Report of security holdings of the Company within 30 days from the date of appointment as directors or the executives of the Company and within three business days from the date of purchasing or selling those securities is required.

→ According to the Notification of the Securities and Exchange Commission of Thailand, directors and the executives are required to either directly report their security holding of the Company or may request the Company's Secretariat to report security holdings to the Securities and Exchange Commission of Thailand on their behalf.

Directors of the Board and the executives must report their security holdings at every meeting of the Board of Directors and to the Securities and Exchange Commission of Thailand in compliance with specified regulations. At the quarterly meeting of the Corporate Governance Committee, the security holdings of the Company by the executives, is reported as well.

→ 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.

- Ensure that disclosure of significant information of the Company is officially made and such significant information is kept to maintain confidentiality prior to the report to the Stock Exchanges of Thailand. The information shall be immediately disclosed upon the resolution of the Board of Directors through communications channel of the Stock Exchanges of Thailand prior to other communication channels on account that all shareholders can enjoy equal access to the information in order to avoid being taken any advantage by any individual investor. In addition, the Company shall assign personnel assuming direct responsibility or contact person specifically take charge in disclosing information of the Company or elaborating the matters for elucidation of the fact and preventing any misleading.



# Safety, Occupational Health and Environment

SSI's Safety, Occupational Health and Environment Committee in collaboration with the Office of Safety and Environment carried out all safety activities at the factory. At SSI, we regard this crucial task as our social responsibilities that are always given top priority, as employees, contractors and families coupled with communities around the plant may be impacted by the operation of SSI are vital stakeholders in our operation.

In 2010, SSI still committed to implementing the Safety, Occupational Health and Environmental work continuously. Apart from the ongoing system of occupational health and safety carried out by the Company since 2001, the certification of TIS/OHAS 18001, which was already renewed, a series of pertinent program were completed during the year. In addition, the Company's new initiative was freshly launched. Under a campaign on compliance with safety rules - SSI OK, articulates a set of goals to modify behavior, raise safety consciousness of the employees, and breed safety culture in the organisation. To achieve the said goal, the Company thus organised a wide range of activities for improvement, and campaigns which are prerequisite for a sustainable foundation of safety throughout the year.

Apparently, the changes in terms of differences prior to, and after implementation, can be apparently witnessed. Those entailed awareness and confidence of the employees in joining the programs. It was found that a confidence level of prevention of the accidents of the project was 76.71 percent. A level of agreement with the campaign topic was 79.23 percent, a mean of awareness of project implementation

was at 80.75 percent. Meanwhile, rule violation rates could be seen lower, for instance, traffic rules violations regarding speeding over 30 km/hour in a factory area plunged 85 percent to 1 - 2 percent. In term of accident reduction rates, traffic and accidents during annual shutdown for maintenance, were down by over 70 and 30 percent respectively. With regards to statistics of overall accidents at work, the average was 3.6 accidents per month down from 5 accidents per month, a record at the beginning of the project.

Thanks to a triumphant success of the project, the Safety Committee, geared toward a more stringent implementation on an area of practice guideline and inspection by safety patrol. A myriad of campaign programs are being planned which will be implemented in 2011, to achieve accident-free working area at the factory. Throughout, every employee had a serious concern on safety and paid greater attention to safety. Such a vital, long-held value regarded as our social accountability, has always been embedded in the Company.



In an area of occupational health of employees and communities around the plant, the Company had welcomed a group of lecturers from Mahidol University to inspect and assess risk on occupational health of Sahaviriya Group of companies in Bang Saphan District from 2008 - 2009. Their results and proposed suggestions were taken seriously and incorporated into involved activities - a revision of assessment of safety and occupational health risk and activities of SSI, in particular in an area of risks on the health of employees and the communities. In 2010, SSI proceeded with the recommendations and into the third year, we have collected data on occupational health and safety. Those also included a revision of elements included in a yearly physical examination for employees, by making a modification on the check up to align more with the risks that they are exposed to as well as improvement of monitoring and surveillance of air quality and environment at their worksite, to better and cover risks in the areas more. Furthermore, the Company upgraded the database system for collection of the information from implementing the project for effective use in the future.

In an area of emergency response, SSI appointed a Sub Committee on fire prevention and emergency recovery, to perform duties of specifying a direction of responding to any emergency that might occur as well as outlining emergency response plan, and supervising drills according to the plan. In 2010, SSI exercised the drills and completed the emergency program. The details are as follows:

- Two fire extinguishing and evacuation exercises
- One boiler emergency exercise
- One LPG leakage emergency exercise
- One hydrochloric acid leakage emergency exercise
- One power failure emergency exercise
- One flood emergency preparedness plan drill

As well, interminable training to enhance skills involving emergency responses were organised throughout the year. Fire extinguishing teams at the production site received extensive training, while employees participated in a wide range of courses: fire command, advance fire fighting and industry fire fighting system, etc.

In an effort to improve or develop management systems on a continual basis, the Office of Safety and Environment undertook a satisfaction survey and suggested a management system of safety, occupational health and environment of the company to allow all employees to voice their opinions. Collected data was summarised and further submitted to the executives at the Management Meeting for a review by Management as prescribed to perform every year in the system's requirement. In an addition, SSI began a trial on "Dialogue" session, a program to stage a venue for the Office of Safety and Environment and employees to have dialogues in some of production departments. The session was aimed at exchanging views, concerns on safety, occupational health and environment of employees at the site. Gained outputs was useful for specifying management direction which centered around utmost satisfaction of the stakeholder as it is at core of the social responsibilities, an approach SSI regards the highest priority.

## Environmental Management

SSI has managed the environment and utilised its resources according to the standards of environment management ISO 14001:2004, which has been successively passed since 2002.

**Water Management:** SSI remains committed to managing its water resources according to the agreement made with the community, namely, the water was never pumped out for consumption during dry season. Water from Bang Saphan Canal will never be pumped out in the event that its level at the Pump Water Station is lower than 2.2 meters. In regards to the wastewater, management from production process and consumption at the plant by employees, the water was pooled and treated to meet the standard prior to the reuse. There was no discharge of wastewater from the plant (zero discharge) as the Company aims to achieve maximisation of water resources utilisation.

**Air Quality Stewardship:** SSI still took steps to improve air quality through its stringent rule of using only fuel with a sulphur content lower than two percent for its main fuel in

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the production process. A measure to control exhaust air from fuel combustion by an automatic steel furnace system resulted in complete combustion, energy saving, and less pollutant emission. Moreover, it installed air treatment system at numerous control systems to ensure that quality of air waste emitted from SSI plant meet prescribed standards.

**Solid Waste Management:** In controlling solid waste, SSI emphasised a curtail of solid waste from its origin and is putting in place a system to sort solid waste derived at the origin from employees and production process. Solid waste after the sorting process was treated with an aim to be recycled or further distributed for sale as raw material in other production process instead of burning landfill. As a result, solid waste treatment by recycling process in 2010 was as high as 99.39 percent.

Additionally, the Company regularly monitored its pollutant emission and air quality in the atmosphere and community. It rigorously and continuously followed the measures to reduce environmental impact and measures to monitor environment quality proposed in the report on an Environmental Impact Assessment (EIA). The result in 2010 unveiled no value exceeding the accepted level. The results and every adopted program were reported and closely consulted with supervising authorities as well as local administration organisations. This conduct ensured that the Company's environmental management practice was always under stringent supervision and inspection by governmental organisation and the communities.

With respect to assessment and inspection of the plant performed by external agents, the Company teamed up with Industry of Prachuab Khiri Khan Province in participating in the environment governance project of the Industrial Works Department. The Committee audited its environmental management system, a compliance with laws and regulations involving with the Company as well as inspected the operation at the plant site during actual operation. Community representatives, local leaders as well as other involved government organisations also joined the team. Upon assessment, the Company passed the criteria and was certified with Environmental Governance for the year 2010 from the Department of Industry Works, which was two years in a row. This effort reflected a strong commitment and genuine intention in minimising environmental impact by the Company.

Realising effects from climate change, an environmental dilemma at a global scale, SSI formed a working management group to reducing climate change in 2007 in order to launch dedicated scheme aimed at eliminating impact from changing climates. As a result, the Company launched a number projects and activities in areas of energy saving and waste treatment as well as public relations activities for employees and general public to learn more about effect and steps in curbing its impact as well as cooperation with state agencies with regards to climate change. Another incessant effort to better reduce impact and improve environmental program of the company, can be seen in an introduction of product life cycle assessment at SSI. The conduct helped strengthen its policies in taking part in nurturing society and environment as well as demonstrating corporate social responsibilities. From the year 2007 up until the end of the year 2010, the Company has reduced energy use for production equivalent to accumulated 63,901 Ton CO<sub>2</sub>.

# Social Responsibilities Activities

## “Innovate • Strength”

Due to our resolute commitment to a vision of “Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders”, the Company has incessantly engaged 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 a sustainable development approach, with an emphasis on 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 organisations through a range of 45 projects encompassing educational development, volunteering of employees in the “SSI Arsa” Project, environment protection and conservation, career development, health promotion, and religious and culture maintenance. To ensure the success of the corporate social responsibility implementation, SSI thus laid out a clear working direction with a focus on participation as prescribed in the scheme.

### Strengthening the Society and the Less Privileged

- “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 organisations to create the next batch of Phra Dabos. The Company has a goal to take part in creating 10 Phra Dabos within four years (2007 - 2010).

- “Thailand Iron Man Mini Marathon 2010 for charity”. The company, in conjunction with three steel entrepreneurs, i.e. Thai Cold Rolled Steel Sheet PLC, BlueScope Steel (Thailand) Ltd. and Siam United Steel(1995) Co., Ltd. and other sponsors, organised the charity marathon. The proceedings, before expense, was rendered to assist and support activities and foundations of the organisation, advocating the less fortunate and handicapped people.



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- The SSI Arsa Project or public mind of employees is a project allowing employees and executives to take part in philanthropy activities to help public and communities in Bang Saphan District, so that they can gain pride in themselves. Last year, the project entered into its third year.

- “DO D IN A DAY”: SSI Arsa Helping the Blind to Read Project. Employees at the head office in Bangkok formed a taskforce in printing the manuscripts of 29 Braille books in soft file for visually impaired persons. They donated additional funds to the Education Technology Center for the Blind, Foundation for the Blind in Thailand under the royal patronage of H.M. the Queen.

- Silp San Fan Pan Namjai - SSI Chaun Nong Rak Nam Project is in its second year. SSI held a project to invite children to conserve water for less privileged children, and those who experience social problems, to learn and practice drawing skills with the artists and use their imagination to create their work, which is one form of art therapy. Over 100 children under supervision of five organisations (association, foster home and foundation) joined the project. Selected works from the project will be submitted to the 41<sup>st</sup> International Children’s Art Exhibition in Tokyo, Japan.

- A charity “Swim, Ride, Run for the Less Privileged” Race is a supplementary of the Bangsaphan International Triathlon 2010, which strived to give opportunities to employees and the general public to join the contest through a donation to the Sahaviriya Triathlon Team. Proceeds before expense were given to several foundations for groups of the less privileged.

- Offered proceeds from “Swim, Ride and Run Race” to Princess Pa Foundation for flood victims. The employees of Sahaviriya Group and the contestants who joined a triathlon

contest in “Bang Saphan Iron Man, International Triathlon 2010” offered THB 20,000 to support the work of Princess Pa Foundation, Red Cross Thailand in providing assistance to flood victims in various areas.

- Offered THB 500,000 to Mae Khong Phandin (Mother of the Nation). Fund to support the work on narcotic prevention and correction in villages / communities for charity purpose of Her Majesty Queen Sirikit on the occasion of the 78<sup>th</sup> Birthday Anniversary of H.M. the Queen.

- SSI Contributions for Flood Victims. After the major flood, SSI donated necessities for survival worth THB 600,000, to a donation center to help flood victims in Nakhon Ratchasima Province.

- Provided financial funding, necessary appliances and equipment necessary for learning and teaching development to the children of Arjya School in Surin Province which was burnt down. The employees of SSI and the companies in the Group personally donated their money to the school as well.

- Supported a financial fund for construction of a school building and playground of the school as well as offered study facilities which were needed to Yanwisit School, Pawor Sub-district, Tak Province, a school a remote area via the Tan Nam Jai Program.

- Offered money raised from Thailand Iron Man Mini Marathon 2009 to Raj Prachanukroa 20 School in Chumphon Province for the construction of a multi-purpose building and organising useful activities.

## Steel Development to Improve Life Standard

- “Thailand Steel House Contest 2010” is a steel house design contest to win the Trophy awarded by HRH Princess Maha Chakri Sirindhorn, and a money award of over THB one million. For the second year, the project was held with an aim to develop new steel innovation and a meeting venue for professionals in the field. As a result a community of architects, engineers and in the fields of metal and materials science is set up to share knowledge of application of steel in resident building and create new core knowledge.



- A support for Outstanding Metallurgist Project, Thailand Metallurgy Conference. In 2010, the Company sponsored the financial award for two outstanding winners: Metallurgist Award 2010 and Young Metallurgist Award 2010.

## Culture Nourishment

- SSI sponsored a trip for Suan Plu Chorus to perform music to promote the Thai culture and tradition to an international audience in a project to sustain Thai culture in overseas countries.

## Involvement in the Community “Good Life Quality for Sustainable Community”

In an endeavor to strengthen the community and society, SSI organised a wide range of activities throughout the year within the community. We have welcomed participations from everyone in a process i.e. the company, employees, the community and related organisations.

## Development to Improve Quality of Community Education

The Company has played a significant role in developing the education quality of Bang Saphan District, and the nearby neighbourhood in all three dimensions: teacher and personnel involved in learning; student and education institutes so that Bang Saphan students gain the same education opportunities as city students.

- A project to develop knowledge of civil service teachers and educational personnel. To supplement knowledge and enhance the potential of educational personnel, the Company cooperated with Education Service Area One of Prachuap Khiri Khan Province to organise the continuous seminar series of three curriculums.

- Scholarship to students in the community. The Company and Sahaviriya Group offered educational scholarships to Primary and Secondary - level students from the schools in Bang Saphan District every year. In 2010, there were a total of 289 scholarships for 15 schools, and six students each year were granted scholarships at undergraduate level.

- Support fund for the bi-lingual education program included one extra teacher for kindergarten level and one extra English teacher to Suanluang School.

- A scholarship drawing contest. The Company first organised an art contest for children in 2004 and it has continued ever since. The program is specially organised for Bang Saphan District's students from every level. Some of the entries were further submitted to the national contest.

- A follow up and improvement of substrate culture organic farming - a pilot project at seven schools in Bang Saphan District. Substrate culture is a technique of planting vegetables and letting them root down in a substitute material. The project allowed the schools and community to have a learning center of organic farming and soil-less culture.

- A project of future Thai steel by Thai children or To Be Engineer Project. The project was to enrich the experience of junior engineers and provide opportunities to the students to learn about steel and related knowledge, in addition to instigate interest in pursuing engineering studies for the students at Mattayom level in Bang Saphan District.

- Sahaviriya Summer Camp Project. The project was open to students from Phrathom 4 - 6 who were interested in joining four camps: English language, computer, art and vocational promotion during the semester break. At the camp, they can improve knowledge from both theory learning and hands-on practices.

- An English Camp for Bang Saphan Youth or SSI English Camp. An overnight camp (3 days, 2 nights) was organised for 120 children in Bang Saphan and the nearby community. At the camp, there were both learning activity bases and recreational activities.

- Sahaviriya Group Challenge Project for the year 2010. The Company held activities to enable it to scout for students with a talent for maths in Prachuap Khiri Khan Province. Over 500 students joined the first round for screening and finally the winner from the Challenge was selected as a representative from Bang Saphan District to enter the national challenge accordingly.

- Supported school building construction of Ban Toong Ka-ton, School, Bang Saphan Noi District, Education Service Area One of Prachuap Khiri Khan Province, whose school building was seriously destroyed and not standardised.

In addition, the Company sponsored schools in the communities and offered educational equipment for learning and various activities benefiting students, schools and others.

## Career Development to Empower Household Economy

It has been 20 years since the company has operated in Bang Saphan District, where a majority of people are agriculturists. Their main economical crops are pineapple, rubber plants and coconut. Unlike the traditional view, today, people can witness that agriculture and industry can be side by side and grow together as interdependent activities. People can live in a happy and warm society, make a living and earn sufficient income while maintaining their traditional way of living. To promote agricultural development and to increase the income of local farmers and housewife groups, the Company has launched the following programs:

- Support for “Organic fertiliser Bank, a step forward to sustainability Project”. In 2010, two more groups were selected. Each year, two groups of farmers participated in the project in Bang Saphan District. These groups need to be comprised of 50 members. With a sponsor from the Company, they are entitled to produce 100 tonnes of organic fertiliser. After the sale, part of profit is kept and some is used as revolving fund for next production.

- Engineer for society Project SSI worked with West Coast Engineering Co., Ltd. which offers an engineering service, to develop a Palm Separator Machine and material for a mix of organic fertiliser for the Organic Fertiliser Bank, Pongprapas Branch.

- A project of agricultural technology knowledge development. To complement knowledge of agricultural technology which will help farmers to increase income, the Company cooperated with the District Agricultural Office and District Land Development Office in organising training on agricultural technology, and to gain new knowledge which will support farmers in developing their production, increase income from their career and better their well being in a sustainable manner.

- Poo Dam Making Money Project. The Company joined hands with Klong Ban Pak Pid Conservation Group, Moo 1, Pongprasas Sub-district to organise a program for local fisherman to build homes for farming crab, to raise extra income. First, small crabs were raised until they grew to desired size for sale to bring in extra income, which was used for a revolving fund. This project helped decrease woodcutting for charcoal making which was an old source of income.

- Mobile community products. The Company supported various occupational groups in the community to sell their over 100 products, such as seafood products, processed fruits and vegetables and handicrafts at the Company. It opened up new marketing channels for the producers and increased income for the Bang Saphan entrepreneurs.

- Agricultural Radio Program. Agricultural knowledge is now on a community radio program. 12 episodes include knowledge to promote agriculturist career, academic knowledge, and techniques.

- Mobile clinic for agriculturists. The Company held a caravan of happiness by SSI, offering physical check-ups, care for electrical appliances, and machines to be able to function normally for farmers in all seven sub-districts.

## Environment Conservation and Development

The Company has attached high importance on environmental and natural resources. Apart from production process control, the Company spends a great deal of effort to make sure that pollutants emitted from the production process will not impact life quality and occupational health of employees and people in the community. In addition, the Company has cooperated with the related agencies in carrying out campaigns and promoting environmental quality promotion on a continuous basis. In 2008, the Company received an Outstanding Industry Award for Environmental Management from His Excellency the Prime Minister.

- Community Sapling House Project aimed to foster dedication in conserving mangrove forest at Pak Pid Canal, Moo 1, Pongprasas Sub-district of Klong Pak Pid Conservation Group, comprising of 50 conservationist members. In the project, they built a sapling nursery for mangrove trees of an appropriate species, which were then to be planted in Bang Saphan Area. The project used funds from sale of the mangrove forest of the "Poo Dam Making Money" Bank Project.

- Pine Tree Planting along Pongprasas Sub-district Beach. To celebrate H.M. the King's Birthday, the Company planted 830 pine trees and release juvenile fish as well as organised the ceremony to express loyalty to his majesty together with people in the community.

