ANNUAL REPORT 2004

THE SIAM CEMENT PUBLIC COMPANY LIMITED

The SIAM CEMENT GROUP

The Siam Cement Group was founded under the Royal Decree of His Majesty King Rama VI in 1913 as the nation's first cement producer, a construction material critical to national development. The Group has expanded continuously since that time, becoming the largest and most advanced industrial conglomerate in Thailand with five strategic business units: Petrochemicals; Paper and Packaging; Cement; Building Products; and Distribution. All Siam Cement businesses operate under the principles of good corporate governance and promote innovation in products/services, processes, and business models to delight consumers. The Group continually rejuvenates itself to sustain business leadership in Thailand and in the region, and remain internationally competitive.

Investor Information

The Siam Cement Public Company Limited
Website: www.siamcement.com
Address: 1 Siam Cement Road, Bangsue, Bangkok 10800
Year of Establishment: 1913
Year of Being Listed in SET: 1975
Registered Shares: 1,600 million Baht
Shareholders: The majority of the Company's shares are held by Bureau of the Crown Property with 30 percent shares. The remaining shares are held by institutional and individual investors.

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Investor Relations Office
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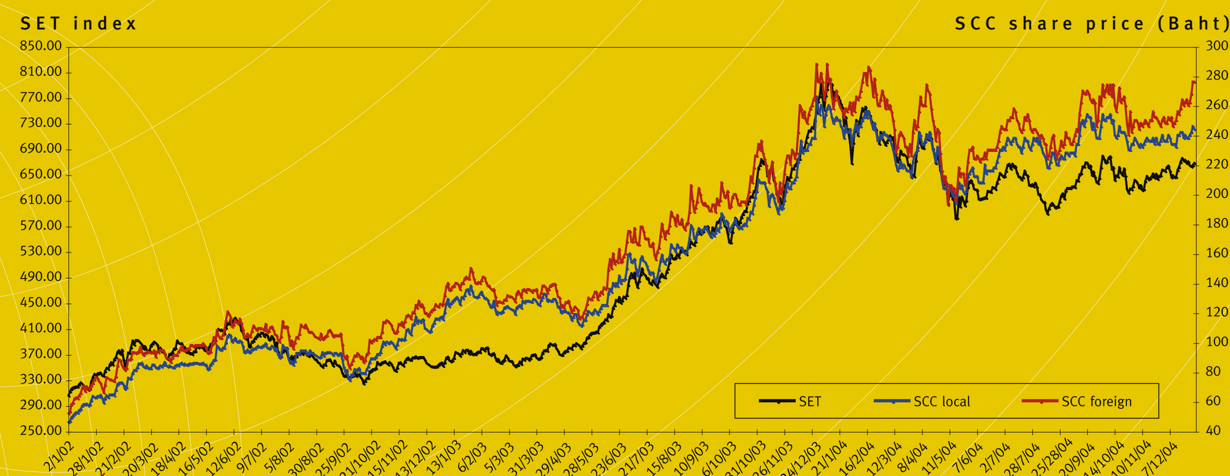
3 Year Share Prices (2002-2004) Compared to SET Index



Adjusted for par split from 10 Baht per share (120 Million shares) to 1 Baht per share (1.2 Billion shares)