- SSI Beach Clean-up Project. On the 5<sup>th</sup> of June, world environment day, SSI's employees and the Group as well as shop owners join hands to clean and collect garbage along a stretch of 3 kilometers of Bang Saphan. This takes place every year.

- The 6<sup>th</sup> Junior Conservationist Camp. In collaboration with science teachers in Bang Saphan District, student representatives from every school in Bang Saphan District (78 students per year) joined the camp to learn about the scientific natural environment and conservation.

- SSI Garbage Bank Project. The Company followed up activities at five participating schools: Ban Nai Lock School; Ban Nong Ya Plong School; Ban Suan Luang School; Bang Saphan Kindergarten School; and Ban Klong Loi School. Another garbage bank undertaken by volunteer employees was constructed at Ban Morasuab School.

- The Super Smart & Intelligent Kids Project was a project to supplement the knowledge of the children in the community and for them to gain a good understanding on corporate environment it also promoted knowledge for the youth to correctly assess the quality of the water from different sources.

- Junior Detective was the project encouraging the local youth to investigate the local environment in Bang Saphan District and support learning on science and communication arts.

## 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 as a 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 community, and to help them maintain a distinct cultural heritage. These included:

- Public and natural disasters relief. In 2010, to lessen hardship of Bang Saphan people who suffered from drought, shortage of water, and consumption and agricultural purpose, the Company cooperated with the Center to assist victims by arranging for trucks of the company to distribute water to 35 households affected by the disaster.

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

- Fund support for local organisations to develop the community, for example, blood donation beds for the Red Cross Society, Loy Krathong Festival, Amazing Bang Saphan Fair, Bang Saphan Tourism Promotion Fair, and Bang Saphan, a legend of Thong Noppakhun City Fair, amongst others.

- A project to promote health care for the elderly people in Bang Saphan District. The Company, in cooperation with the health service network i.e. Bang Saphan Hospital, and Local Public Health Administration, held seminars on health knowledge as well as local culture nourishment.

## Promotion of Life Quality

- The iron man of Bang Saphan in International Triathlon Race in 2010 or Bangsaphan International Triathlon was a project that SSI and the Group of Sahaviriya, Bang Saphan District Office, Prachuap Khiri Khan Province and Triathlon Association of Thailand (TAT) jointly organised on the occasion of H.M. the Queen's Birthday. Around 2,919 contestants attended the race.

- Organising a mobile service unit to offer a public health service, dental service, repairing agricultural equipment, recreational activities, and haircutting for people in every sub-district in Bang Saphan District, under the so-called activities "SSI Happiness Caravan". The services covering seven sub-districts, was held for the second year.

- Senior People Day Activities was held on 8 April 2010. The project was in collaboration with Bang Saphan Hospital and Bang Saphan Health Care Network to prolong the traditional way of the Thai lifestyle.

## Sports Promotion for Healthy People in the Community

Being aware that sport does not only make the body healthy, but also improves attitude and morale, the Company has held sport activities for employees, students and the public around the plant on a regular basis. Those programs are:

- Annual sports tournament for employees.
- A sports competition between employees and officials of local organisation.
- Support for local student sports competitions.

## Unwavering Dedication to Adhere to Social Responsibilities

- CSR DIW Project was aimed at encouraging industrial entrepreneurs to exhibit social accountabilities. This is organised by the Department of Industrial Work, Ministry of Industry. SSI participated in the program and received a trophy and a certificate CRS-DIW for the year 2009 and CSR DIW Continuous Awards 2010 on 25 January 2011.

- Participated in CSR Awards Project, under SET Awards 2010, was a project to honor and award the listed companies, which launch outstanding programs on corporate social responsibilities (CSR Awards). The Company, among the companies having assets value over THB 10,000 million, had a score of 98.43 percent, which was higher than average score of all 41 companies at 87.65 percent.

- Joined the activities on CSR Day for Directors which was an event allowing directors and top executives to discuss and exchange full information on CSR details as well as concept of participations of the Company.

Throughout the past 20 years, it is apparent that the Company has incessantly carried out a wealth of activities to nurture society and the community. We regard this issue as the utmost priority, the same way as our tenet to strengthen the business performance. Knowledge generated from hands-on experience from working inside and outside the company has been interminably applied to contribute to the robustness of society at every level, namely, from local level right up to the national level.

# General Information

## Company's Name, Location, and Type of Business

Name	: Sahaviriya Steel Industries Public Company Limited
Abbreviation	: SSI
Company registration No.	: 0107537000688
Website	: www.ssi-steel.com
Type of business	: Manufacture and sales of hot rolled coils (with a maximum capacity of 4 million tonnes per year) and hot rolled coils pickled and oiled (with maximum capacity of 1 million tonnes per year) Both projects receive promotional privileges granted by the Board of Investment (BOI).
Location	
Head office	: 28/1 Prapawit Building, 2 <sup>nd</sup> - 3 <sup>rd</sup> Floor, Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2238-3063-82, 0-2630-0280-6 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 0-3269-1416, 0-3269-1421

## Type and Number of Shares (As of 31 December 2010)

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

## Type and Number of Shares (As of 1 March 2011)

Registered capital	18,341,792,000 Baht
Ordinary shares	18,341,792,000 Shares
Par value	1 Baht per share

Paid-up capital	18,184,108,235 Baht
Ordinary shares	18,184,108,235 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 percent 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 <sup>rd</sup> 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 <sup>th</sup> 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 <sup>th</sup> Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2630-0300 Fax 0-2630-0320-2	Manufacture cold rolled steel sheet in coils	10,703,000,000	10	1,070,300,000	50.15
Sahaviriya Steel Industries UK Limited Millennium Bridge House 2 Lambeth Hill, London EC4V 4AJ United Kingdom Tel. +44 20 7429 6000 Fax +44 20 7429 6001	Iron and Steel Making	GBP 130,000,000	GBP 1,000	1,000	100
Redcar Bulk Terminal Limited Millennium Bridge House 2 Lambeth Hill, London EC4V 4AJ United Kingdom Tel. +44 20 7429 6000 Fax +44 20 7429 6001	Deep sea port	GBP 2	GBP 1	2	100

# The Board of Directors

## 1. Mr. Maruey Phadoongsidhi Chairman of the Board of Directors and Executive Director age 81 years

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Family Relation among Management: - None -

Tenure: 13 years (from 4 December 1997 to  
31 December 2010)

Number of Shares held by Spouse: 2,100,000 Shares  
Percentage of Shareholding: 0.016 percent

### 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 Organisation

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 or other organisations that may cause  
any conflict of interest to SSI:

- None -

### The Attendance in year 2010:

- |  |             |
|--|-------------|
| 1. The Board of Directors Meeting                | 9/9 times   |
| 2. The Board of Executive Directors<br>Meeting   | 12/12 times |
| 3. The Annual General Meeting of<br>Shareholders | 1/1 time    |

### Criminal offence record during the past 10 years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt  
or insolvent.
3. Never been sentenced by a judgment as management  
or authorised person in the bankrupt or insolvent  
company.

## 2. Mr. Somchai Sakulsurat Deputy Chairman of the Board of Directors and Independent Director age 62 years

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Family Relation among Management: - None -

Tenure: 10 months (from 26 February 2010 to  
31 December 2010)

Number of Shares: - None -

### Education

- M.B.A., Sasin Graduate Institute of Business  
Administration, Chulalongkorn University
- Bachelor of Economics, Thammasat University
- The Joint State-Private Sectors Regular Course  
National Defense College

- Certificate of Financial and Banking, Associateship Diploma of the Institute of Bankers, London
- Advance Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute

#### Director Training Program

- Directors Certification Program (DCP 80/2006), Thai Institute of Directors Association

#### Work Experience

- President, Bank of Ayudhya Public Company Limited
- President, Bangkok Metropolitan Bank Public Company Limited
- President, Thai Military Bank Public Company Limited

#### Current Position in Other Organisation

In listed companies:

- Chairman of the Board of Directors, Chumporn Palm Oil Industry Public Company Limited
- Chairman of the Board of Directors, S. Khonkaen Food Public Company Limited

In non-listed companies:

- Advisor of Deputy Minister of Finance (Mr. Pradit Phattharaprasit)
- Chairman of the Board of Executive Directors, Thai Agro Exchange Company Limited
- Chairman of the Board of Directors, SCJ & Associates Company Limited

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

- None -

#### The Attendance in year 2010:

- |   |           |
|---|-----------|
| 1. The Board of Directors Meeting             | 8/9 times |
| 2. The Independent Directors Meeting          | 1/2 times |
| 3. The Annual General Meeting of Shareholders | 1/1 time  |

#### Criminal offence record during the past 10 years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

#### Additional information on holding independent directors status:

1. Not be related to management, any major shareholder of the Company or any subsidiary companies.
2. Not be related 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 a professional service such as auditor or legal counsel.
  - Have no significant relation to business that affect to independent perform.

### 3. Mr. Visith Noiphan Director, Independent Director, Audit Committee Member and Chairman of Nomination Committee age 77 years

Family Relation among Management: - None -

Tenure: 16 years (from 1 March 1994 to 31 December 2010)

Number of Shares: - None -

#### Education

- M. Eng. (Sanitary Engineering), Chulalongkorn University
- B. Eng. (Civil Engineering), Chulalongkorn University
- The National Defense College 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

- 1999 - 2010
- Chairman of the Board of Directors, Thai Coated Steel Sheet Company Limited
- 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 Organisation

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

In listed companies or other organisations 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 2010:

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

#### Criminal offence record during the past 10 years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

#### Additional information on holding independent directors status:

1. Not be related to management, any major shareholder of the Company or any subsidiary companies.

2. Not be related 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 a professional service such as auditor or legal counsel.
  - Have no significant relation to business that affect to independent perform.

## 4. Mrs. Kesree Narongdej Director, Independent Director and Audit Committee Chairperson age 73 years

Family Relation among Management: - None -

Tenure: 12 years (from 28 April 1998 to 31 December 2010)

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 Organisation**

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 or other organisations that may cause any conflict of interest to SSI:

- None -

**The Attendance in year 2010:**

- |   |           |
|---|-----------|
| 1. The Board of Directors Meeting             | 7/9 times |
| 2. The Independent Directors Meeting          | 3/3 times |
| 3. The Audit Committee Meeting                | 6/6 times |
| 4. The Annual General Meeting of Shareholders | 1/1 time  |

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

**Additional information on holding independent directors status:**

1. Not be related to management, any major shareholder of the Company or any subsidiary companies.

2. Not be related 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 a professional service such as auditor or legal counsel.
  - Have no significant relation to business that affect to independent perform.

## 5. Mr. Tongchat Hongladaromp Director, Independent Director and Chairman of the Risk Management Committee age 72 years

Family Relation among Management: - None -

Tenure: 16 years (from 1 March 1994 to 31 December 2010)

Number of Shares: - None -

**Education**

- Ph.D. Eng. (Civil), Northwestern University, U.S.A.
- The National Defense College 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**

- |             |  |
|-------------|--|
| 2004 - 2010 | • Independent Director, Bangkok Polyethylene Public Company Limited        |
| 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 Organisation

In listed companies:

- Chairman of the Board of Directors,  
Smart 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
- 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 or other organisations that may cause  
any conflict of interest to SSI:

- None -

#### The Attendance in year 2010:

- |   |           |
|---|-----------|
| 1. The Board of Directors Meeting             | 8/9 times |
| 2. The Independent Directors Meeting          | 3/3 times |
| 3. The Risk Management Committee Meeting      | 4/4 times |
| 4. The Annual General Meeting of Shareholders | 1/1 time  |

#### Criminal offence record during the past 10 years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

#### Additional information on holding independent directors status:

1. Not be related to management, any major shareholder of the Company or any subsidiary companies.
2. Not be related 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 a professional service such as auditor or legal counsel.
- Have no significant relation to business that affect to independent perform.

## 6. Mr. Tawee Butsunorn Director, Independent Director, Chairman of Remuneration Committee and Chairman of the Good Corporate Governance Committee age 71 years

Family Relation among Management: - None -

Tenure: 6 years (from 26 February 2004 to  
31 December 2010)

Number of Shares: - None -

#### Education

- Bachelor Degree in Mechanical Engineering,  
(1<sup>st</sup> 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 Defense College 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 Organisation

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 or other organisations that may cause any conflict of interest to SSI:

- None -

#### The Attendance in year 2010:

- |  |           |
|--|-----------|
| 1. The Board of Directors Meeting                  | 5/9 times |
| 2. The Independent Directors Meeting               | 3/3 times |
| 3. The Remuneration Committee Meeting              | 2/2 times |
| 4. The Good Corporate Governance Committee Meeting | 6/6 times |
| 5. The Annual General Meeting of Shareholders      | 1/1 time  |

#### Criminal offence record during the past 10 years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

#### Additional information on holding independent directors status:

1. Not be related to management, any major shareholder of the Company or any subsidiary companies.
2. Not be related 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 a professional service such as auditor or legal counsel.
  - Have no significant relation to business that affect to independent perform.

## 7. Mr. Siripol Yodmuangcharoen Director and Independent Director age 62 years

Family Relation among Management: - None -

Tenure: 8 months (from 30 April 2010 to 31 December 2010)

Number of Shares: - None -

#### Education

- D.B.A., University of South Australia, Australia
- M.B.A., Thammasat University
- B.A. Economics, Thammasat University
- The National Defense College Regular Course

#### Director Training Program

- Directors Certification Program (DCP 131/2010), Thai Institute of Directors Association

#### Work Experience

- 2009 - 2010 • Director, Siam City Bank Public Company Limited
- 2007 - 2009 • Commission Member, Securities and Exchange Commission
- 2007 - 2009 • Permanent Secretary, Ministry of Commerce
- 2005 - 2008 • Director, Government Savings Bank
- 2001 - 2007 • Director General Department of Internal Trade, Ministry of Commerce

**Current Position in Other Organisation**

In listed companies:

- Director,  
Thai President Foods Public Company Limited

In non-listed companies:

- Director and Chairman of the Risk Management Committee, Government Housing Bank
- Commission Members,  
The Office of the Agricultural Futures Trading Commission
- Chairman of the Board of Directors,  
The Gem and Jewelry Institute of Thailand  
(Public Organization)

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

- None -

**The Attendance in year 2010:**

- |   |           |
|---|-----------|
| 1. The Board of Directors Meeting             | 7/9 times |
| 2. The Independent Directors Meeting          | 2/2 times |
| 3. The Annual General Meeting of Shareholders | 1/1 time  |

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

**Additional information on holding independent directors status:**

1. Not be related to management, any major shareholder of the Company or any subsidiary companies.
2. Not be related 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 a professional service such as auditor or legal counsel.
  - Have no significant relation to business that affect to independent perform.

## 8. Mr. Prateep Buphaintr

Director, Independent Director,  
Audit Committee Member  
and Good Corporate Governance  
Committee Member  
age 71 years

Family Relation among Management: - None -

Tenure: 11 years (from 29 April 1999 to 31 December 2010)

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 Organisation**

In listed companies: - None -

In non-listed companies: - None -

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

- None -

**The Attendance in year 2010:**

- |   |           |
|---|-----------|
| 1. The Board of Directors Meeting             | 9/9 times |
| 2. The Independent Directors Meeting          | 3/3 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 offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.

3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

**Additional information on holding independent directors status:**

1. Not be related to management, any major shareholder of the Company or any subsidiary companies.
2. Not be related 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 a professional service such as auditor or legal counsel.
  - Have no significant relation to business that affect to independent perform.

## 9. Mr. Wit Viriyaprapaikit Director and Chairman of the Board of Executive Directors age 75 years

**Family Relation among Management:**

Father of Mr. Win Viriyaprapaikit  
Uncle of Mr. Piya Viriyaprapaikit

Tenure: 16 years (from 21 January 1994 to  
31 December 2010)

Number of Shares: 100 Shares Percentage of Shareholding:  
0.00000076328 percent

**Education**

- Honorary B.A., Rajamangala Institute of Technology

**Director Training Program**

- None -

**Work Experience**

- 1995 - 2010
- Director, Bangpakong Lighter Company Limited
  - Director, Bangpakong Port Company Limited
- 1994 - 2010
- Chairman of the Board of Directors, Bangsaphan Barmill Public Company Limited

- 1990 - 2010
- Director, Thai Coated Steel Sheet Company Limited
  - Director, Prachuap Port Company Limited
- 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 Organisation**

In listed companies:

- None -

In non-listed companies:

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

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

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

**The Attendance in year 2010:**

- |   |             |
|---|-------------|
| 1. The Board of Directors Meeting             | 9/9 times   |
| 2. The Board of Executive Directors Meeting   | 12/12 times |
| 3. The Annual General Meeting of Shareholders | 1/1 time    |

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

## 10. Mr. Taweesak Senanarong Director, Remuneration Committee Member and Risk Management Committee Member age 74 years

Family Relation among Management: - None -

Tenure: 11 years (from 8 November 1999 to  
31 December 2010)

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 Defense College 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,  
Office of the Private Education Commission
- 1990 - 1992 • Deputy Permanent Secretary,  
Ministry of Education
- 1984 - 1990 • Director-General,  
The Fine Arts Department

### Current Position in Other Organisation

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
- Special Advisor, The Supreme Administrative Court
- Special Advisor of the office of the Administrative  
Court Fine Arts
- Special Advisor, The Crown Property of Bureau
- President of the College Council Lumnamping College
- Special Advisor, The Fine Arts Department
- Special Instructor, Chulalongkorn University
- Special Instructor, Silpakorn University

- Special Instructor,  
Rajamangala University of Technology Rattanakosin
- Special Instructor, PRD Training

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

- Director,  
Sahaviriya Plate Mill Public Company Limited

### The Attendance in year 2010:

- |  |           |
|--|-----------|
| 1. The Board of Directors Meeting                | 8/9 times |
| 2. The Remuneration Committee Meeting            | 2/2 times |
| 3. The Risk Management Committee<br>Meeting      | 4/4 times |
| 4. The Annual General Meeting of<br>Shareholders | 1/1 time  |

### Criminal offence record during the past 10 years:

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt  
or insolvent.
3. Never been sentenced by a judgment as management  
or authorised person in the bankrupt or insolvent  
company.

## 11. Mr. Somchai Pipitvijitkorn Director, Executive Director, Remuneration Committee Member and Risk Management Committee Member age 71 years

Family Relation among Management: - None -

Tenure: 7 years (from 29 April 2003 to 31 December 2010)

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 Organisation**

In listed companies:

- 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 or other organisations that may cause any conflict of interest to SSI:

- Director, Sahaviriya Plate Mill Public Company Limited

**The Attendance in year 2010:**

- |   |             |
|---|-------------|
| 1. The Board of Directors Meeting             | 8/9 times   |
| 2. The Board of Executive Directors Meeting   | 11/12 times |
| 3. The Remuneration Committee Meeting         | 2/2 times   |
| 4. The Risk Management Committee Meeting      | 4/4 times   |
| 5. The Annual General Meeting of Shareholders | 1/1 time    |

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

## 12. Mr. Kamol Juntima

### Director, Nomination Committee Member and Good Corporate Governance Committee Member age 72 years

Family Relation among Management: - None -

Tenure: 12 years (from 28 April 1998 to 31 December 2010)

Number of Shares: 1,070,000 Shares Percentage of Shareholding: 0.0081 percent

**Education**

- M.P.A., National Institute of Development Administration (NIDA)
- The National Defense College 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
- 1996 - 1998
- Chairman of the Board Government Lottery Office
- 1995 - 1999
- Director and Chairman of Executive Board, Government Housing Bank
- 1993 - 1998
- Deputy Permanent Secretary for Finance, Ministry of Finance

**Current Position in Other Organisation**

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 or other organisations that may cause any conflict of interest to SSI:

- None -

**The Attendance in year 2010:**

1. The Board of Directors Meeting	8/9 times
2. The Nomination Committee Meeting	4/4 times
3. The Good Corporate Governance Committee Meeting	6/6 times
4. The Annual General Meeting of Shareholders	1/1 time

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

## 13. Mr. Permpoon Krairiksh

### Director

age 59 years

Family Relation among Management: - None -

Tenure: 11 years (from 8 December 1999 to 31 December 2010)

Number of Shares: - None -

**Education**

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

**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 Organisation**

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 or other organisations that may cause any conflict of interest to SSI:

- None -

**The Attendance in year 2010:**

1. The Board of Directors Meeting	6/9 times
2. The Annual General Meeting of Shareholders	1/1 time

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

## 14. Mr. Yuke Sutarat

### Director and Executive Director

age 48 years

Family Relation among Management: - None -

Tenure: 2 years (from 11 August 2008 to 31 December 2010)

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
- Management Trainee, Lending Officer, Real-estate Business Department Siam Commercial Bank Public Company Limited

**Current Position in Other Organisation**

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 or other organisations that may cause any conflict of interest to SSI:

- None -

**The Attendance in year 2010:**

- |   |             |
|---|-------------|
| 1. The Board of Directors Meeting             | 4/9 times   |
| 2. The Board of Executive Directors Meeting   | 10/12 times |
| 3. The Annual General Meeting of Shareholders | 1/1 time    |

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

## 15. Mr. Piya Viriyaprapaikit

### Director, Executive Director and Nomination Committee Member

age 61 years

Family Relation among Management:

Nephew of Mr. Wit Viriyaprapaikit among Management

Tenure: 15 years (from 24 April 1995 to 31 December 2010)

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 Organisation**

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 or other organisations that may cause any conflict of interest to SSI:

- Director, Sahaviriya Plate Mill Public Company Limited
- Director, Prapawit Building Property Company Limited

**The Attendance in year 2010:**

1. The Board of Directors Meeting	7/9 times
2. The Board of Executive Directors Meeting	12/12 times
3. The Good Corporate Governance Committee Meeting	6/6 times
4. The Nomination Committee Meeting	1/1 time
5. The Annual General Meeting of Shareholders	1/1 time

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

## 16. Mr. Win Viriyaprapaikit

### Director, Executive Director and President

age 40 years

**Family Relation among Management:**

Son of Mr. Wit Viriyaprapaikit

Tenure: 11 years (from 30 June 1999 to 31 December 2010)

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 Organisation**

In listed companies:

- Director, Bangsaphan Barmill Public Company Limited

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 or other organisations 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 2010:**

1. The Board of Directors Meeting	7/9 times
2. The Board of Executive Directors Meeting	11/12 times
3. The Annual General Meeting of Shareholders	1/1 time

**Criminal offence record during the past 10 years:**

1. Never been sentenced by a judgment in criminal offence.
2. Never been sentenced by a judgment to be bankrupt or insolvent.
3. Never been sentenced by a judgment as management or authorised person in the bankrupt or insolvent company.

# The Management

## 1. Mr. Win Viriyaprapaikit Director, Executive Director and President age 40 years

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### 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. Mr. Nitiphong Tejavanija Vice President - Finance & Accounting Division and Secretary to the Risk Management Committee age 40 years

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### Education

- M.B.A., Sasin Graduate Institute of Business Administration, Chulalongkorn University

### Work Experience

- 2010 - Present • Director, Thai Cold Rolled Steel Sheet Public Company Limited
- Director, Thai Coated Steel Sheet Company Limited
- 2009 - 2010 • Assistant Managing Director, Investment Banking Department, Kasikorn Securities Public Company Limited
- 2008 - 2009 • Finance Director, Canadoil Group
- 2005 - 2008 • Director, Co-Head of Corporate Banking, ABN AMRO Bank N.V.

## 3. Miss Wanna Tangcharoenching Vice President - Commercial Division age 52 years

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### 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 45 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 44 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**

- 2010 - Present • Director and Executive Director,  
Thai Cold Rolled Steel Sheet  
Public Company Limited
- 2005 - Present • First Executive Vice President,  
West Coast Engineering Company Limited
- 2009 - 2010 • Executive Vice President,  
Manufacturing Division,  
Thai Cold Rolled Steel Sheet  
Public Company Limited
- 1991 - 1992 • Industrial Engineer,  
Hana Coil Company Limited

## 6. Mr. Jira Chotinuchit

### Vice President, Office of the President

age 43 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
- 2002 - Present • Director,  
Thai Coated Steel Sheet Company Limited
- 2000 - 2007 • Vice President,  
Sahaviriya Steel Group Company Limited

## 7. Mr. Somsak Sivapaiboon

### Vice President, Office of the President

age 48 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**

- 2010 - Present • President, Thai Cold Rolled Steel Sheet  
Public Company Limited
- Director, Thai Coated Steel Sheet  
Company Limited
- 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 • Director, Prachuap Port Company Limited
- 2005 - 2010 • President,  
Line Transport Company Limited
- 2001 - 2010 • President,  
Prachuap Port Company Limited
- 2000 - 2005 • President,  
Bangsaphan Transport Company Limited
- 1997 - 2000 • General Manager - Sales & Marketing,  
Thai Steel Sales Company Limited

## 8. Mr. Chaipat Khemaphiruk

Vice President,  
Office of the President  
age 39 years

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### Education

- M.B.E., Kasetsart University

### Work Experience

- 2010 - Present • Director and President,  
Prachuap Port Company Limited
- 2007 - 2010 • Vice President, Sahaviriya Iron  
and Steel Company Limited
- 2004 - 2007 • Vice President,  
Sahaviriya Steel Group Company Limited

## 9. Mr. Narongrit Chotnuchittrakul

Vice President,  
Office of the President  
age 41 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
- 1997 - 2002 • Management Accounting Department  
Manager, Sahaviriya Steel Industries  
Public Company Limited

## 10. Mrs. Wannee Sirikanchana

Secretary to the Audit Committee  
and Secretary to the Good  
Corporate Governance Committee  
age 55 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 Ngamsidhiphongs

Company Secretary,  
Secretary to the Board of Executive  
Directors  
and Secretary to the Nomination  
Committee  
age 52 years

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### Education

- M.B.A., Thammasat University
- 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 2009 at Baht 1 each	As of 31 December 2010 at Baht 1 each	Increase (Decrease) in Shares Held During 2010 at Baht 1 each
1.	Mr. Maruey Phadoongsidhi Spouse: Mrs. Pittaya Phadoongsidhi	- 2,100,000 shares	- 2,100,000 shares	- -
2.	Mr. Somchai Sakulsurat	-	-	-
3.	Mr. Visith Noiphan	-	-	-
4.	Mrs. Kesree Narongdej	-	-	-
5.	Mr. Tongchat Hongladaromp	-	-	-
6.	Mr. Tawee Butsunorn	-	-	-
7.	Mr. Siripol Yodmuangcharoen	-	-	-
8.	Mr. Prateep Buphaintr	-	-	-
9.	Mr. Wit Viriyaprapaikit	100 shares	100 shares	-
10.	Mr. Taweesak Senanarong	-	-	-
11.	Mr. Somchai Pipitvijitkorn	-	-	-
12.	Mr. Kamol Juntima	1,070,000 shares	1,070,000 shares	-
13.	Mr. Permpoon Krairiksh	-	-	-
14.	Mr. Yuke Sutarat	-	-	-
15.	Mr. Piya Viriyaprapaikit	-	-	-
16.	Mr. Win Viriyaprapaikit	-	-	-
17.	Mr. Nitiphong Tejavanija	-	-	-
18.	Miss Wanna Tungcharoenjing	-	-	-
19.	Mr. Nava Chantanasurakon	-	-	-
20.	Mr. Kittisak Mapanao	1,160,000 shares	1,160,000 shares	-
21.	Mr. Jira Chotinuchit Spouse: Mrs. Chantiva Chotinuchit	- 600,000 shares	- 1,000,000 shares	- 400,000 shares
22.	Mr. Somsak Sivapaiboon	1,100,000 shares	-	(1,100,000 shares)
23.	Mr. Chaipat Khemaphiruk	-	-	-
24.	Mr. Narongrit Chotnuchitrakul	-	-	-
*25.	Mr. Wichien Tungsuknirundom	-	-	-
*26.	Miss Sunee Wattanapholmongkol	-	-	-

\* Remark: No. 25 retired on 1 March 2010.  
No. 26 resigned on 1 July 2010.

# Management Remuneration and Audit Fees

The directors' remuneration, approved by the Annual General Meeting of Shareholders, was as follows:

## 1. Total Monetary Remuneration

1.1 The meeting allowance 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, was as follows:

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

(1.7) Chairman of the Risk	
Management Committee	12,500 THB/meeting
Risk Management	
Committee Members	10,000 THB/meeting

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

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

1.3 Health, accident, and life insurance premiums not exceeding THB 20,000 per person, as resolved by the Annual General Meeting of Shareholders No. 12, held on 30 April 2001, will be paid on behalf of any director for whom the insurance company does not provide that type of insurance and/or does not provide coverage for certain types of illness, 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 premiums on behalf of all directors for whom the insurance company does not provide insurance, up to insured amount and/or the 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 the remuneration as senior executives only and should not receive the 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' bonuses on such year.

(2) The directors' bonuses rates 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' bonuses 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 would be paid according to principles 1 to 5 mentioned above until the Shareholders' Meeting shall resolve otherwise.

In 2010, the 21<sup>st</sup> Annual General Meeting of Shareholders on 30 April 2010 acknowledged each Director's remuneration including each Committee appointed by the Company's Directors during 2009. The Meeting acknowledged that the payment of bonuses to directors for 2009 be omitted as proposed by the Board of Directors as the Company's 2009 financial performance was still experiencing retained loss. Therefore the Company was neither 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 2010 Monetary Remuneration for the Director of the Company and the Members of the Committees as appointed by the Board of Directors

(Unit: THB/Year)

No.	Name and Position	Meeting Allowance	Remuneration	Insurance and Medical Expenses	Directors' Bonuses in 2009	Total Remuneration
1.	Mr. Maruey Phadoongsidhi Chairman of the Board of Directors	555,000	3,600,000	36,813	-	4,191,813
2.	Mr. Somchai Sakulsurat Deputy Chairman of the Board of Directors and Independent Director	250,000	-	387	-	250,387
3.	Mrs. Prapa Viriyapapaikit Director*	50,000	-	387	-	50,387
4.	Mr. Visith Noiphan Director, Independent Director, Audit Committee Member and Chairman of Nomination Committee	440,000	-	1,547	-	441,547
5.	Mrs. Kesree Narongdej Director, Independent Director and Audit Committee Chairperson	532,500	-	1,547	-	534,047
6.	Mr. Tongchat Hongladaromp Director, Independent Director and Chairman of Risk Management Committee	350,000	-	8,523	-	358,523
7.	Mr. Tawee Butsunton Director, Independent Director, Chairman of Remuneration Committee and Chairman of Good Corporate Governance Committee	400,000	-	1,547	-	401,547



(Unit: THB/Year)

No.	Name and Position	Meeting Allowance	Remuneration	Insurance and Medical Expenses	Directors' Bonuses in 2009	Total Remuneration
8.	Mr. Siripon Yodmuangcharoen Director and Independent Director	200,000	-	-	-	200,000
9.	Mr. Prateep Buphaintr Director, Independent Director, Audit Committee Member, and Good Corporate Governance Committee Member	420,000	-	1,547	-	421,547
10.	Mr. Wit Viriyaprapaikit Director and Chairman of the Board of Executive Directors	525,000	2,400,000	1,547	-	2,926,547
11.	Mr. Taweesak Senanarong Director, Remuneration Committee Member and Risk Management Committee Member	370,000	-	100,142	-	470,142
12.	Mr. Somchai Pipitvijitkorn Director, Executive Director, Remuneration Committee Member and Risk Management Committee Member	550,000	-	46,547	-	596,547
13.	Mr. Kamol Juntima Director, Nomination Committee Member and Good Corporate Governance Committee Member	400,000	-	1,547	-	401,547
14.	Mr. Permpoon Krairiksh Director and Executive Director	300,000	-	1,547	-	301,547
15.	Mr. Yuke Sutarat Director and Executive Director	480,000	-	1,547	-	481,547
16.	Mr. Piya Viriyaprapaikit Director, Executive Director and Nomination Committee Member	550,000	-	1,547	-	551,547
17.	Mr. Win Viriyaprapaikit** Director, Executive Director and President	-	-	-	-	-

Notes: \* Mrs. Prapa Viriyaprapaikit, resigned from director on 16 February 2010.

\*\* 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: THB/Year)

No.	Name and Position of the Board of Directors of West Coast Engineering Company Limited	Meeting Allowance	Directors' Bonuses in 2009	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 ten people plus the President, totaled THB 46,987,467.19 for the year.

## 2. Other Forms of Remuneration

Contributions to the provident fund for executives at the level of Vice President and higher, for ten people plus the President, totaled THB 2,463,477.68 for the year.

## Remuneration for the Auditor in 2010

### 1. Audit Fees

The Company and its subsidiaries (Prachuap Port Co., Ltd. and West Coast Engineering Co., Ltd.) paid an audit fee of THB 4,523,948 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 THB 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. A total amount of THB 1,100,000 for an accounting standard consultant service which has not been completed during the past fiscal year is paid to the auditing office of which the auditor is a member or entity related to the auditor and the auditing office.

## Dividend Policy

The Company 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, the shareholders' meeting shall approve dividend payment unless there is an interim dividend payment in which the Board of Directors is authorised to approve interim dividend payment and then submit such payment should be submitted 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. 21 held on 30 April 2010 passed declaration that there would be no dividend payment for the operational results of year 2009 as the Company was unable to make dividend payment in compliance with law due to the retained losses, as proposed by the Board of Directors.

# Shareholding Structure

## Shareholders

Listed below are the names and shareholdings of the ten largest shareholders (as per article 258, voted the same way) as of 3 February 2011. This was the date on which the Company's share registry was closed for the purpose of the rights to subscribe to newly issued ordinary shares according to resolution of the Extraordinary General Meeting of Shareholders No. 1/2011 on 25 January 2011.

Names	As of 3 February 2011	
	Number of Shares	Percentage of Shareholdings
1. Sahaviriya Group	6,292,834,050	48.029
2. CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG ZURICH	2,026,149,300	15.465
3. THE BANK OF NEW YORK (NOMINEES) LIMITED A/C 5100	761,015,360	5.809
4. Thai NVDR Company Limited	377,345,273	2.880
5. SIX SIS LTD	350,626,000	2.676
6. Ms. Sumal Limpiyachart	177,952,000	1.358
7. SOCIAL SECURITY OFFICE	165,806,000	1.265
8. Mr. Komol Jungprungreangkit's	132,122,000	1.008
9. Thai Union Steel Company Limited	100,000,000	0.763
10. CHASE NOMINEES LIMITED 15	85,718,263	0.654

### Note:

#### Sahaviriya Group consisted of:

	<u>Percentage of shareholding</u>
1. Sahaviriya Group Co., Ltd.	36.129%
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.	6.040%
(formerly named SSV ASSET Co., Ltd.)	
is an investment holding company whose major shareholders are:	

(1) Sahaviriya Group Co., Ltd.,	who owns 97.89% of shares
(2) KP Capital Company Limited,	who owns 1.93% of shares
(3) Others	0.18% of shares
3. Mrs. Kanokvipa Viriyaprapaikit	3.723%
4. Mrs. Sirikul Viriyaprapaikit Bendi	1.878%
5. Mrs. Theerarat Kunatthanont	0.164%
6. Mrs. Krissana Viriyaprapaikit	0.095%
7. Ms. Kanokvalee Viriyaprapaikit	4,000 shares
8. Mrs. Prapa Viriyaprapaikit	100 shares
9. Mr. Wit Viriyaprapaikit	100 shares
<b>Total shareholdings in SSI</b>	
	<b>48.029%</b>

The latest shareholdings can be viewed via the Company's website ([www.ssi-steel.com](http://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 3 February 2011, the Company's foreign shareholding was 27.83 percent of the paid-up capital.

## Related Transactions

(Unit: Million Baht)

Related Parties	Relationship	2010 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	1.66	Trade accounts receivable	0.37
		Provide maintenance service	0.14	Other accounts receivable	0.18
		Other income	5.59	Refunable advance	0.01
				Accrued income	6.52
Thai Cold Rolled Steel Sheet PLC	50.15 percent shareholding by the Company and jointly controlled	Sell hot rolled coils	5,871.52	Trade accounts receivable	45.31
		Provide deep sea port service	35.11	Refunable advance	0.25
		Provide maintenance service	38.91	Accrued income	1.71
		Other income	11.90	Accrued expense	0.03
		Buy used working rolls	9.71		
		Compensation for damaged coils	0.33		
		Driver service	0.20		
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 Barnill PLC	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Provide deep sea port service	6.56	Trade accounts receivable	0.94
		Provide maintenance service	0.09	Other accounts receivable	0.18
		Other income	0.10	Refunable advance	0.04
				Accrued income	4.18
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	14,015.79	Trade accounts receivable	1,527.49
		Provide deep sea port service	0.06	Refunable advance	0.03
		Provide maintenance service	0.13	Accrued income	0.18
		Other income	0.004	Trade accounts payable	1.31
		Use steel-cutting service	5.79	Accrued expense	0.96
Sahaviriya Plate Mill PLC	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Provide deep sea port service	7.17	Trade accounts receivable	3.04
		Provide maintenance service	2.07	Refunable advance	0.0004
Prapawit Building Property Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Lease head office space	13.55	Deposit	7.04
				Advance Payment	0.73
				Other accounts payable	1.03
Western Housing Co., Ltd.	Common directors and aggregate direct shareholding by the Company's director (s)	Use accommodations	2.13	Other accounts payable	0.11
		Other income	0.003	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	1.17	Refunable advance	0.008
		Other income	0.006		
		Use domestic transportation service	0.63		
Sahaviriya Panich International Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Sell hot rolled coils	17,655.67	Trade accounts receivable	951.95
		Buy Steel plate	0.18	Accrued expense	0.75
		Revenue from sale commission	9.81	Accrued income	0.68



(Unit: Million Baht)

Related Parties	Relationship	2010 Related Transactions		Outstanding balance	
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	14.20	Trade accounts receivable	2.38
		Provide maintenance service	0.20	Other accounts receivable	0.13
		Other income	0.71	Refunable advance	0.008
		Use domestic transportation service	287.48	Trade accounts payable	6.30
				Other accounts payable	0.05
				Accrued expense	19.97
Bangpakong Lighter Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Provide deep sea port service	1.59	Trade accounts receivable	0.22
		Other income	0.20	Other accounts receivable	0.04
		Use vessal transportation service	220.05	Refunable advance	0.004
				Trade accounts payable	0.75
				Accrued expense	17.85
Bangpakong Port Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Use domestic transportation service	1.32	Accrued expense	0.06
Pachuap Pattana Development Co., Ltd.	Common directors and aggregate direct shareholding by the Company's director (s)			Refunable advance	0.06
Sahaviriya Iron and Steel Co., Ltd.	Common directors and aggregate direct and indirect shareholding by the Company's director (s)	Lease head office space	0.06		

The auditor's opinion on related transactions between the Company and related parties is stated in Note 7 to the financial statements.