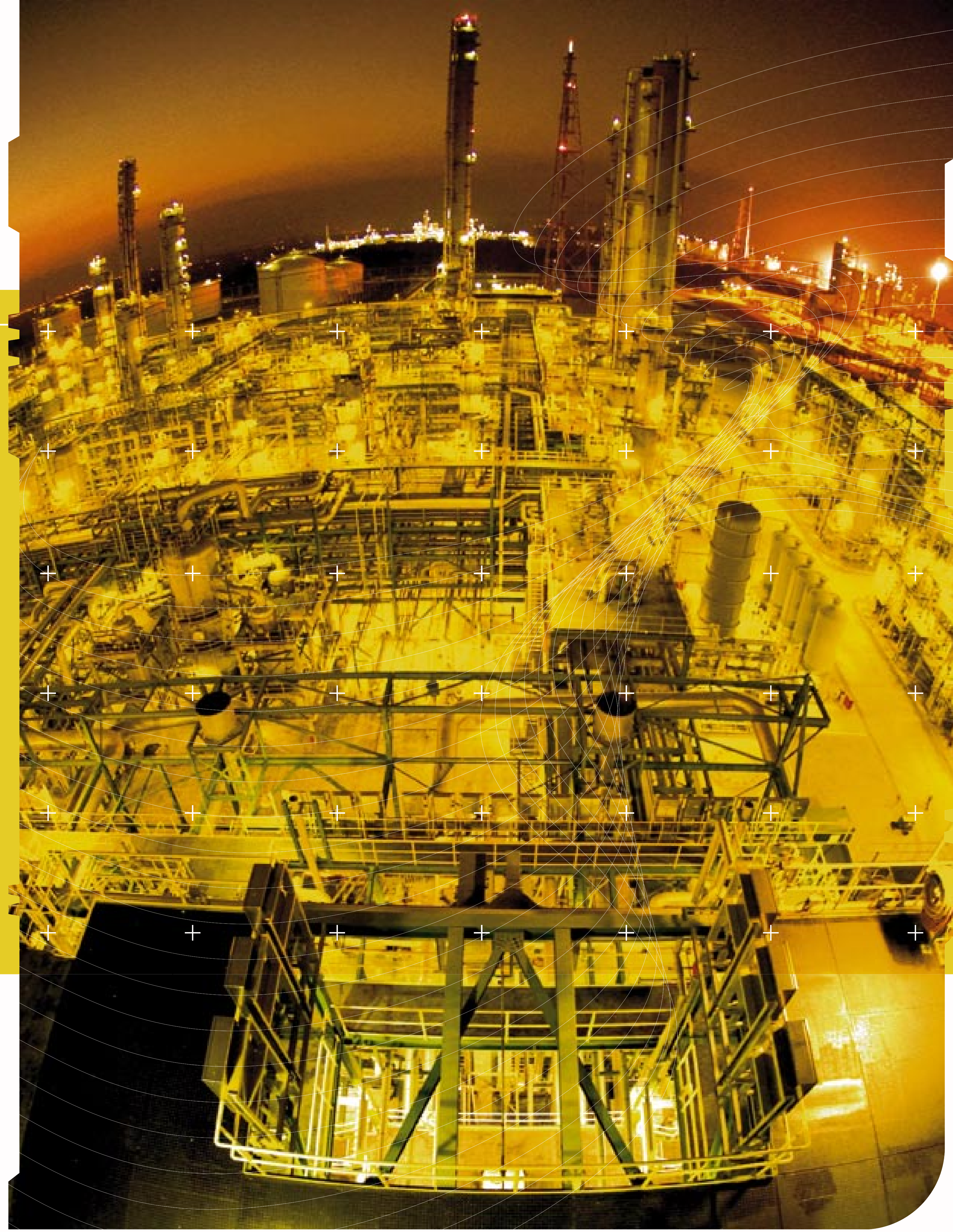
FINANCIAL OVERVIEW

The Siam Cement Public Company Limited and Subsidiaries

	2004	2003	2002	2001	2000
Statements of Income (Million Baht)					
• Revenues	194,565	150,862	130,072	122,643	128,197
• Costs and Expenses	160,422	135,470	121,402	117,593	123,904
• Profit before income tax, interest expense and financial charges, depreciation and amortization include dividend from associated and other companies (EBITDA)	54,626	37,188	30,418	28,884	30,520
• Profit (Loss) before extraordinary items *	33,707	17,806	11,142	4,797	1,313
• Net profit (loss)	36,483	19,954	14,604	7,634	41
• Net cash provided by operating activities	37,258	22,228	17,943	14,252	10,963
Balance Sheets (Million Baht)					
• Assets	265,682	249,726	235,644	235,981	260,309
• Liabilities	125,984	134,252	147,714	169,896	195,549
• Shareholders' equity and minority interest	139,698	115,474	87,931	66,085	64,760
• Shareholders' equity	129,130	104,977	75,624	57,311	54,133
Share Information					
• Total number of shares issued (Million shares) **	1,200	1,200	1,200	1,200	1,200
• Book value per share (Baht)	108	87	63	48	45
• Earnings (Loss) per share (Baht)	30	17	12	6	-
• Proposed dividends per share (Baht)	15.00	6.00	3.00	1.00	-
• Return on total revenues (%)	19	13	11	6	-
• Return on equity (%)	31	22	22	14	-
• Return on assets (%)	14	8	6	3	-
• EBITDA on Total assets (%)	21	15	13	12	12