## Necessity and Reasonableness 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 His 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. 0-2229-2888  
Fax 0-2654-5427

**Auditors** : Miss Thipawan Nananuwat C.P.A. Registration No. 3459  
Mr. Supachai Phanyawattano C.P.A. Registration No. 3930  
Mr. Narong Puntawong C.P.A. Registration No. 3315  
Ernst & Young Office Limited  
33<sup>rd</sup> 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 Ngamsidhipongsa  
Assistant Vice President - Corporate Secretariat Office  
Tel. 0-2238-3063-82  
Fax 0-2236-8892  
E-mail: surasakn@ssi-steel.com

# Report of the Audit Committee

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

The Company's Audit Committee consists of:

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

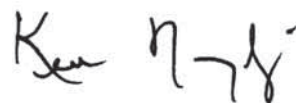
The Company's Audit Committee held 6 meetings and all directors in the Committee attended the meetings to perform the following duties:

1. Reviewed the interim and annual financial statements of 2010 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. Agreed with the accounting policies and procedures adopted by the Company's management in accordance with Thai Accounting Standards and Thai Financial Reporting Standards, which are issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King.
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 22<sup>nd</sup> Annual General Meeting of shareholders for the appointment of Miss Sureerat Thongarunsang and/or Mr. Charoen Phosamritlert and/or Mr. Winid Silamongkol of KPMG Phoomchai Audit Ltd., as the Company's auditors for fiscal year 2011, 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. Carried out a self-assessment for 2010 and submitted the results to the Board of Directors.
13. Reviewed the information disclosed to the SET and the SEC, as disclosed in the 2010 Company's annual report (Form 56-2) and in the annual information disclosure form ending 31 December 2010 (Form 56-1).
14. 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 2010 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**

Chairperson of the Audit Committee

11 February 2011

# Report of the Remuneration Committee

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

1. At meeting number 6/2007 on 9 November 2007, the Board of Directors of Sahaviriya Steel Industries Public Company Limited 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 - Human Resources and Administration serves as the Committee's Secretary. The Committee members names are as follows:

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

Their task was to set guidelines for the remuneration of directors of the Board, members of various committees appointed by the Board of Directors, the President, and the compensation structure of senior executives. The principles and methodology of determining remuneration needed to be established, and the structure governing such compensation had to be fair and reasonable. Their term of office ran from 24 November 2007 until 23 November 2010. At the Board of Directors' meeting number 7/2010 on 10 November 2010, it was resolved that the same members of the Remuneration Committee continue in their respective positions for another period from 24 November 2010 until 23 November 2013.

2. To perform the duties assigned to it by the Board of Directors, the Remuneration Committee met two times in 2010 and considered the following:

### 2.1 Salary Increase Consideration for the Position of President

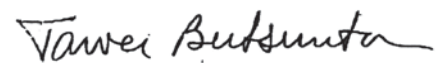
On 22 April 2010, the Remuneration Committee met to deliberate on the salary increase consideration of the President to be in the similar rate of the employees for the year 2010 which the Company's survey results shown that it was similar to the rate in other companies in the same industry. The principles for such payment are based on the Company's operational results for 2009 and other major responsibilities of the President which the Committee saw as benefit to the Company's sustainable long-term operation and growth.

### 2.2 Payment of Bonus for the Position of President

On 24 December 2010, the Remuneration Committee met to deliberate on the bonus to be paid to the President for the year 2010 ending 31 December 2010. The principles for such payment are based on annual goal program of the President in 2010, the Company's operational results for 2010, the bonus for regular employees in 2010, 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 2010 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 four 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



# 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 No. 7/2010 held on 10 November 2010 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 2010 to 23 November 2013. The Nomination Committee consists of at least three company directors, in which at least one of them is an 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. Piya Viriyaprapaikit	Nomination Committee Member
(4) Mr. Surasak Ngamsidhipongsa	Secretary to the Nomination Committee

The Nomination Committee had performed the duties assigned to it by the Board of Directors. In 2010, the Nomination Committee had four meetings. The major agendas of these 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.
- Acknowledgement of a report on results of the assessment of corporate governance of Sahaviriya Steel Industries in 2010 organised by Thai Institute of Directors.
- An 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 third 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 be under any prohibition according to the law for public companies. The number of directors must be more than five but not exceed 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 Shareholder' Meeting of 2011, five directors are due to retire by terms, namely:

- |                                |  |
|--------------------------------|--|
| (1) Mr. Maruey Phadoongsidhi   | Chairman of the Board of Directors and Executive Director  |
| (2) Mr. Visith Noiphan         | Director, Independent Director, Audit Committee Member<br>and Chairman of the Nomination Committee   |
| (3) Mr. Somchai Pipitvijitkorn | Director, Executive Director, Remuneration Committee Member,<br>and Risk Management Committee Member |
| (4) Mr. Permpoon Krairiksh     | Director   |
| (5) Mr. Yuke Sutarat           | Director and Executive Director  |

The directors, who are due to retire by term as mentioned above, 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 27 October 2010 to 31 January 2011. At the expiry date of such period, none of the shareholders proposed in advance qualified candidates for nomination as the Company's directors.

5. On 17 January 2011, Mr. Maruey Phadoongsidhi, Chairman of the Board of Directors and Executive Director, who was due to retire by terms, submitted a letter expressing his desire not to be nominated as the Company's director due to his advance in years which may prevent him from fully performing the director's duty.

6. At the Nomination Committee Meeting No. 2/2011 on 14 February 2011, 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 four 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 four directors be re-elected as directors for another term, and to take positions of Independent Director, Audit Committee Member, Chairman of the Nomination Committee, Executive Director, Risk Management Committee Member and Remuneration Committee Member, as the case be, as before.

For the replacement of Mr. Maruey Phadoongsidhi who was retiring by term and expressed his wish not to be re-nominated, the meeting considered the matter and seconded that the remaining number of directors was sufficient for the management of the Company and with the current economic situation there would not be a replacement.

During the meeting while the qualified persons were being considered for the replacement of directors who were retiring by term, Mr. Visith Noiphan, Chairman of the Nomination Committee, as a director who was retiring by term and as an interested person, informed the meeting of his abstain from voting and excused himself from the meeting room.

The Nomination Committee hereby reports the results of its selection of directors to replace those who are retiring by term to the Board of Directors' Meeting for acknowledgment and presentation to the Annual General Shareholders' Meeting of 2011 accordingly.



**Mr. Visith Noiphan**

Chairman of the Nomination Committee

14 February 2011

# Report of the Good Corporate Governance Committee

## To the 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 3 December 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 propose any revision of the Company's policy and guidelines concerning good corporate governance to the Board of Directors and to oversee the implementation of company management in accordance with the approved policy and guidelines. The Committee is to also provide an opinion to the management regarding corporate social responsibility (CSR) and to monitor the management in establishing a clear action plan regarding CSR as well as to follow up on the implementation according to the plan with the management and then submit the results to the Board, and to propose to the Board any revision of the Company's business philosophy, a code of business conduct, a code of ethics for directors, a code of ethics for employees, and guidelines concerning the same as it deems appropriate. These tasks are to ensure that the Company maintains its sustainable and effective development of good corporate governance practices and is in compliance with the rules and procedures for a listed company.

In 2010, the Good Corporate Governance Committee held six meetings to carry out its chosen duties and submitted a summary of reports to the Company's Board of Directors as follows:

1. Proposing any revision of the scope of duties and responsibilities of the Good Corporate Governance Committee, which was announced as the Company's Good Corporate Governance Committee charter dated 9 August 2010.

2. Proposing any revision and the implementation of new Human Resource Management Policy and Procedures concerning Code of Ethics for Employees, and the Guidelines on Ethical Conduct with the effective date of 1 September 2010 to replace the 2001 version, as well as the implementation of the Guidelines on Conflict of Interests, for the purpose of promoting a clear understanding of actions which create conflict of interests between an employee and an organization in order to avoid or prevent such actions.

3. Proposing any revision of new Guidelines for Directors regarding Insider Trading of the Company's Securities with the effective date of 9 August 2010 to replace the old version which was launched on 24 December 2007, for the purpose of establishing concise guidelines on reporting changes in management holdings of the Company's securities by executives at assistant vice president level.

4. Revising the determination of a significant size of commercial or business transactions between the Company or its subsidiaries and their customers, suppliers, debtors, and creditors, which was used to establish the criteria of reporting interests of the Company's directors and executive in 2010.

The above complies with the guidelines for the Board of Directors regarding the good corporate governance framework of reporting disclosure and transparency of the Company's directors and executives, which came into effect on 1 July 2009.

5. Acknowledging various reports that are deemed beneficial to the Committee in monitoring the Company's management on the implementation of the approved policy and guidelines concerning good corporate governance as well as the business plan.

5.1 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 insider trading of the Company's securities.

5.2 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.

5.3 Reporting on recommendations and complaints from stakeholders. The Company has provided two modes of reporting non-compliant conduct 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, Bangrak, Bangkok, 10500.

5.4 Reporting on activities regarding society and the environment 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.

6. Providing suggestions and observations to Thai Institute of Directors regarding the opinion survey of listed companies on CSR Index under the Corporate Governance Report of Thai Listed Companies project. The survey also assessed company readiness to implement and disclose information relating to such matters.

In 2010, the Company was evaluated "excellent" on the quality of the Annual General Meeting: AGM for the year 2010, by the Securities and Exchange Commission in cooperation with Thai Investors Association and Thai Listed Companies Association. Additionally, the Company was rated "excellent" by the Securities and Exchange Commission in cooperation with the Stock Exchange of Thailand and Thai Institute of Directors, on the survey of corporate governance activities of the Thai listed companies in 2010 under the "Corporate Governance Report of Thai Listed Companies 2010" program.

The Board of Directors and the Good Corporate Governance Committee are committed to raise the Company's level of good corporate governance to international standards, and to increase its value and protect the interests of all its stakeholders with transparency, fairness, integrity, and dedication. Alongside this, they also hold high responsibility for environmental protection and preservation, as well as social responsibility and community development.



**Mr. Taweé Butsunton**

Chairman of the Good Corporate Governance Committee

24 November 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 ("the 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 of the Committee. Currently, the 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

As the term of office of the above members of the Committee had ended on 3 December 2010, and since they were eligible for re-election under the Risk Management Committee Charter approved by the Board on 12 May 2008. The Board, on 10 November 2010 resolved to re-appoint them as the member of the Committee for another term of three years from 4 December 2010 to 3 December 2013.

The Board also wishes to report that Mr. Nitiphong Tejavanija, the new Vice President of Finance and Accounting, has succeeded Miss Sunee Wattanapholmongkol as the secretary of the Committee since the latter, resigned from the Company. Miss Sunee Wattanapholmongkol was the former Vice President of Finance and Accounting who according to the Risk Management Committee Charter, concurrently served as the secretary of the Committee.

2. To perform its duties as assigned by the Board, the Committee held four meetings in 2010, and the results of the meetings may be summarized as follows:

To monitor the management of the Company's key risk exposures on an ongoing basis, reports on the management of the major risks of the Company for the fourth quarter of 2009 and the first, second, and third quarters of 2010 as submitted by the Risk Management Working Committee were reviewed and discussed with the management at the review meetings on a quarterly basis. The said quarterly reports presented the results of the management of the Company's major risk exposures for the part quarter. Future assessments of the Company's key risk exposures and measures to mitigate such risks were also presented in the reports. The reviews were intended to ensure that the risk management process was implemented in a systematic manner. It was also to ensure that the management of the Company's major risks as carried out by the management was consistent with the Company's vision goals and strategies and in line with the changing risk environment. The Committee also made comments and suggestions that were deemed useful to the improvement of the efficiency and effectiveness of the Company's risk management, at the review meetings.



**Dr. Tongchat Hongladaromp**

Chairman of the Risk Management Committee

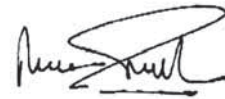
17 January 2011



# Report on the Responsibility of the Board of Directors for the Financial Report of 2010

The Board of Directors of Sahaviriya Steel Industries Public Company Limited 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 judgment is employed in these evaluations, along with all due circumspection as to their suitability. Important information is sufficiently disclosed and audited by an independent certified public accountant that 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 in ensuring 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 2010 total revenue of the Company and its subsidiaries were THB 48,332 million, which increased 44 percent from revenue in 2009. This comprised of a 43 percent increment on sales of hot-rolled steel sheet in coils from THB 32,888 million in 2009 to THB 47,086 million in 2010. In addition, the Company and its subsidiaries had revenue from sales of steel scrap THB 699 million, revenue sales and services of subsidiaries THB 305 million, gain on exchange THB 204 million and other income THB 38 million. In 2009 its revenue from sales of steel scrap THB 300 million, income from sales and services of subsidiaries THB 228 million, gain on exchange THB 170 million and other income THB 51 million.

The growth on sales of hot-rolled steel sheet in coils in 2010 resulted from sale volume rising 28 percent compared to its in 2009 due to growth of Steel Industry including related industries; such as automobile and electric parts industries, thus affecting to continuously increase in demand of steel consumption. The company also had an advantage on domestic rivals in cost of sales. Its sale quantity of hot-rolled steel sheet arose from 1.75 million tonnes in 2009 to 2.24 million tonnes in 2010. The company had proportion 95 percent on domestic sales and 5 percent on export sales compared to 90 percent and 10 percent respectively in 2009.

The revenues from sales and services of two subsidiaries; Prachuap Port Co., Ltd. and West Coast Engineering Co., Ltd. amount to THB 927 million with 34 percent rising from 2009, consisting of income from sales and services to related party in the amount of THB 622 million increasing 33 percent from 2009 owing to business volume expansion in 2010. The revenues from sales and services of two subsidiaries in 2009 amount to THB 694 million which included THB 466 million of income from sales and services to related party.

### Cost of Sales and Services

The Company's cost of sales before recording loss of allowance for diminution in value of inventories amount to THB 44,152 million, which increase 24 percent from its in 2009, due to increment of sale volume in 2010.

In 2010, the Company recorded loss of allowance for diminution in value of inventories in the amount of THB 5 million as a result of slab and hot-rolled steel sheet in coils prices have been fluctuated less than in 2009 that the company had reversed of allowance for diminution in value of inventories in the amount of THB 5,373 million. When net cost of sales from realizing loss on allowance for diminution in value of inventories was taken into consideration, in 2010 net cost of sales after recorded loss of allowance for diminution in value of inventories amount to THB 44,157 million, 92 percent of revenue from sales, while in 2009 net cost of sales after reversal of allowance for diminution in value of inventories amount to THB 30,366 million, 91 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 2010, the two subsidiaries' cost of sales and services in amount of THB 568 million, which was 61 percent of their revenue from sales and services to the company, affiliated companies and outside clients while in 2009 their cost of sales and services amount to THB 456 million, which was 66 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 recorded loss of allowance for diminution in value of inventories, in 2010 the company gained gross profit in the amount of THB 3,628 million, or 8 percent of revenue from sales. In 2009, 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 THB 2,821 million, or 8 percent of revenue from sales.

In 2010, the Company's subsidiaries earned gross profit amount to THB 359 million, or 39 percent of revenue from sales and services to the Company, affiliated companies, and outside clients. In 2009, the Company's subsidiaries gained gross profit amount to THB 238 million, or 34 percent of revenue from sales and services to Company, affiliated companies and outside clients.

## Expenses

Selling expenses mainly consisted of freight and transportation expenses. In 2010, the selling expenses of the Company and its subsidiaries amount to THB 503 million, or up 72 percent from 2009, according to major sales with sale condition excluding transportation cost. Administrative expenses amount to THB 524 million, or up 84 percent from 2009, due to increment of research and development expenses amount to THB 59 million and expenses concerning to operation for acquisition of TCP assets in UK amount to THB 42 million.

## Financing Expenses

The Company's and its subsidiaries' financing expenses consisted of interest and bank fees, amount to THB 826 million and THB 22 million respectively, down 17 percent when

compared to the expenses in 2009 from the amount of THB 993 million and THB 27 million respectively, owing to reimbursement of short-term loans and current portion of long-term loan in 2010.

## Gain from Investment in Jointly Controlled Entity

Thai Cold Rolled Steel Sheet Public Company Limited (TCRSS), a jointly controlled entity, had rising revenue as a consequence of the world economic growth toward automobile and electric parts industries. It resulted in the Company's realized record for share of gain from the jointly controlled entity under the equity method in the amount of THB 206 million in Consolidated Financial Statement for the year 2010 compared to a share of loss in the amount of THB 341 million for the year 2009.

## Net Profit or Loss

In 2010, the Company had a significant enhanced performance by earning net profit in the amount of THB 2,209 million, compared to net profit in the amount of THB 1,548 million in 2009, net profit margin to total revenue by 4.60 percent, an average return on assets by 5.37 percent, an average return on equity by 12.39 percent, and earning per share by THB 0.17.

The company and its subsidiaries gained net profit on Consolidated Financial Statement in 2010 in the amount of THB 2,446 million, compared to net profit in the amount of THB 1,273 million in 2009, a net profit margin to total revenue by 5.2 percent, an average return on assets by 5.9 percent, an average return on equity by 13.6 percent, and earning per share by THB 0.19.

## Financial Status

### Assets

The Company's and its subsidiaries' total assets as at 31 December 2010 decreased THB 281 million from the figure as at 31 December 2009 and their proportion of assets have been shown as follows;

(Unit: Percent)

	31 December 2010	31 December 2009	31 December 2008
Trade Accounts and Notes Receivable	7	7	8
Inventories	33	33	27
Land, Buildings, Machinery and Equipment	48	50	53
Investment in joint venture	10	9	10
Other long-term investment	-	-	-
Other Assets	2	1	2
<b>Total Assets</b>	<b>100</b>	<b>100</b>	<b>100</b>

As at 31 December 2010, the Company and its subsidiaries had net trade accounts and note receivable in the amount of THB 2,962 million, up by 3 percent from the figure as at 31 December 2009, owing to increment of sales revenue. The Company remained Provision of Doubtful Debt for past-due accounts over 6 months in the amount of THB 284 million as at 31 December 2010, in the same figure as at 31 December 2009.

As at 31 December 2010, the Company and its subsidiaries had net balance of Raw Material, Finish Goods and Goods in Transit in the amount of THB 13,073 million, which was not significantly different from the figure as at 31 December 2009. However, net volume inventory levels of Raw Material, Finish Goods and Goods in Transit as at 31 December 2010 reduced by 14 percent when compared to the levels in 2009 whereas net average prices of Raw Material, Finish Goods and Goods in Transit increase 16 percent when compared to the prices in 2009.

## Liabilities and Source of Fund

The Company's and its subsidiaries' liabilities and shareholders' equity proportion have been shown as below;

(Unit: Percent)

	31 December 2010	31 December 2009	31 December 2008
Bank overdrafts and short-term loans from financial institutions	30	30	34
Trade accounts payable	7	9	2
Long-term loans - Current portion of long-term loans	5	4	3
Long-term loans - Net of current portion	10	14	19
Other liabilities	1	1	2
Share holders' equity	47	42	40
<b>Total liabilities and share holders' equity</b>	<b>100</b>	<b>100</b>	<b>100</b>

As at 31 December 2010, the Company and its subsidiaries had total liabilities amount to THB 22,617 million, down 10 percent from the figure as at 31 December 2009.

The Company and its subsidiaries acquired short-term facilities for working capital from domestic financial institutions amount to THB 20,578 million in term of Letter of Credit,

Trust Receipt, Promissory Note, discounted Bills of Exchange, Packing Credit, Bank Overdraft and Bank Guarantee as well as Credit of a major foreign supplier for raw material purchase in the amount of USD 100 million.

As at 31 December 2010, the Company and its subsidiaries had the outstanding balance of bank overdrafts and short-term loan in the amount of THB 12,571 million, down 3 percent from those as at 31 December 2009, and having long-term loan included current portion of long-term loan from financial institutions as at 31 December 2010 amount to THB 6,352 million, down by 20 percent from those as at 31 December 2009, due to repayment in current portion of long-term loan in 2010.

In addition, the Company had obligations to banks regarding the outstanding of a letter of credit as at 31 December 2010, amounting to USD 13.0 million and THB 110 million respectively, and its subsidiaries had bank guarantee as at 31 December 2010 in the amount of THB 18.0 million and GBP 0.1 million respectively.

As at 31 December 2010, the Company and its subsidiaries possessed shareholders' equity amount to THB 19,033 million, up by 12.2 percent from its as at 31 December 2009. The Company had an unappropriated Retain Earning as at 31 December 2010 amount to THB 1,238 million, rising from a deficit of unappropriated Retain Earning as at 31 December 2009 amount to THB 882 million. The Company and its subsidiaries had debt to equity ratio equal 1.14 times, reducing from 1.41 times as at 31 December 2009 due to earning net profit from operation in 2010.

## Liquidity

### 1. Cashflow

In 2010, the Company and its subsidiaries presented net cash balance increased from net positive cash flow in the amount of THB 118 million as follow;

1.1 Net cash flows received in operating activities of THB 2,637 million by cash inflow from operation amount to THB 4,000 million due to earning profit from operation before tax amount to THB 2,550 million and cash outflows from changes in operating assets and liabilities amount to THB 503 million as a result of decreasing in Trade Accounts Payable.

1.2 Net cash flows used in investing activities in the amount of THB 517 million by chiefly replacement of operating assets and deposit for MOU in the purpose on acquisition of TCP assets in UK.

1.3 Net cash flows used in financing activities of THB 2,000 million by repayment long-term loan and liabilities under finance lease in the amount of THB 1,539 million and THB26 million respectively and reimbursement on short-term loan in the amount of THB 411 million.

### 2. Liquidity Ratios

The Company and its subsidiaries have better liquidity in 2010 compared to its in 2009 by having higher working capital ratio, lower term collection and lower inventory turnover as below;

(Unit: Percent)

	2010	2009	2008
Average working capital ratio (times)	0.98	0.93	0.90
Average collection (days)	24	37	46
Average sales turnover (days)	44	53	62

## Share Prices

During 2010, the Company's share price ("SSI") reached its lowest level of buying-selling price at THB 1.08 per share on 28 January 2010, and peaked at THB 2.14 per share on 30 August 2010. The average daily trading volume was 79.03

million shares and average daily trading value of THB 133.01 million. The average share price for the year 2010 was THB 1.68 per share. On 31 December 2010, the share price was closed at THB 1.50 per share.

# Report of Independent Auditor

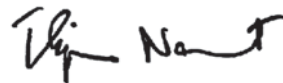
## To the Shareholders of Sahaviriya Steel Industries Public Company Limited:

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 2010 and 2009, 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 periods. 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 2010 and 2009, 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 7 to the financial statements. In 2010, the Company sold goods to related parties in the normal course of business totaling Baht 37,543 million, which comprises 79 percent of the Company total sales (2009: Baht 22,619 million, 68 percent of the Company total sales). As at 31 December 2010, the outstanding balances of those related parties amounted to Baht 2,515 million (2009: Baht 2,787 million).



**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 2010 and 2009

		Consolidated financial statements		Separate financial statements	
Unit: Baht	Note	2010	2009	2010	2009
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	169,356,111	50,909,343	58,335,112	28,057,682
Trade accounts receivable					
Related parties	7	2,531,704,113	2,800,937,536	2,514,892,812	2,786,715,800
Unrelated parties		714,127,529	354,073,882	687,470,433	339,215,993
Less: Allowance for doubtful accounts		(283,808,960)	(283,808,960)	(283,808,960)	(283,808,960)
Trade accounts receivable - net	8	2,962,022,682	2,871,202,458	2,918,554,285	2,842,122,833
Amounts due from and advances paid					
to related parties	7	935,423	3,339,915	1,508,016	3,724,992
Inventories - net	9	14,204,920,506	14,169,091,131	14,204,919,771	14,186,495,785
Other current assets					
Input tax refundable		366,246,079	473,517,006	366,246,079	473,517,006
Accrued income from related parties	7	12,578,255	7,960,157	12,236,644	7,015,136
Undue input vat		26,884,140	8,106,563	25,379,027	5,168,425
Others		36,238,989	35,248,279	27,952,535	26,680,096
<b>Total current assets</b>		<b>17,779,182,185</b>	<b>17,619,374,852</b>	<b>17,615,131,469</b>	<b>17,572,781,955</b>
<b>Non-current assets</b>					
Advances paid to related party	7	-	-	381,622,272	-
Investments in subsidiary companies	10	-	-	325,651,337	278,999,930
Investment in joint venture	11	4,045,305,773	3,838,851,915	4,502,797,025	4,502,797,025
Other long-term investment	12	-	-	-	-
Deposit for assets acquisition	13	313,475,031	-	-	-
Property, plant and equipment - net	14	20,292,616,492	21,252,007,317	18,100,614,309	18,941,579,429
Intangible assets - net	15	45,073,187	47,935,437	44,656,167	47,421,871
Other non-current assets - net		16,907,377	15,084,573	6,456,179	6,506,179
<b>Total non-current assets</b>		<b>24,713,377,860</b>	<b>25,153,879,242</b>	<b>23,361,797,289</b>	<b>23,777,304,434</b>
<b>Total assets</b>		<b>42,492,560,045</b>	<b>42,773,254,094</b>	<b>40,976,928,758</b>	<b>41,350,086,389</b>

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 2010 and 2009

		Consolidated financial statements		Separate financial statements	
Unit: Baht	Note	2010	2009	2010	2009
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	16	12,570,950,796	12,933,461,701	12,562,950,796	12,905,530,469
Trade accounts payable					
Related parties	7	8,359,482	4,988,839	38,556,761	36,837,077
Unrelated parties		3,149,139,262	3,754,944,415	3,104,488,906	3,721,088,102
Total trade accounts payable		3,157,498,744	3,759,933,254	3,143,045,667	3,757,925,179
Amounts due to and advances received					
from related parties	7	41,591,555	46,756,844	69,883,622	85,888,480
Current portion of long-term loans	17	1,917,784,119	1,799,257,539	1,811,800,000	1,698,400,000
Current portion of liabilities under					
finance lease agreements	18	7,532,397	22,720,276	-	-
Current portion of liabilities under					
hire purchase agreements		3,004,314	1,780,815	2,184,696	917,094
Provision	19	11,835,195	11,835,195	11,835,195	11,835,195
Other current liabilities					
Accrued interest expenses		43,202,444	51,814,096	43,108,234	51,577,339
Accrued expenses		98,235,986	96,727,485	87,988,582	91,859,952
Other accounts payable		57,983,165	23,074,167	49,216,161	17,184,468
Advances received from sales of goods					
and provision of services		232,589,905	132,379,873	232,546,606	130,284,768
Others		37,802,402	39,275,324	21,920,210	16,034,646
<b>Total current liabilities</b>		<b>18,180,011,022</b>	<b>18,919,016,569</b>	<b>18,036,479,769</b>	<b>18,767,437,590</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	17	4,433,854,153	6,091,035,543	4,185,050,000	5,685,200,000
Liabilities under finance lease agreements,					
net of current portion	18	126,397	7,454,810	-	-
Liabilities under hire purchase agreements,					
net of current portion		3,133,634	643,121	2,321,261	301,857
<b>Total non-current liabilities</b>		<b>4,437,114,184</b>	<b>6,099,133,474</b>	<b>4,187,371,261</b>	<b>5,685,501,857</b>
<b>Total liabilities</b>		<b>22,617,125,206</b>	<b>25,018,150,043</b>	<b>22,223,851,030</b>	<b>24,452,939,447</b>

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 2010 and 2009

		Consolidated financial statements		Separate financial statements	
Unit: Baht	Note	2010	2009	2010	2009
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital					
Registered					
13,101,500,000 ordinary shares of Baht 1 each		13,101,500,000	13,101,500,000	13,101,500,000	13,101,500,000
Issued and fully paid-up					
13,101,280,000 ordinary shares of Baht 1 each		13,101,280,000	13,101,280,000	13,101,280,000	13,101,280,000
Discount on ordinary share		(2,171,280,000)	(2,171,280,000)	(2,171,280,000)	(2,171,280,000)
Unrealised gain					
Revaluation surplus on assets	20	6,275,434,514	6,646,798,646	6,054,479,680	6,407,640,215
Translation adjustment		(533,938)	-	-	-
Retained earnings (deficit)					
Appropriated - statutory reserve	21	530,226,819	441,796,917	530,226,819	441,796,917
Unappropriated (deficit)		1,298,287,721	(1,059,093,245)	1,238,371,229	(882,290,190)
Equity attributable to the company's shareholders		19,033,415,116	16,959,502,318	18,753,077,728	16,897,146,942
Minority interest - equity attributable to minority shareholders of subsidiary					
		842,019,723	795,601,733	-	-
<b>Total shareholders' equity</b>		<b>19,875,434,839</b>	<b>17,755,104,051</b>	<b>18,753,077,728</b>	<b>16,897,146,942</b>
<b>Total liabilities and shareholders' equity</b>		<b>42,492,560,045</b>	<b>42,773,254,094</b>	<b>40,976,928,758</b>	<b>41,350,086,389</b>

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 2010 and 2009

Unit: Baht	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Revenues</b>					
Revenue from sales		47,790,932,300	33,187,968,074	47,784,950,101	33,187,804,166
Revenue from rendering of services		298,663,667	228,280,755	-	-
Other income					
Exchange gain		204,095,785	169,614,334	188,996,343	169,666,963
Dividend income		-	-	25,500,000	-
Others		37,851,919	51,453,600	39,251,867	51,947,706
<b>Total revenues</b>		<b>48,331,543,671</b>	<b>33,637,316,763</b>	<b>48,038,698,311</b>	<b>33,409,418,835</b>
<b>Expenses</b>					
Cost of sales		43,939,718,746	35,587,493,716	44,151,747,663	35,739,748,807
Record (reversal) of allowance for diminution in value of inventories		4,875,322	(5,373,237,036)	4,875,322	(5,373,237,036)
Total cost of sales		43,944,594,068	30,214,256,680	44,156,622,985	30,366,511,771
Cost of rendering of services		167,691,571	139,973,986	-	-
Selling expenses		503,215,725	291,844,329	504,371,595	292,813,420
Administrative expenses		441,069,873	209,546,381	285,520,335	155,516,393
Management benefit expenses		83,303,274	74,829,598	59,846,691	51,665,545
Other expenses - loss from litigation claim		-	11,835,195	-	11,835,195
<b>Total expenses</b>		<b>45,139,874,511</b>	<b>30,942,286,169</b>	<b>45,006,361,606</b>	<b>30,878,342,324</b>

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 2010 and 2009

		Consolidated financial statements		Separate financial statements	
Unit: Baht	Note	2010	2009	2010	2009
Income before share of profit (loss)					
from investment in joint venture, finance cost					
and corporate income tax		3,191,669,160	2,695,030,594	3,032,336,705	2,531,076,511
Share of income (loss) from investment					
in joint venture		206,453,858	(340,588,908)	-	-
Income before finance cost					
and corporate income tax		3,398,123,018	2,354,441,686	3,032,336,705	2,531,076,511
Finance cost		(848,304,528)	(1,020,125,651)	(823,245,384)	(982,883,658)
Income before corporate income tax		2,549,818,490	1,334,316,035	2,209,091,321	1,548,192,853
Corporate income tax	23	(18,383,103)	(19,904,273)	-	-
Net income for the year		2,531,435,387	1,314,411,762	2,209,091,321	1,548,192,853
Net income attributable to					
Equity holders of the parent		2,445,810,868	1,273,196,803	2,209,091,321	1,548,192,853
Minority interests of the subsidiary		85,624,519	41,214,959		
		2,531,435,387	1,314,411,762		
Basic earnings per share	25				
Net income attributable to equity holders					
of the parent		0.19	0.10	0.17	0.12
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 2010 and 2009

Consolidated financial statements											
Unit: Baht	Equity attributable to the parent's shareholders									Minority interest- equity attributable to minority shareholders of subsidiary	Total
	Issued and paid-up share capital	Discount on share capital	Revaluation surplus on assets	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders				
					Appropriated	Unappropriated					
<b>Balance as at 31 December 2008</b>	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		
<b>Expenses recognised directly in equity</b>											
Amortisation of revaluation on assets	-	-	(327,733,239)	-	-	-	(327,733,239)	(14,706,529)	(342,439,768)		
<b>Total expenses recognised directly in equity</b>											
Net income for the year	-	-	-	-	-	1,273,196,803	1,273,196,803	41,214,959	1,314,411,762		
<b>Total income (expense) for the year</b>											
<b>Balance as at 31 December 2009</b>	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		
<b>Balance as at 31 December 2009</b>	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		
<b>Expenses recognised directly in equity</b>											
Amortisation of revaluation on assets	-	-	(371,364,132)	-	-	-	(371,364,132)	(14,706,529)	(386,070,661)		
Translation adjustment	-	-	-	(533,938)	-	-	(533,938)	-	(533,938)		
<b>Total expenses recognised directly in equity</b>											
Net income for the year	-	-	-	(533,938)	-	-	(371,898,070)	(14,706,529)	(386,604,599)		
<b>Total income (expense) for the year</b>											
Dividend payment to minority shareholders of subsidiary	-	-	(371,364,132)	(533,938)	-	2,445,810,868	2,445,810,868	85,624,519	2,531,435,387		
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	-	-	-	-	(24,500,000)	(24,500,000)
<b>Balance as at 31 December 2010</b>	13,101,280,000	(2,171,280,000)	6,275,434,514	(533,938)	530,226,819	1,298,287,721	19,033,415,116	842,019,723	19,875,434,839		

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 2010 and 2009

Unit: Baht	Separate financial statements						Total
	Issued and paid-up share capital	Discount on share ordinary	Revaluation surplus on assets	Retained earnings		Unappropriated	
				Appropriated	Unappropriated		
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	-	-	(307,411,967)	-	-	(307,411,967)	
Net income for the year	-	-	-	-	1,548,192,853	1,548,192,853	
Total income (expense) for the year	-	-	(307,411,967)	-	1,548,192,853	1,240,780,886	
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	
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	
Expenses recognised directly in equity	-	-	(353,160,535)	-	-	(353,160,535)	
Amortisation of revaluation on assets	-	-	(353,160,535)	-	-	(353,160,535)	
Total expenses recognised directly in equity	-	-	(353,160,535)	-	-	(353,160,535)	
Net income for the year	-	-	-	-	2,209,091,321	2,209,091,321	
Total income (expense) for the year	-	-	(353,160,535)	-	2,209,091,321	1,855,930,786	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	88,429,902	(88,429,902)	-	
Balance as at 31 December 2010	13,101,280,000	(2,171,280,000)	6,054,479,680	530,226,819	1,238,371,229	18,753,077,728	

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 2010 and 2009

	Consolidated financial statements		Separate financial statements	
Unit: Baht	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Net income before tax	2,549,818,490	1,334,316,035	2,209,091,321	1,548,192,853
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	784,910,656	712,277,928	662,350,018	583,083,039
Loss from withholding tax written off	2,220,911	552,654	882,576	552,654
Record (reversal) of allowance for diminution in value of inventories	4,875,322	(5,373,237,036)	4,875,322	(5,373,237,036)
Gain on sales of property, plant and equipment	(1,873,819)	(455,285)	(1,138,387)	(455,285)
Loss on written off of property, plant and equipment	4,025,743	208,321	3,989,792	160,205
Share of loss (income) from investment in joint venture	(206,453,858)	340,588,908	-	-
Loss from litigation claim	-	11,835,195	-	11,835,195
Unrealised loss on exchange	36,149,193	16,401,928	49,619,805	16,470,638
Dividend income	-	-	(25,500,000)	-
Interest expenses	826,417,125	993,241,579	801,673,645	956,598,198
Income (loss) from operating activities before changes in operating assets and liabilities	4,000,089,763	(1,964,269,773)	3,705,844,092	(2,256,799,539)
Operating assets (increase) decrease				
Trade accounts receivable - related parties	269,233,423	378,324,120	271,822,988	385,237,853
Trade accounts receivable - unrelated parties	(360,390,244)	139,751,886	(348,591,037)	134,209,535
Amounts due from and advances paid to related parties	2,404,492	(2,058,399)	2,216,976	(1,666,425)
Inventories	(40,704,697)	2,653,876,187	(23,299,308)	2,639,427,624
Other current assets	76,881,363	(54,612,655)	80,873,036	(55,114,453)
Other assets	(526,629)	1,858,615	50,000	1,880,225
Operating liabilities increase (decrease)				
Trade accounts payable - related parties	3,370,643	(5,278,708)	1,719,684	5,396,278
Trade accounts payable - unrelated parties	(592,598,796)	2,833,364,296	(603,392,839)	2,819,874,233
Amounts due to and advances received from related parties	(5,165,289)	41,552,017	(16,004,858)	63,482,797
Other current liabilities	144,539,851	138,824,164	135,872,812	140,808,534
Cash flows from operating activities	3,497,133,880	4,161,331,750	3,207,111,546	3,876,736,662
Cash paid for interest expenses	(835,028,776)	(1,019,965,700)	(810,142,750)	(983,373,761)
Cash paid for corporate income tax	(25,347,948)	(16,747,752)	(927,231)	(882,576)
<b>Net cash flows from operating activities</b>	<b>2,636,757,156</b>	<b>3,124,618,298</b>	<b>2,396,041,565</b>	<b>2,892,480,325</b>

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 2010 and 2009

Unit: Baht	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from investing activities</b>				
Advances paid to related party	-	-	(395,034,273)	-
Investment in subsidiary company	-	-	(46,651,407)	-
Deposit for assets acquisition	(313,475,031)	-	-	-
Acquisitions of property, plant and equipment	(200,361,064)	(119,151,972)	(164,988,677)	(83,577,999)
Proceeds from sales of property, plant and equipment	1,897,744	547,229	1,141,201	547,229
Acquisition of intangible assets	(5,397,146)	(73,686)	(5,397,146)	-
Dividend income	-	-	25,500,000	-
<b>Net cash flows used in investing activities</b>	<b>(517,335,497)</b>	<b>(118,678,429)</b>	<b>(585,430,302)</b>	<b>(83,030,770)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans from financial institutions	(411,153,554)	(1,389,131,205)	(391,222,322)	(1,320,546,193)
Cash receipt from long-term loans	370,000,000	-	340,000,000	-
Repayment of long-term loans	(1,908,654,810)	(1,410,113,470)	(1,726,750,000)	(1,308,400,000)
Repayment of liabilities under finance lease and hire purchase agreements	(26,132,589)	(202,825,799)	(2,361,511)	(173,505,661)
Dividend payment to minority shareholders of subsidiary	(24,500,000)	-	-	-
<b>Net cash flows used in financing activities</b>	<b>(2,000,440,953)</b>	<b>(3,002,070,474)</b>	<b>(1,780,333,833)</b>	<b>(2,802,451,854)</b>
<b>Translation adjustments</b>	<b>(533,938)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>118,980,706</b>	<b>3,869,395</b>	<b>30,277,430</b>	<b>6,997,701</b>
Cash and cash equivalents at beginning of year	50,909,343	47,039,948	28,057,682	21,059,981
<b>Cash and cash equivalents at end of year</b>	<b>169,356,111</b>	<b>50,909,343</b>	<b>58,335,112</b>	<b>28,057,682</b>
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	7,019,699	-	5,386,512	-
Amortisation of revaluation surplus on assets	386,070,661	342,439,768	353,160,535	307,411,967

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 2010 and 2009

## 1. General information

Sahaviriya Steel Industries Public Company Limited (“the Company”) is a public company domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of hot rolled coils. The office of the Company is at 28/1 Prapawit Building, 2<sup>nd</sup> - 3<sup>rd</sup> Floor, Surasak Road, Khwang Silom, Khet Bangrak, Bangkok. The Plant of the Company is 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. It states that such 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 stated 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. Consequently, on 21 June 2010, the Committee on Dumping and Subsidies, Department of Foreign Trade, Ministry of Commerce announced the Committee's final judgment to change the antidumping duties to be imposed from the previous rates to rates of between 0 percent and 128.11 percent.