* Profit (Loss) before gain (loss) on investments and assets sold for restructuring and provision for decline in value of investments.

** For the year 2003 to change the par value of common shares Baht 10 per share to be Baht 1 per share.



BUSINESS STRUCTURE

The Siam Cement Public Company Limited*

Board of Directors

- **Audit Committee**
  - **Audit Office**
- **Governance and Nomination Committee**
- **Remuneration Committee**
- **Management Committee**

President

- **Corporate Functions & Services**
- **Cementhai Chemicals Co., Ltd.**
- **The Siam Pulp and Paper Public Company Limited**
- **Siam Cement Industry Co., Ltd.**
- **Cementhai Building Products Co., Ltd.**
- **Cementhai Distribution Co., Ltd.**
- **Cementhai Holding Co., Ltd.**
- **Cementhai Property [2001] Public Company Limited**

*Listed company in the Stock Exchange of Thailand

The Board Of Directors

The Siam Cement Public Company Limited

Chaovana Nasylvanta
Chairman

Kamthon Sindhvananda
Director

Paron Israsena
Director

Snoh Unakul
Director

Sivavong Changkasiri
Director

Sumet Tantivejkul
Director

Yos Euarchukiati
Director

Pricha Attavipach
Director

Panas Simasathien
Director

Arsa Sarasin
Director

Boonsithi Chokwatana
Director

Chumpol NaLamlieng
President

Worapol Jennapar
Secretary to the Board and Corporate Secretary

The Management Committee

The Siam Cement Public Company Limited

The Siam Cement Public Company Limited

Chumpol NaLamlieng
President

Kan Trakulhoon
Executive Vice President

Cementhai Chemicals Co., Ltd.

Apiporn Pasawat
President

Cholanat Yanaranop
Executive Vice President

The Siam Pulp and Paper Public Company Limited

Somboon Chuchawal
President

Chaovalit Ekabut
Executive Vice President

Siam Cement Industry Co., Ltd.

Pramote Techasupatkul
President

Cementhai Building Products Co., Ltd.

Kajohndet Sangsuban
President

Pichit Maipoom
Executive Vice President

Cementhai Distribution Co., Ltd.

Dusit Nontanakorn
President

Cementhai Holding Co., Ltd.

Chalaluck Bunnag
President

Damri Tunshevavong
Executive Vice President

Cementhai Property (2001) Public Company Limited

Aviruth Wongbuddhapitak
President

MESSAGE from THE BOARD OF DIRECTORS

In spite of the uncertainties arising from higher oil prices and Middle East conflicts, the world economy continued its growth in 2004, as did the Thai economy, notwithstanding the impact of bird flu, higher oil prices, and unrest in the South. Fueling the Thai economic growth was a substantial rise in exports. Moreover, increased private investments and the initial phase of government spending in infrastructure projects have also played important roles in boosting the domestic economy.

Overall, the Siam Cement Group's businesses achieved better results in 2004, compared to 2003, especially the petrochemicals business as demand and global market prices exceeded expectations. All things considered, Group results in 2004 were historically the best ever, since the founding of the company.

With the Group's continually improving operating results and increasingly solid financial position, the Board of Directors remains committed to its sustainable growth policy which fosters an innovative culture of thinking outside the box which involves investments in both the development of human resources and the Group's core businesses to maintain a competitive edge in the fast-changing business environment. This policy includes increased investments in technology by way of research and development activities, both within the Group and also in cooperation with domestic and international academic institutions and research institutes.