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 Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 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”):

(Unit: Percent)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2010	2009	2010	2009	2010	2009
Prachuap Port Company Limited	The provision of deep-sea port services and marine shipping services	Thailand	51.00	51.00	4.84	4.95	0.38	0.39
West Coast Engineering Company Limited	The provision of machinery and equipment maintenance services	Thailand	99.99	99.99	0.82	0.77	0.26	0.32
Sahaviriya Steel Industries UK Limited	Integrated iron and production of steel slab.	United Kingdom	100.00	-	0.11	-	-	-

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 using the same significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Translation adjustment” in shareholders' equity.

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

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

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

### 3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates



The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

#### **TAS 16 (revised 2009) Property, Plant and Equipment**

According to this accounting standard, an entity which presents its property, plant and equipment (PPE) on a revaluation basis is required to charge depreciation on the total revalued amount to its income statement. Currently, as permitted by the relevant notification of the Federation of Accounting Professions, only the depreciation calculated on the original cost of PPE is charged to the income statement. The change in this accounting policy in 2011 will have no effect to the Company's retained earnings.

#### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits or liabilities arising from other defined benefit plans using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

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

#### *Rendering of services*

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

#### *Interest income*

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

#### *Dividends income*

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 or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land, buildings and building improvement, machinery 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 Company's assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised as an expense in the income statement. However, 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.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.

#### 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 initially recognised at cost. Following the initial recognition, the 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 asset, which is computer software, has a 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 equipment, 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. Equipment acquired under finance leases is depreciated over the useful life of the assets.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

#### 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, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

#### 4.12 Impairment of assets

At each reporting date, the Company perform impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in 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.

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

#### 4.13 Employee benefits

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 has 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 at the amount expected to be paid to the taxation authorities, 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.

## 5. 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 from these estimates. 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 values 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's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

The Company measures land, buildings and building improvement, machineries and equipment in production/service line, roads, berth and berth facilities, and tug boats at revalued amounts. Such amounts are determined by the independent valuer using market approach for land and depreciated replacement cost 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 Company Limited ("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 (the date that the Company purchased shares and assumed joint control) but the Company's management estimates 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 recognised 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 the subsidiary have contingent losses and liabilities as a result of dispute and litigation. The Company's management used 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.

## 6. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	643,031	658,026	600,000	600,000
Bank deposits	168,713,080	50,251,317	57,735,112	27,457,682
<b>Total</b>	<b>169,356,111</b>	<b>50,909,343</b>	<b>58,335,112</b>	<b>28,057,682</b>

As at 31 December 2010, bank deposits in saving accounts carried interests between 0.10 and 0.75 percent per annum (2009: between 0.10 and 0.75 percent per annum).



## 7. 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 2010	Relationship 31 December 2009
<b>Subsidiary companies</b>			
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
Sahaviriya Steel Industries UK Limited	Integrated iron and production of steel slab	Subsidiary company	-
<b>Jointly controlled entity</b>			
Thai Cold Rolled Steel Sheet Public Company Limited	Producer and distributor of cold rolled coils	Jointly controlled entity	Jointly controlled entity
<b>Related companies</b>			
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	Conversion and distribution of light grade steel, and distribution of semi-finished steel	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	Lesser 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)

	Nature of business	Relationship 31 December 2010	Relationship 31 December 2009
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)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Transactions with related parties</b>				
<b>Revenue from sales</b>				
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited	5,873.2	4,456.4	5,871.5	4,456.4
<i>Related Companies</i>				
B.S. Metal Company Limited	14,015.8	7,191.5	14,015.8	7,191.5
Sahaviriya Panich International Company Limited	17,655.7	10,970.7	17,655.7	10,970.7
Other related companies	0.5	-	-	-
	<b>37,545.2</b>	<b>22,618.6</b>	<b>37,543.0</b>	<b>22,618.6</b>
<b>Revenue from rendering of services</b>				
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited	72.3	62.5	-	-
<i>Related companies</i>				
Bangsaphan Barmill Public Company Limited	6.6	5.9	-	-
Line Transport Company Limited	14.4	7.1	-	-
Sahaviriya Plate Mill Public Company Limited	8.8	0.7	-	-
C.A.R. Services Company Limited	1.2	3.8	-	-
Thai Coated Steel Sheet Company Limited	1.8	2.1	-	-
Other related companies	1.8	1.1	-	-
	<b>106.9</b>	<b>83.2</b>	<b>-</b>	<b>-</b>
<b>Other income</b>				
<i>Subsidiaries (eliminated from the consolidated financial statements)</i>				
Prachuap Port Company Limited	-	-	3.7	3.7
West Coast Engineering Company Limited	-	-	2.3	2.3
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited	11.9	11.9	11.9	11.9
<i>Related companies</i>				
Thai Coated Steel Sheet Company Limited	5.6	4.4	5.6	4.4
Other related companies	1.0	0.7	0.3	0.1
	<b>18.5</b>	<b>17.0</b>	<b>23.8</b>	<b>22.4</b>
<b>Purchases of goods and services</b>				
<i>Subsidiaries (eliminated from the consolidated financial statements)</i>				
Prachuap Port Company Limited	-	-	186.6	149.6
West Coast Engineering Company Limited	-	-	411.4	310.7
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited	9.7	-	-	-
<i>Related companies</i>				
Line Transport Company Limited	153.6	122.3	153.6	122.3
B.S. Metal Company Limited	5.8	4.0	5.8	4.0
Sahaviriya Plate Mill Public Company Limited	-	2.0	-	-
Other related companies	1.3	1.7	1.3	1.7
	<b>170.4</b>	<b>130.0</b>	<b>758.7</b>	<b>588.3</b>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Selling and administrative expenses</b>				
<i>Subsidiary company (eliminated from the consolidated financial statements)</i>				
Prachuap Port Company Limited	-	-	3.1	3.1
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Public Company Limited	0.5	0.1	0.5	0.1
<i>Related companies</i>				
Prapawit Building Property Company Limited	13.5	13.2	11.6	11.5
Sahaviriya Panich International Company Limited	9.8	17.7	9.8	17.7
Line Transport Company Limited	133.9	51.9	133.4	51.3
Bangpakong Lighter Company Limited	220.0	97.1	220.0	97.1
C.A.R. Services Company Limited	0.6	23.7	0.6	23.7
Other related companies	2.5	2.1	2.3	2.0
	<b>380.8</b>	<b>205.8</b>	<b>381.3</b>	<b>206.5</b>

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"> <li>Same prices as those charged to third parties, dependent on purchasing volume and relevant marketing considerations.</li> </ul>
Revenue from rendering of services	<ul style="list-style-type: none"> <li>Port services rendered are charged based on the rate determined by the Ministry of Transportation, dependent on service volume and relevant marketing considerations.</li> <li>Charges for rendering of services and maintenance-related services are based on the agreement.</li> </ul>
Other income	<ul style="list-style-type: none"> <li>Sales of scrap material are priced based on scrap weight and the prices set by the Company.</li> <li>Revenue from providing management staffs to subsidiary companies and jointly controlled entity were charges based on agreements.</li> </ul>
Purchases of goods and services	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Port services rendered are charged based on the rate determined by the Ministry of Transportation, dependent on service volume and relevant marketing considerations.</li> <li>Purchases of rolls are changed at on agreed prices.</li> </ul>
Selling and administrative expenses	<ul style="list-style-type: none"> <li>Port services rendered are charged based on the rate determined by the Ministry of Transportation, dependent on service volume and relevant marketing considerations.</li> </ul>

Transactions with related companies	Pricing policy
Revenue from sales	<ul style="list-style-type: none"> <li>Same prices as those charged to third parties, dependent on purchasing volume and relevant marketing considerations.</li> </ul>
Revenue from rendering of services	<ul style="list-style-type: none"> <li>Port services rendered are charged based on the rate determined by the Ministry of Transportation, dependent on service volume and relevant marketing considerations.</li> <li>Charges for rendering of services and maintenance-related services are based on the agreement.</li> </ul>
Other income	<ul style="list-style-type: none"> <li>Sales of scrap material are priced based on scrap weight and the prices set by the Company.</li> <li>Revenue from providing management staff to related companies was charged at mutually agreed prices.</li> </ul>
Purchase of goods and services	<ul style="list-style-type: none"> <li>Transportation charges are based on the transportation agreement and cargo weight and distance.</li> <li>Rental of warehouse is charged based on the rental agreement.</li> <li>Cut sheet services are charged based on agreement.</li> <li>Rental charges for staff accommodation are fixed on an annual basis and agreed with the lesser.</li> </ul>
Selling and administrative expenses	<ul style="list-style-type: none"> <li>Domestic transportation services are charged based on the transportation agreement and cargo weight and distance.</li> <li>Office rental is charged based on the rental agreement.</li> <li>Rental charges for staff accommodation are fixed on an annual basis and agreed with the lesser.</li> <li>Commission expense is charged based on agreement.</li> </ul>

As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Trade accounts receivable</b>				
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Plc.	45,305,887	226,166,676	35,462,251	214,247,032
Total trade accounts receivable - jointly controlled entity	45,305,887	226,166,676	35,462,251	214,247,032
<i>Related companies</i>				
B.S. Metal Co., Ltd.	1,527,494,636	1,688,001,374	1,527,477,409	1,688,001,374
Sahaviriya Panich International Co., Ltd.	951,953,152	884,467,394	951,953,152	884,467,394
Other related companies	6,950,438	2,302,092	-	-
Total trade accounts receivable - related companies	2,486,398,226	2,574,770,860	2,479,430,561	2,572,468,768
Trade accounts receivable - related parties	<b>2,531,704,113</b>	<b>2,800,937,536</b>	<b>2,514,892,812</b>	<b>2,786,715,800</b>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Amounts due from and advances paid to related parties</b>				
<i>Subsidiaries</i>				
Prachuap Port Co., Ltd.	-	-	21,591	13,879
West Coast Engineering Co., Ltd.	-	-	718,769	1,052,981
Total amounts due from and advances paid to subsidiaries	-	-	740,360	1,066,860
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Plc.	253,714	598,806	253,714	84,787
Total amounts due from and advances paid to jointly controlled entity	253,714	598,806	253,714	84,787
<i>Related companies</i>				
Sahaviriya Iron and Steel Co., Ltd.	-	2,187,199	-	2,187,199
Other related companies	681,709	553,910	513,942	386,146
Total amounts due from and advances paid to related companies	681,709	2,741,109	513,942	2,573,345
<b>Amounts due from and advances paid to related parties</b>	<b>935,423</b>	<b>3,339,915</b>	<b>1,508,016</b>	<b>3,724,992</b>
<b>Accrued income from related parties</b>				
<i>Subsidiaries</i>				
Prachuap Port Co., Ltd.	-	-	300,000	-
West Coast Engineering Co., Ltd.	-	-	791,172	464,401
Total accrued income from subsidiaries	-	-	1,091,172	464,401
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Plc.	1,710,361	1,707,220	277,578	297,798
Total accrued income from jointly controlled entity	1,710,361	1,707,220	277,578	297,798
<i>Related companies</i>				
Thai Coated Steel Sheet Co., Ltd.	6,515,706	5,782,234	6,515,706	5,782,234
Bangsaphan Barmill Plc.	4,176,484	275,743	4,176,484	275,743
Other related companies	175,704	194,960	175,704	194,960
Total accrued income from related companies	10,867,894	6,252,937	10,867,894	6,252,937
<b>Accrued income from related parties</b>	<b>12,578,255</b>	<b>7,960,157</b>	<b>12,236,644</b>	<b>7,015,136</b>
<b>Advances paid to related parties</b>				
<i>Subsidiaries</i>				
Sahaviriya Steel Industries UK Limited	-	-	381,622,272	-
Total advances paid to related parties	-	-	381,622,272	-
<b>Trade accounts payable</b>				
<i>Subsidiaries</i>				
Prachuap Port Co., Ltd.	-	-	2,539,089	13,607,756
West Coast Engineering Co., Ltd.	-	-	27,658,190	18,240,482
Total trade accounts payable - subsidiaries	-	-	30,197,279	31,848,238
<i>Related companies</i>				
Line Transport Co., Ltd.	6,303,467	3,500,349	6,303,467	3,500,349
C.A.R. Services Co., Ltd.	-	1,426,873	-	1,426,873
B.S. Metal Co., Ltd.	1,309,097	61,367	1,309,097	61,367
Other related companies	746,918	250	746,918	250
Total trade accounts payable - related companies	8,359,482	4,988,839	8,359,482	4,988,839
<b>Trade accounts payable - related parties</b>	<b>8,359,482</b>	<b>4,988,839</b>	<b>38,556,761</b>	<b>36,837,077</b>



(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Amounts due to and advances received from related parties				
<i>Subsidiaries</i>				
Prachuap Port Co., Ltd.	-	-	18,895,458	25,040,708
West Coast Engineering Co., Ltd.	-	-	9,502,875	14,176,642
Total amounts due to and advances received from subsidiaries	-	-	28,398,333	39,217,350
<i>Jointly controlled entity</i>				
Thai Cold Rolled Steel Sheet Plc.	28,811	-	28,811	-
Total amount due to and advances received from jointly controlled entity	28,811	-	28,811	-
<i>Related companies</i>				
Line Transport Co., Ltd.	20,013,586	31,603,248	19,967,068	31,554,887
Bangpakong Lighter Co., Ltd.	17,847,130	11,093,769	17,847,130	11,093,769
C.A.R. Services Co., Ltd.	-	1,099,439	-	1,099,439
Sahaviriya Panich International Co., Ltd.	1,427,959	1,669,342	1,427,959	1,669,342
Prapawit Building Property Co., Ltd.	1,030,072	1,024,476	989,191	997,924
B.S. Metal Co., Ltd.	959,699	-	959,699	-
Other related companies	284,298	266,570	265,431	255,769
Total amounts due to and advances received from related companies	41,562,744	46,756,844	41,456,478	46,671,130
Amounts due to and advances received from related parties	41,591,555	46,756,844	69,883,622	85,888,480

**Directors and management's benefits**

In 2010 the Company and its subsidiaries had salaries, bonuses, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 83.3 million (The Company only: Baht 59.8 million) (2009: Baht 74.8 million (The Company only: Baht 51.7 million)).

**Advances paid to related parties**

Advances paid to related parties consisted of GBP 1.8 million in consulting fees and USD 10.0 million, as described in Note 13 to the financial statements, in deposit relating to the acquisition of the assets and business of an integrated iron and steel making plant for slab production in the United Kingdom, which the Company paid for and will reimburse from Sahaviriya Steel Industries UK Limited, its subsidiary.

**8. Trade accounts receivable**

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Related parties</b>				
<b>Age of receivable</b>				
Not yet due	2,530,575,518	2,797,724,520	2,514,892,812	2,786,715,800
Past due				
Up to 3 months	1,128,595	3,213,016	-	-
Total	2,531,704,113	2,800,937,536	2,514,892,812	2,786,715,800
<b>Unrelated parties</b>				
<b>Age of receivable</b>				
Not yet due	419,337,710	69,723,565	403,661,473	55,407,033
Past due				
Up to 3 months	10,060,659	541,357	-	-
3 - 6 months	920,200	-	-	-
Over 12 months	283,808,960	283,808,960	283,808,960	283,808,960
Total	714,127,529	354,073,882	687,470,433	339,215,993
Less: Allowance for doubtful accounts	(283,808,960)	(283,808,960)	(283,808,960)	(283,808,960)
Total	430,318,569	70,264,922	403,661,473	55,407,033
Trade accounts receivable - net	2,962,022,682	2,871,202,458	2,918,554,285	2,842,122,833

## 9. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance of diminution in value of inventory		Inventory - net	
	2010	2009	2010	2009	2010	2009
Finished goods	5,700,645,486	5,053,722,242	(60,095,305)	(49,316,318)	5,640,550,181	5,004,405,924
Work in process	18,441,743	10,021,559	-	-	18,441,743	10,021,559
Raw materials	4,577,365,434	3,882,261,933	(13,471,658)	(18,823,635)	4,563,893,776	3,863,438,298
Goods in transit	2,868,186,534	4,236,062,843	-	(3,564)	2,868,186,534	4,236,059,279
Spare parts and factory supplies	1,267,290,217	1,209,156,140	(153,441,945)	(153,990,069)	1,113,848,272	1,055,166,071
Total	14,431,929,414	14,391,224,717	(227,008,908)	(222,133,586)	14,204,920,506	14,169,091,131

(Unit: Baht)

	Separate financial statements					
	Cost		Allowance of diminution in value of inventory		Inventory - net	
	2010	2009	2010	2009	2010	2009
Finished goods	5,725,723,994	5,075,735,421	(60,095,305)	(49,316,318)	5,665,628,689	5,026,419,103
Raw materials	4,590,453,667	3,893,855,395	(13,471,658)	(18,823,635)	4,576,982,009	3,875,031,760
Goods in transit	2,868,186,534	4,236,062,843	-	(3,564)	2,868,186,534	4,236,059,279
Spare parts and factory supplies	1,247,564,484	1,202,975,712	(153,441,945)	(153,990,069)	1,094,122,539	1,048,985,643
Total	14,431,928,679	14,408,629,371	(227,008,908)	(222,133,586)	14,204,919,771	14,186,495,785

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 16 and 17 to the financial statements.