The Group sees great potential for further growth in the ASEAN region with expanding overall market and increased consumption. In addition, there is a clear trend towards greater cooperation among the region's economies, closer coordination among governments, and common labor demographics. These factors encourage the Group to boost its investments in order to strengthen the presence of the Group's core businesses within the region, not only from the marketing and distribution standpoints, but also in terms of establishing production bases.

To maintain a high degree of competitiveness, the Group has worked constantly to boost efficiency. These efforts have earned recognition by the Union of Japanese Scientists and Engineers for the third consecutive year in a row, namely the Deming Prize for Total Quality Management award, considered the most prestigious award of its kind. Three other companies in the Siam Cement Group – Thai Ceramic, CCC Polyolefins, and Siam Mitsui PTA – received such recognition, bringing the total so honored to six.

The Group has always been at the forefront of environmental protection and preservation. In 2004, Dow Jones recognized this by including the Siam Cement Public Company among 300-plus international companies that comprise the Dow Jones Sustainability World Index (DJSI World). To be on the DJSI, a company must demonstrate a sustained commitment to enhancing the quality of the environment, society, and the community, as well as to good corporate governance and code of ethics.

Investors see companies on the DJSI list as indicative of a good, long-term holding.

During 2004, the Group took a number of important initiatives related to corporate governance:

- Established a formal "blackout period" during which board members and executives may not buy or sell shares in any of the Group's related companies before domestic and international shareholders have had equal access to the same operational or financial information. It should be noted that the Stock Exchange of Thailand (SET) currently has no regulation requiring this practice.
- Strictly defined the qualifications of an "independent director" that is much more conducive to good corporate governance practices than either the Securities Exchange Commission (SEC) or the SET.
- Provided direct channels of communication between the Board and shareholders by designating the seven independent Board members as "shareholder representatives" to interface with shareholders.
- Established the requirement whereby that the Board must evaluate its own performance.

Out of an enduring commitment to operate with integrity in quality and fairness, the Siam Cement Group supports a range of activities that contribute to the well-being of the local citizens. These include education and sports programs that help develop youths to become talented and ethical people, and programs for the environment and public welfare. Major activities in 2004 included the Thailand Rescue Robot Championship, comprehensive support for competitive badminton at national and international levels, the "Do It Clean" waste management program, and donations to numerous charitable organizations.

Operating results in 2004 for the Siam Cement Public Company Limited and subsidiaries reported total revenues of 194,565 million Baht, an increase of 29 percent from 2003 with an operating profit of 33,707 million Baht and a net profit of 36,483 million Baht. In light of this solid operating performance, the Board passed a resolution to be proposed to the shareholders at the Ordinary General Meeting scheduled for March 23, 2005; a full-year dividend of 15 Baht per share, representing 53 percent of the full year operating profit. An interim dividend of 5.50 Baht per share was paid on August 26, 2004 and the final dividend of 9.50 Baht per share will be paid on April 19, 2005.

The Board wishes to give appreciation to all shareholders, joint-venture partners, customers, staff, and domestic and international financial institutions for your constant support. The Board hopes for your confidence and trust that we will conduct business in an equitable manner and with good corporate governance to yield maximum possible results. We will continue to develop and strengthen the Group's capabilities. It is our determination to be a leader in Thailand and in the region by keeping pace with the world's constant and rapid changes.