## 10. Investments in subsidiary companies

Details of investments in subsidiary companies as presented in separate financial statements as at 31 December 2010 and 2009 are as follows:

Companies	Paid-up capital (Million Baht)		Shareholding Percentage (Percent)		Cost (Baht)		Dividend received during the year (Baht)	
	2010	2009	2010	2009	2010	2009	2010	2009
Prachuap Port Company Limited	400.0	400.0	51.00	51.00	204,000,000	204,000,000	25,500,000	-
West Coast Engineering Company Limited	75.0	75.0	99.99	99.99	74,999,930	74,999,930	-	-
Sahaviriya Steel Industries UK Limited	GBP 1 million	-	100.00	-	46,651,407	-	-	-
<b>Total investments in subsidiary companies</b>					<b>325,651,337</b>	<b>278,999,930</b>	<b>25,500,000</b>	<b>-</b>

10.1 On 20 September 2010, the Company registered and incorporated Sahaviriya Steel Industries UK Limited ("SSI UK") to support the Company's investment in the United Kingdom, as approved by the resolution of the Company's Board of Directors Meeting No. 5/2553, dated 17 September 2010. SSI UK has a registered share capital of GBP 130 million, which consists of 130,000 registered ordinary shares with a par value of GBP 1,000 per share, and a paid-up share capital of GBP 1 million. The Company has a 100 percent equity interest in the newly registered company.

On 24 December 2010, the Company paid in share capital amounting to GBP 1 million to Sahaviriya Steel Industries UK Limited, which is equivalent to Baht 46.7 million.

10.2 On 11 October 2010, the Company's Board of Directors Meeting No. 6/2553 passed a resolution ratifying the

establishment of Redcar Bulk Terminal Limited ("Redcar"), which was registered and incorporated on 8 October 2010 in the United Kingdom. Redcar has a registered share capital of GBP 2, which consists of 2 ordinary shares with a par value of GBP 1 per share, and paid-up share capital of GBP 2. Redcar is held by Sahaviriya Steel Industries UK Limited.

The Company does not include the financial statements of Redcar Bulk Terminal Limited or record equity in earnings of that company in the consolidated financial statements as at 31 December 2010 because it has just incorporated the company in the United Kingdom and there are not yet any business transactions. In addition, as at the balance sheet date, the Company and Sahaviriya Steel Industries UK Limited had yet to pay in the share capital of Redcar Bulk Terminal Limited.

## 11. Investment in joint venture

### 11.1 Detail of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies and as at 31 December 2010 and 2009 details are as follows:

(Unit: Baht)

Company	Nature of business	Consolidated financial statements					
		Shareholding percentage (percent)		Cost		Carrying amounts based on equity method	
		2010	2009	2010	2009	2010	2009
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	4,045,305,773	3,838,851,915
<b>Total</b>				<b>5,440,922,025</b>	<b>5,440,922,025</b>	<b>4,045,305,773</b>	<b>3,838,851,915</b>

(Unit: Baht)

Company	Nature of business	Separate financial statements							
		Shareholding percentage (percent)		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
		2010	2009	2010	2009	2010	2009	2010	2009
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
				<b>5,440,922,025</b>	<b>5,440,922,025</b>	<b>(938,125,000)</b>	<b>(938,125,000)</b>	<b>4,502,797,025</b>	<b>4,502,797,025</b>

In September 2008, the Company purchased 335,790,500 convertible preferred shares of Thai Cold Rolled Steel Sheet Public Company Limited ("TCRSS") from the Japanese shareholders. 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.

#### 11.2 Share of income (loss)

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

(Unit: Baht)

Jointly controlled entity	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in joint venture during the year		Dividend received during the year	
	2010	2009	2010	2009
Thai Cold Rolled Steel Sheet Public Company Limited	206,453,858	(340,588,908)	-	-
<b>Total</b>	<b>206,453,858</b>	<b>(340,588,908)</b>	<b>-</b>	<b>-</b>

### 11.3 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:

(Unit: Million Baht)

	As at 31 December	
	2010	2009
Current assets	1,492	1,455
Non-current assets	5,786	6,385
Total assets	7,278	7,840
Current liabilities	2,021	2,339
Non-current liabilities	1,212	1,662
Total liabilities	3,233	4,001
Net assets	4,045	3,839

(Unit: Million Baht)

	For the years ended 31 December	
	2010	2009
Revenue	9,125	6,047
Cost of sales	(8,554)	(6,110)
Selling and administrative expenses	(272)	(162)
Income (loss) before finance cost	299	(225)
Finance cost	(93)	(116)
Net income (loss)	206	(341)

Thai Cold Rolled Steel Sheet Public Company Limited mortgaged/pledged most of its land, buildings and machinery with financial institutions and Japanese shareholders as collateral to secure short-term loans,

long-term loans from financial institutions and the issuance of a bank guarantee for the long-term loan of a jointly controlled entity as described in Note 29.2 (f).

## 12. Other long-term investments

Details of other long-term investments, which the Company classified as general investment, as at 31 December 2010 and 2009, are as follows:

(Unit: Baht)

Company	Nature of business	Consolidated / Separate financial statements							
		Shareholding percentage (percent)		Cost		Allowance for impairment of investments		Carrying amount based on cost method - net	
		2010	2009	2010	2009	2010	2009	2010	2009
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)	-	-

### 13. Deposit for assets acquisition

As at 27 August 2010, the Company entered into a Memorandum of Understanding (MOU) with a company in the United Kingdom in order to express its intention to acquire the assets and business of an integrated iron and steel making plant for slab production owned by that company. The assets to be acquired include land, plant, buildings, port, utilities and inventories, for a total cost of approximately USD 500 million. On the date of the MOU, the Company paid a deposit amounting to USD 10 million (the Company paid on behalf of the subsidiary) and recorded such amount as "Deposit for assets acquisition" in the consolidated balance sheet as at 31 December 2010. This deposit is part of the amount to be paid for the acquired assets and business, and is non-refundable except in specific cases specified in the MOU, such as that the acquisition cannot be completed because the UK authorities do not permit it or refuse to issue

the necessary licenses to operate the businesses. The MOU also specifies certain conditions and agreements with which the Company and that company have to comply together with a timeframe whereby the Company and that company are to achieve compliance and to finalise the deal with the signing of a sale and purchase agreement and related other agreements within 6 months for the date of the MOU. The deadline can be extended with the written agreement of the Company and that company.

The Company is currently undertaking various tasks, such as examining assets, drafting a sale and purchase agreement and other related agreements, negotiating with financial institutions to obtain credit facilities, and carrying out the share capital increase as described in Note 32 to the financial statements, to fund the acquisition of the assets.

The assets acquisition transactions will be performed through two newly registered companies in the United Kingdom.







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.

Breakdown of property, plant and equipment carried on the revaluation basis and their accumulated depreciation as at 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Consolidated financial statements				
	2010				
	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	1,990,626,194	15,769,797,617	131,784,179	2,057,637,378
Surplus from revaluation	(52,828,009)	1,134,953,223	9,025,298,206	26,088,666	801,917,822
Revalued amount	987,367,934	3,125,579,417	24,795,095,823	157,872,845	2,859,555,200
Accumulated depreciation on original cost - net allowance for impairment loss	-	1,180,580,983	5,286,885,860	112,183,131	771,695,438
Accumulated depreciation on surplus from revaluation	-	824,009,080	3,269,678,325	29,053,102	435,364,909
Accumulated depreciation on revalued amount	-	2,004,590,063	8,556,564,185	141,236,233	1,207,060,347

(Unit: Baht)

	Consolidated financial statements				
	2009				
	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

(Unit: Baht)

	Separate financial statements							
	2010				2009			
	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	1,823,206,398	15,600,821,808	49,506,461	664,503,067	1,818,889,018	15,494,406,093	49,322,646
Surplus from revaluation	10,491,367	1,103,366,527	8,989,432,000	27,739,994	10,491,367	1,103,366,527	8,989,432,000	27,739,994
Revalued amount	674,994,434	2,926,572,925	24,590,253,808	77,246,455	674,994,434	2,922,255,545	24,483,838,093	77,062,640
Accumulated depreciation on original cost - net allowance for impairment loss	-	1,126,360,968	5,141,128,735	43,363,304	-	1,029,348,094	4,652,545,885	40,010,145
Accumulated depreciation on surplus from revaluation	-	812,934,408	3,245,019,919	27,083,618	-	757,766,085	2,947,831,653	26,279,673
Accumulated depreciation on revalued amount	-	1,939,295,376	8,386,148,654	70,446,922	-	1,787,114,179	7,600,377,538	66,289,818

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 and earnings per share attributable to equity holders of the parent would have been changed to the following:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Net income (Baht)	2,074,446,736	945,463,564	1,855,930,786	1,240,780,886
Earnings per share (Baht per share)	0.16	0.07	0.14	0.09

As at 31 December 2010, the Company and its subsidiaries have machinery, equipment and motor vehicles acquired under hire purchase and finance lease agreements, with net book values (at historical cost) amounting to Baht 19.8 million (the Company only: Baht 5.9 million).

As at 31 December 2010, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 642.3 million (2009: Baht 611.6 million) (The Company only: Baht 431.6 million (2009: Baht 389.9 million)).

The Company and its subsidiaries have mortgaged/pledged assets amounting to approximately Baht 19,396.7 million (The Company only: Baht 17,593.7 million) as collateral against bank overdrafts, short-term loans and long-term loans from financial institutions, as described

in Note 16 and Note 17 to the financial statements.

As described in Note 29.1 (f), during 2007 and 2008, the Company and a subsidiary, Prachuap Port Company Limited, received letters from Prachuapkhirkhan Provincial Land Office, Bangsaphan Branch, ordering the Company to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) for 24 plots of land with a combined book value of Baht 123.1 million and the subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor) for 18 plots of land with a combined book value of Baht 187.6 million 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. However, for conservative purposes, in preparing the financial statements the Company and the subsidiary recorded full allowance for impairment of the land and assets located on that land in the previous years' financial statements.

## 15. Intangible assets

Details of intangible assets which is computer software as at 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cost	81,559,043	81,485,357	80,593,585	80,593,585
Acquisitions during the year	5,397,146	73,686	5,397,146	-
Accumulated amortisation	(41,883,002)	(33,623,606)	(41,334,564)	(33,171,714)
Net book value	45,073,187	47,935,437	44,656,167	47,421,871
Amortisation expenses included in the income statements for the year	8,259,396	8,149,811	8,162,850	8,059,358

## 16. Bank overdrafts and short-term loans from financial institutions

Details of bank overdrafts and short-term loans from financial institutions as at 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Interest rate (percent)	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Bank overdrafts		-	931,232	-	-
Short-term loans from financial institutions					
Promissory note	3.50 - 5.63	1,578,000,000	2,377,000,000	1,570,000,000	2,350,000,000
Trust receipts	2.20 - 5.10	10,992,950,796	10,555,530,469	10,992,950,796	10,555,530,469
Total		12,570,950,796	12,933,461,701	12,562,950,796	12,905,530,469

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 2010, the bank overdraft and short-term loan facilities of the Company, which have not yet been drawn down, amounted to Baht 3,246.8 million (2009: Baht 506.8 million).

As at 31 December 2010, 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 (2009: Baht 85.0 million).

As at 31 December 2010, 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 112.0 million (2009: Baht 61.0 million).

## 17. Long-term loans from financial institutions

(Unit: Baht)

Loan	Repayment schedule	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
17.1	Semi-annual installment commencing from March 2005 to September 2013	2,755,200,000	3,673,600,000	2,755,200,000	3,673,600,000
17.2	Semi-annual installment commencing from September 2005 to September 2013	560,000,000	720,000,000	560,000,000	720,000,000
17.3	Semi-annual installment commencing from September 2009 to September 2015	2,370,000,000	2,990,000,000	2,370,000,000	2,990,000,000
17.4	Quarterly installments commencing from October 2010 to July 2013	311,650,000	-	311,650,000	-
17.5	Monthly installment commencing from January 2006 to September 2014	319,788,272	444,480,582	-	-
17.6	Monthly installment commencing from June 2007 to May 2011	-	37,850,000	-	-
17.7	Quarterly installments commencing from June 2007 to March 2011	-	11,362,500	-	-
17.8	Quarterly installments commencing from September 2008 to June 2011	5,000,000	13,000,000	-	-
17.9	Quarterly installments commencing from February 2011 to November 2015	30,000,000	-	-	-
Total		6,351,638,272	7,890,293,082	5,996,850,000	7,383,600,000
Less: Current portion due within one year		(1,917,784,119)	(1,799,257,539)	(1,811,800,000)	(1,698,400,000)
Long-term loans - net of current portion		4,433,854,153	6,091,035,543	4,185,050,000	5,685,200,000

17.1 A long-term credit facility amounting to Baht 5,600 million under the credit facilities agreement dated 15 September 2003, 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.

17.2 A long-term credit facility amounting to Baht 1,000 million under the credit facilities agreement dated 11 September 2003, carrying 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. 17.1 and 17.2 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.



As at 31 December 2010, the Company's debt service coverage ratios did not comply with the rate specified in the loan agreements. However, the Company received waiver letters from the lenders, whereby the banks consented to allow the Company to maintain such financial ratio at a rate below that specified in the loan agreements, for the period ended 31 December 2010. As at the balance sheet date, the Company has therefore classified the loans as long-term loans and current portion of long-term loans in accordance with the original payment schedule stipulated in the loan agreements.

17.3 A long-term credit facility amounting to Baht 3,300 million under the credit facilities agreement dated 16 September 2008, repayable in 13 semi-annual installments (Baht 200 million to Baht 310 million per installment), and 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.

As at 31 December 2010, the Company's debt service coverage ratios did not comply with the rate specified in the loan agreements. However, the Company received waiver letters from the lenders, whereby the banks consented to allow the Company to maintain such financial ratio at a rate below that specified in the loan agreements, for the period ended 31 December 2010. As at the balance sheet date, the Company has therefore classified the loans as long-term loans and current portion of long-term loans in accordance with the original payment schedule stipulated in the loan agreements.

17.4 A long-term credit facility amounting to Baht 340 million under the loan agreement dated 16 July 2010, carrying interest at a rate of MLR less 1 percent per annum.

This loan is secured by the mortgage of machinery and the assignment of beneficiary rights under insurance policies to the lenders. The loan agreement contain certain covenants as stipulated in the agreement that, among other things, require the Company to maintain according to the agreement such as restriction on incurring indebtedness and creating or permitting the subsistence of security interest on assets.

17.5 A long-term credit facility of a subsidiary amounting to Baht 650 million under the loan agreement dated 5 September 2003, and a memorandum to amend the agreement dated 28 October 2009, carrying 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. 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.

This 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.

During the year, the subsidiary made additional loan payments amounting to Baht 76.2 million, in installment in accordance with the loan agreement.

17.6 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 28 October 2009, carrying interest at MLR less 0.5 percent per annum. 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.

This loan 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.

During the current year, the subsidiary made loan repayment in full.

17.7 A long-term credit facility of a subsidiary amounting to Baht 27 million under the loan agreement dated 2 October 2006 and a memorandum to amend the loan agreement dated 20 May 2008, carrying interest at MLR less 0.5 percent per annum.

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.

During the current year, the subsidiary made loan repayment in full.

17.8 Long-term credit facility of a subsidiary amounting to Baht 25 million under a loan agreement dated 23 June 2008, carrying 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.

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 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.

17.9 A long-term credit facility of a subsidiary amounting to Baht 30 million under the loan agreement dated 3 November 2010, carrying interest at MLR less 1 percent per annum. Interest is payable on a monthly basis. The principal is to be repaid in quarterly installments of Baht 1.5 million each, as from the first drawdown date.

This loan is secured by the mortgage of a plot of land of the subsidiary and construction thereon of the subsidiary and the assignment of beneficiary rights under insurance policies to the lender. The loan agreement contains covenants as stipulated in the agreement that, among other things, require the subsidiary to maintain according to the agreement such as the maintenance of financial ratios, and the Company's maintenance of a shareholding of not less than 80 percent in the subsidiary.

## 18. Liabilities under finance lease agreements

Details of liabilities under finance lease agreements as at 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Liabilities under finance lease agreements	7,876,743	31,659,450	-	-
Less: Deferred interest expenses	(217,949)	(1,484,364)	-	-
Total	7,658,794	30,175,086	-	-
Less: Current portion due within one year	(7,532,397)	(22,720,276)	-	-
Liabilities under finance lease agreements - net of current portion	126,397	7,454,810	-	-

The subsidiaries have entered into the finance lease agreements with leasing companies for lease of machinery, equipment and motor 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 2010, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	Consolidated financial statements		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	7,744,192	132,551	7,876,743
Deferred interest expenses	(211,795)	(6,154)	(217,949)
Present value of future minimum lease payments	7,532,397	126,397	7,658,794

## 19. Provision

The outstanding balance of provision as at 31 December 2010 and 2009, amounting to Baht 11.8 million, is provision in respect of two litigation cases as described in Note 29.1 (f) to the financial statements.

## 20. Revaluation surplus

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Balance - beginning of year	6,646,798,646	6,974,531,885	6,407,640,215	6,715,052,182
Less: Amortisation	(371,364,132)	(327,733,239)	(353,160,535)	(307,411,967)
Balance - end of year	6,275,434,514	6,646,798,646	6,054,479,680	6,407,640,215

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

## 21. 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.

## 22. Expenses by nature

Significant expenses for the years by nature are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Salary and wages and other employee benefits	682,281,384	610,651,364	488,097,122	439,982,896
Depreciation and amortisation	784,910,656	712,277,928	662,350,018	583,083,039
Fuel and electricity charge	793,483,936	699,316,292	782,353,416	691,469,235
Transportation expenses	467,623,023	240,400,914	468,296,858	242,772,780
Repair and maintenance of plant, machinery and equipment	45,148,023	17,367,014	372,582,277	295,954,503
Rental expenses from operating lease agreements	19,397,793	27,741,466	17,531,111	27,032,671
Record (reversal) of allowance for diminution in value of inventories	4,875,322	(5,373,237,036)	4,875,322	(5,373,237,036)
Raw materials and consumables used	42,374,794,384	33,166,139,148	42,530,428,449	33,277,118,203
Changes in inventories of finished goods and work in progress	(655,343,428)	465,277,694	(649,988,573)	442,571,603

## 23. Corporate income tax

Corporate income tax for the years in consolidated financial statements 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.

The Company has no corporate income tax was payable for the year, since the Company has tax loss brought forward from previous year over net income of the operations which have not receives privilege from the Board of Investment exempting them from corporate income tax.

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 within 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.

## 24. Promotional privileges

The Company has received promotional privileges from the Board of Investment (BOI) for the manufacture of

(Unit: Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2010	2009	2010	2009	2010	2009
Sales						
Domestic sales	30,705,744,058	26,097,113,570	14,462,587,432	3,835,827,500	45,168,331,490	29,932,941,070
Export sales	1,799,797,223	3,151,704,376	816,821,388	103,158,720	2,616,618,611	3,254,863,096
Total sales	32,505,541,281	29,248,817,946	15,279,408,820	3,938,986,220	47,784,950,101	33,187,804,166

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 tugboat 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.

(Unit: Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2010	2009	2010	2009	2010	2009
Revenue						
Domestic sales and services	30,793,428,749	26,112,377,357	14,654,740,879	4,027,781,808	45,448,169,628	30,140,159,165
Export sales and services	1,799,797,223	3,151,704,376	841,629,116	124,385,288	2,641,426,339	3,276,089,664
Total revenue	32,593,225,972	29,264,081,733	15,496,369,995	4,152,167,096	48,089,595,967	33,416,248,829

## 25. Basic earnings per share

Basic earnings per share are calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

## 26. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) manufacture of hot rolled coils (2) maintenance services and (3) deep-sea port services. These operations are mainly carried on in Thailand. Below is the consolidated financial information of the Company and its subsidiaries for the years ended 31 December 2010 and 2009 by segment.

(Unit: Baht)

	Manufacture of hot rolled coils segment		Maintenance services segment		Deep-sea port services segment		Other segment		Elimination of inter-segment revenues		Consolidation	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	47,784,950,101	33,187,804,166	124,512,486	103,394,275	180,133,380	125,050,388	-	-	-	-	48,089,595,967	33,416,248,829
Inter-segment revenues	-	-	428,909,185	316,732,602	193,774,774	148,745,033	-	-	(622,683,959)	(465,477,635)	-	-
<b>Total revenues</b>	<b>47,784,950,101</b>	<b>33,187,804,166</b>	<b>553,421,671</b>	<b>420,126,877</b>	<b>373,908,154</b>	<b>273,795,421</b>	<b>-</b>	<b>-</b>	<b>(622,683,959)</b>	<b>(465,477,635)</b>	<b>48,089,595,967</b>	<b>33,416,248,829</b>
Segment income	3,628,327,116	2,821,292,395	115,616,516	75,310,463	243,713,572	163,006,642	-	-	-	-	3,977,310,328	3,062,018,163
Unallocated income and expenses:												
Other income											241,947,704	221,067,934
Selling expenses											(503,215,725)	(291,844,329)
Administrative expenses											(441,069,873)	(209,546,381)
Management benefit expenses											(63,303,274)	(74,829,598)
Other expenses - loss from litigation claim											-	(11,835,195)
Share of income (loss) from investment in joint venture											206,453,858	(340,588,908)
Finance cost											(848,304,528)	(1,020,125,651)
Corporate income tax											(18,383,103)	(19,904,273)
Minority interest											(85,624,519)	(41,214,959)
<b>Net income</b>											<b>2,445,810,868</b>	<b>1,273,196,803</b>
Property, plant and equipment	18,100,614,309	18,941,579,429	256,568,934	274,429,280	1,981,439,703	2,082,247,205	-	-	(46,006,454)	(46,248,597)	20,292,616,492	21,252,007,317
Other assets	22,876,314,449	22,408,506,961	130,470,188	88,452,860	96,516,615	69,424,466	46,533,718	-	(949,891,417)	(1,045,137,510)	22,199,943,553	21,521,246,777
<b>Total assets</b>	<b>40,976,928,758</b>	<b>41,350,086,390</b>	<b>387,039,122</b>	<b>362,882,140</b>	<b>2,077,956,318</b>	<b>2,151,671,671</b>	<b>46,533,718</b>	<b>-</b>	<b>(995,897,871)</b>	<b>(1,091,386,107)</b>	<b>42,492,560,045</b>	<b>42,773,254,094</b>

Transfer prices between business segments are as set out in Note 7 to the financial statements.



## 27. 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 2010, the Company and its subsidiaries contributed Baht 30.1 million (2009: Baht 30.6 million) to the fund (The Company only: Baht 22.0 million (2009: Baht 22.3 million)).

## 28. Dividend payment of subsidiary company

On 26 May 2010, the Meeting of board of directors of Prachuap Port Company Limited, the subsidiary passed a resolution to approve the payment of an interim dividend for the three-month period ended 31 March 2010 of Baht 1.25 per share, or a total of Baht 50 million.

## 29. Commitments and contingent liabilities

### 29.1 Commitments and contingent liabilities of the Company and its subsidiaries

#### a) Capital commitments

As at 31 December 2010, the Company had capital commitments of Baht 96.2 million, USD 0.1 million and EUR 0.7 million relating to the acquisition and installation of machinery and equipment.

As at 31 December 2010, West Coast Engineering Company Limited, the subsidiary, had capital commitments of Baht 2.2 million in relation to the acquisition of machinery and equipment.

#### b) Raw material purchase commitments

As at 31 December 2010, the Company had raw material purchase commitments amounting to USD 146.0 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, staff housing, motor vehicles and equipments. The terms of the agreements are generally between 1 and 4 years.

As at 31 December 2010, future minimum lease payments required under these operating leases agreements were as follow.

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Payable within:		
1 year	5.8	2.9
1 - 4 years	3.0	1.5
<b>Total</b>	<b>8.8</b>	<b>4.4</b>

#### d) Other commitments

1) As at 31 December 2010, the Company had commitments amounting to Baht 705.6 million, USD 5.5 million and EUR 4.0 million in relation to the agreements to purchase spare parts and equipment supplies, and to obtain maintenance services.

As at 31 December 2010, the Company had commitments amounting to GBP 0.3 million, USD 0.3 million and Baht 3.0 million in respect of consulting agreements relating to the acquisition of the assets and business

described in Note 13 to the financial statements. In addition, the Company had commitments in respect of the success fee payable at the amount specified in financial consulting agreements, whereby the Company is to make payment on the condition that the financial advisors are able to provide financing for the purchase of the acquired assets and that such acquisition is successful.

As at 31 December 2010, the Company had commitments to banks under outstanding letters of credit amounting to USD 13.0 million.

2) As at 31 December 2010, West Coast Engineering Company Limited, the subsidiary, had commitments amounting to Baht 12.0 million in relation to contracting agreements and service agreements.

3) As at 31 December 2010, Prachuap Port Company Limited, the subsidiary, had commitments amounting to Baht 0.2 million in relating to service agreements.

**e) Bank guarantees**

As at 31 December 2010, there were outstanding bank guarantees of Baht 127.9 million and GBP 0.1 million (The Company only: Baht 109.9 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 amounting to Baht 109.9 million, comprised a guarantee 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 1.5 million.

2) The bank guarantees of the subsidiaries amounting to Baht 18.0 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 5.8 million and GBP 0.1 million to guarantee contractual performance and Baht 1.2 million to guarantee electricity use.

**f) Dispute and litigation**

Dispute

During 2007 and 2008, the Company and a subsidiary, Prachuap Port Company Limited, received letters from Prachuapkhirikhan Provincial Land Office, Bangsaphan Branch, ordering the Company to submit the Certificates of Utilisation (Nor. Sor. 3 Kor.) for 24 plots of land with a combined book value of Baht 123.1 million and the subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor.) for 18 plots of land with a combined book value of Baht 187.6 million, 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 Prachuapkhirikhan Provincial Land Office, Bangsaphan Branch, 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 recorded full allowance for impairment of the land and assets located on that land in the previous years' financial statements.

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 Prachuapkhirikhan Provincial Land Office. On 28 January 2010, the Company and the subsidiary submitted letters to the Deputy Permanent Secretary of the Ministry of Interior to appeal the order. Consequently, on 25 May 2010, the Company and the subsidiary received written notification of the result of the consideration of the appeals lodged by the Company and the subsidiary, stating that the order of the Director-General of the Department of Lands to revoke the certificates of utilisation issued for plots of land was correct. Consequently on 27 May 2010, the Prachuapkhirikhan Provincial Land Office, Bangsaphan Branch, ordered the Company and the subsidiary to submit the Certificates of Utilisation (Nor. Sor. 3 Kor.) for cancellation, and notifying the Company and the subsidiary that if they did not submit such Certificates of Utilisation, the Land Office would issue replacement Certificates of Utilisation. On 9 July 2010, the Prachuapkhirikhan Provincial Land Office, Bangsaphan Branch issued replacement certificates for the Certificates of Utilisation of the Company and the subsidiary.

On 20 August 2010, the Company and the subsidiary filed a lawsuit against the officers of Prachuapkhiri Khan Provincial Land Office, Bangsaphan Branch with the Central Administrative Court, petitioning the Central Administrative Court to order the cancellation of the announcement of replacements for the Certificates

of Utilisation (Nor. Sor. 3 Kor.) of the Company and the subsidiary. The Company and the subsidiary also petitioned the Central Administrative Court to identify measures to provide temporary relief to the plaintiffs. The Court accepted the lawsuit for consideration on 21 September 2010, and is currently deliberating.

On 1 September 2010, the Company and the subsidiary filed a lawsuit against the Director-General of the Department of Lands and the Deputy Permanent Secretary of the Ministry of Interior with the Central Administrative Court, petitioning the court to order the revocation of the order of the Director-General of the Department of Lands issued on 5 January 2010, which ordered the revocation and recharging of the area under the Certificates of Utilisation (Nor. Sor. 3 Kor.) of the Company and the subsidiary, and the dismissal of the decision to appeal of the Deputy Permanent Secretary of the Ministry of Interior. The lawsuit also petitioned the Court to identify measures to provide temporary relief to the plaintiff. The Company and the subsidiary are awaiting the order of the Court and are the filing of statements by the defendants.

On 20 December 2010, the Bangsaphan Sheriff. as the official responsible for the oversight and care of the National Forest, Klong Mae-Rumphueng forest, Prachuap Khiri Khan province, issued a written order for the Company and the subsidiary to vacate the land for which the Director-General of the Department of Lands ordered revocation of Certificates of Utilisation (Nor. Sor. 3 Kor.) and for which the Prachuapkhirikhan Provincial Land Office issued replacement certificates for the Certificates of Utilisation (Nor. Sor. 3 Kor.), within 30 January 2011, and to undertake no activities on that land. Consequently, on 7 January 2011, the Company and the subsidiary submitted letters appealing the order of the Bangsaphan Sheriff and these are currently being considered by the Sheriff.

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 judgment with the Prachuapkhirikhan Provincial 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 judgment 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 2009.

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 judgments to the Supreme Court and case is currently being considered by the Supreme Court. On 23 December 2009, one of the plaintiffs expressed an intention to withdraw its lawsuit and not to enforce settlement in accordance with the judgment handed down by the Central

Intellectual Property and International Trade Court. The Company withdrew its appeal in relation to the plaintiff on 22 December 2009, and leaving the appeal of one plaintiff under consideration by the Supreme Court.

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 2009.

**29.2 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 2010, the jointly controlled entity had capital commitments of USD 0.8 million, JPY 392.2 million and Baht 59.4 million relating to the procurement agreements for parts of production machinery made with various companies in which the delivery is scheduled during January 2011 until May 2012.

**b) Raw material and chemical purchase commitments**

As at 31 December 2010, the jointly controlled entity had raw material purchase commitments amounting to USD 2.0 million and Baht 50.6 million and had commitment in relation to the chemical purchase agreements for production as follows:

1) Commitments under chemical purchase agreement amounting to Baht 5.2 million, such agreement will be ending on 30 April 2011.

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, motor vehicles and equipments. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2010, future minimum lease payments required under these operating leases agreements were as follows:

	Million Baht
Payable within:	
1 year	9.2
1 to 5 years	7.8

**d) Other service commitments**

As at 31 December 2010, the jointly controlled entity had commitments under other service agreements amounting to Baht 35.9 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 2010, the service fee payable in the future under the agreement was Baht 11.5 million.

**f) Bank guarantees**

As at 31 December 2010, there were outstanding bank guarantees of USD 26.8 million and Baht 163.4 million issued by banks on behalf of the jointly controlled entity in

respect of certain performance bonds as required in the normal course of business of the jointly controlled entity. These included letters of guarantee amounting to USD 26.8 million to guarantee payments of long-term loans, Baht 120.5 million to guarantee import duty on import of raw material, and Baht 42.9 million to guarantee electricity use and others.

## 30. Financial instruments

### 30.1 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. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalent, trade accounts receivable, amounts due from and advance paid to related parties, advance paid to related party, 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, other accounts payable, 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 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 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 2010 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 re-pricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	121.4	48.0	169.4	0.10 - 0.75
Trade accounts receivable	-	-	-	2,962.0	2,962.0	-
Amounts due from and advance paid to related parties	-	-	-	0.9	0.9	-
	-	-	121.4	3,010.9	3,132.3	
<b>Financial Liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	-	-	12,571.0	-	12,571.0	2.20 - 5.63
Trade accounts payable	-	-	-	3,157.5	3,157.5	-
Amounts due to and advances received from relate parties	-	-	-	41.6	41.6	-
Accrued interest expenses	-	-	-	43.2	43.2	-
Other accounts payable	-	-	-	57.9	57.9	-
Long-term loans	-	-	6,351.6	-	6,351.6	5.00 - 5.81
Liabilities under finance lease agreements	7.5	0.1	-	-	7.6	6.75 - 7.50
Liabilities under hire purchase agreements	3.0	3.1	-	-	6.1	4.29 - 6.78
	10.5	3.2	18,922.6	3,300.2	22,236.5	

(Unit: Million Baht)

	Separate financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	57.6	0.7	58.3	0.10 - 0.50
Trade accounts receivable	-	-	-	2,918.6	2,918.6	-
Amounts due from and advance paid to related parties	-	-	-	1.5	1.5	-
Advances paid to related parties	-	-	-	381.6	381.6	-
	-	-	57.6	3,302.4	3,360.0	
<b>Financial Liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	-	-	12,563.0	-	12,563.0	2.20 - 5.10
Trade accounts payable	-	-	-	3,143.0	3,143.0	-
Amounts due to and advances received from related parties	-	-	-	69.9	69.9	-
Accrued interest expenses	-	-	-	43.1	43.1	-
Other accounts payable	-	-	-	49.2	49.2	-
Long-term loans	-	-	5,996.9	-	5,996.9	5.00 - 5.81
Liabilities under hire purchase agreements	2.2	2.3	-	-	4.5	4.94 - 6.78
	2.2	2.3	18,559.9	3,305.2	21,869.6	

*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 2010 are summarised below.

Foreign currency	Exchange rate as at 31 December 2010			
	Financial assets	Financial liabilities	Assets	Liabilities
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	13.0	254.9	30.0063	30.2963
Euro	-	1.4	-	40.2464
Italian Lira	-	1.8	-	0.0208
Japanese yen	-	1.3	-	0.3742
Pound Sterling	1.8	0.1	46.4413	47.1522

As at 31 December 2010, the Company had outstanding obligation to buy a total of EUR 0.4 million under forward purchase contract of which the maturity date are less than one year.

**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. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalent, trade accounts receivable, trade accounts payable, amounts due to related parties, other accounts payable, 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 is exposed to credit risk primarily with respect to trade accounts 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, 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 2010 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 re-pricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial Assets</b>				
Cash and cash equivalent	73	-	73	0.01 - 0.25
Trade accounts receivable	-	358	358	-
	73	358	431	
<b>Financial Liabilities</b>				
Short-term loans	2,559	-	2,559	3.23 - 3.77
Trade accounts payable	-	488	488	-
Amounts due to related parties	-	30	30	-
Other accounts payable	-	34	34	-
Long-term loans	1,860	-	1,860	0.58 - 0.94
	4,419	552	4,971	



*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 2010 are amounted to USD 64.4 million (the exchange rate is Baht 30.30 per USD 1) and JPY 9.1 million (the exchange rate is Baht 0.37 per JPY 1).

As at 31 December 2010, the jointly controlled entity had the outstanding forward exchange contracts to buy foreign currency as follows:

Notional amount (Million USD)	Maturity date	Fixed exchange rate in forward exchange contracts (Baht per USD)
8.0	January 2011	30.015
7.5	June 2011	32.500

As at 31 December 2010, the jointly controlled entity had the following outstanding currency swap agreements for payment of the principal of long-term loans.

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

**30.2 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 receivable, amounts due from and advances paid to related parties, bank overdrafts and short-term loans from financial institutions, trade accounts payable, amounts due to and advances received from related parties and other accounts payable, 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 advance paid to related party, the carrying amount in the balance sheet approximates 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 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 2010, 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 64.0 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, other accounts payable 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 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 2010, the jointly controlled entity had derivatives, which have fair value as follow:

(Unit: Million Baht)

	Notional amount	Fair value (Loss)
<b>Derivatives</b>		
Currency swap agreements	1,608	(216)
Forward exchange contracts	484	(16)

## 31. Capital management

The primary objectives of the Company's and the Group's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern and to maintain the financial ratios to comply with the loan agreements.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 1.14 : 1 (2009: 1.41 : 1) and the Company's was 1.19 : 1 (2009: 1.45 : 1).

## 32. Subsequent events

### 32.1 The increase and decrease of the Company's share capital

On 25 January 2011, the Extraordinary General Meeting of Shareholders No. 1/2554 passed the following resolutions.

a) Decrease the Company's registered share capital by canceling 220,000 un-issued registered shares with a par value of Baht 1 per share. The capital reduction will decrease the Company's registered share capital from Baht 13,101,500,000 to Baht 13,101,280,000.

b) Increase the Company's registered share capital by Baht 5,240,512,000, from Baht 13,101,280,000 to 18,341,792,000, by issuing additional 5,240,512,000 ordinary shares with a par value of Baht 1 per share.

c) The Company allocated the 5,240,512,000 newly issued ordinary shares with a par value of Baht 1 per share as follows:

1) A total of 2,620,256,000 newly issued shares are to be allocated to the existing shareholders under a rights offering, in proportion to their existing shareholding, with one new share will be offered for every five existing shares at a price of Baht 1.20 per share. Any shares outstanding after the allocation to the existing shareholders will be allocated to shareholders who express their intention to subscribe to shares in excess of the proportion available per their shareholding, and if shares still remain, the Company will allocate them to the group of clients of the securities companies who are the Company's underwriters and to specific investors by private placement, at not less than Baht 1.20 per share. The timetable for the offering and allocation, and payment of the newly issued share capital is 15 to 22 February 2011.

2) A total of 2,620,256,000 newly issued shares are to be allocated by private placement to specific investors who are not connected persons of the Company, at a price of not less than Baht 1.20 per share.

The Company registered the decrease and increase of its registered share capital as described in a) and b) above with the Ministry of Commerce in January 2011.

### 32.2 The acquisition of assets and the execution of loan agreements for the purpose of acquiring an integrated iron and steel making plant

On 17 February 2011, the Meeting of Board of Directors of the Company No. 1/2554 passed the following resolutions.

a) To acquire certain assets and business of Teesside Cast Product ("TCP") from Tata Steel UK Limited ("Acquisition") through its subsidiary, Sahaviriya Steel Industries UK Limited and perform other tasks necessary in relation to such Acquisition.

b) To make increase the equity investment in Sahaviriya Steel Industries UK Limited and/or provide loans to Sahaviriya Steel Industries UK Limited for payment on such Acquisition.

c) To negotiate and enter into credit facilities agreements amounting to not over Baht 24,000 million and to provide letter of guarantees to financial institutions who provide credit facilities of USD 600 million to Sahaviriya Steel Industries UK Limited and perform other tasks necessary in obtaining funding for such Acquisition.

### 32.3 Dividend payment of the subsidiary

On 16 February 2011, the Meeting of Board of Directors of Prachuap Port Company Limited, the Subsidiary passed a resolution to approve the payment of an interim dividend for the six-month period as from 1 April 2010 to 30 September 2010 of Baht 1.25 per share, or a total of Baht 50 million. The Subsidiary paid this dividend to its shareholders on 21 February 2011.

## 33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 23 February 2011.





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