Bangkok, March 1, 2005

Chaovana Nasylvanta
Chairman

Chumpol NaLamlieng
President

OPERATING RESULTS

Consolidated Financial Information

(Million Baht)

	2004	2003	2002	2001	2000
Balance Sheets Data					
• Total current assets	20,360	11,167	12,448	10,445	11,628
• Total assets	82,017	74,490	64,122	59,132	55,343
• Total liabilities	36,622	40,710	34,313	32,925	32,987
• Shareholders' equity & Minority interest	45,395	33,780	29,809	26,207	22,356
Statements of Income Data					
• Total revenues	75,671	51,197	42,721	38,629	40,086
• Total costs and expenses	58,199	47,529	40,946	36,449	36,700
• Profit (Loss) before gain (loss) on investment sold for restructuring	17,973	7,705	5,256	2,611	1,611
• Net profit (loss)	20,523	7,777	5,285	2,611	1,558
EBITDA *	23,642	9,851	6,452	6,443	7,057

* Profit before income tax, interest expense and financial charges, depreciation and amortization include dividend from associated and other companies.

PETROCHEMICALS BUSINESS

Operating Results

2004 was marked as a profitable period for the Petrochemicals business, the result of increased global demand and limited production capacity. The year saw highly volatile naphtha prices, along with crude oil prices, trading as low as USD 308 per ton in the first quarter, but rallied to a peak at USD 486 per ton in the fourth quarter due to price speculation (on higher winter demand). Similarly, olefins by-products such as Benzene and Toluene also saw increased pricing, rising to the annual high of USD 1,235 per ton and USD 850 per ton, respectively. Polyolefins export sales volume accounted for 38 percent of the total sales volume.

Sales in 2004 improved 48 percent when compared to the previous year to 75,185 million Baht on higher products prices, and full capacity utilization. EBITDA grew 140 percent to 23,642 million Baht on wider integrated olefins/polyolefins margins, and on increased by-products prices. Equity income improved 41 percent to 5,594 million Baht, resulted of solid performance in PTA, SM and PVC businesses, and therefore, boosted operating profit to increased 133 percent to 17,973 million Baht.

Business Development

The investment stake in Thai Plastic and Chemicals Public Company Limited, the largest domestic and leading Asian producer of PVC, was increased from 26 to 40 percent. This has strengthened the level of integration within the existing olefins business.

Thai Polyethylene Co., Ltd. expanded its annual production capacity of PE pipe compound to 31,000 ton, from 15,000 ton previously. The product range has been developed and expanded to cover special grade PE pipe compound, suitable for producing high-pressure and high-strength pipping

Rayong Engineering and Plant Service Co., Ltd. signed an agreement with John Crane (Thailand) Co., Ltd., one of the world's largest mechanical seal producers, to distribute its products and provide after sale services in Thailand and neighboring countries.

Thai MMA Co., Ltd., boosted its annual production capacity of Methylmethacrylate (MMA) to 83,000 ton from 70,000 ton previously and downward integrated to Butylmethacrylate (BMA) by constructing a new plant with annual capacity of 10,000 ton. BMA is a raw material used in automotive and construction painting applications, with commercial operation in early 2005.

Organizational Development

A mandatory English skills development program was launched for staffs to increase the level of fluency, using TOEIC as the measurement standard, with priority on staffs who have the greatest need to use English in their work. Their test results are used as the basis to further individualize and tailor their learning program. The program will continue indefinitely with subsequent groups to follow, in accordance to the level of their use of English.

Promoting Innovation

Further innovations in the production processes and new products were introduced. For example, ELWAX, by-product of the high-density polyethylene (HDPE) production process, was developed for use in broader applications such as an adhesive in the packaging industry, as a lubricant in plastics conversion industry, and as a filament coating in the textile industry. Two other new products were also introduced. The first is a co-polymer polypropylene that is characterized by increased impact strength, allowing for its use in the production of automobile bumpers and instrument panels. The second is a low-density polyethylene (LDPE) that is specifically designed as coatings in food and beverage flexible packaging industries.

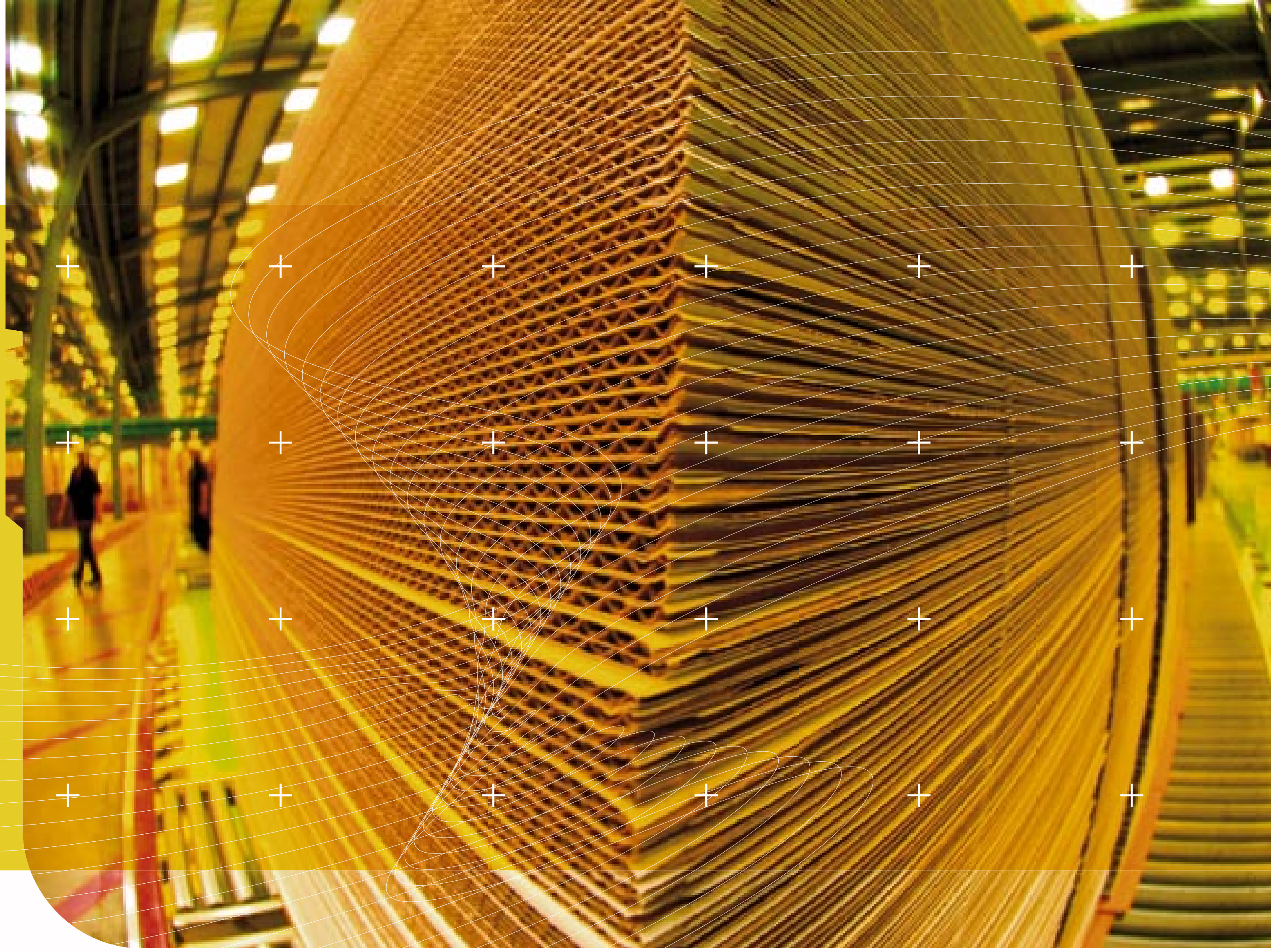
Major Companies

Subsidiaries:

Cementhai Chemicals Co., Ltd.
Rayong Olefins Co., Ltd.
Thai Polyethylene Co., Ltd.
Thai Polyethylene (1993) Co., Ltd.
Thai Polypropylene Co., Ltd.
Thai Polypropylene (1994) Co., Ltd.
CCC Chemical Commerce Co., Ltd.
Map Ta Phut Tank Terminal Co., Ltd.
Rayong Pipeline Co., Ltd.
Rayong Engineering and Plant Service Co., Ltd.

Associated:

Siam Mitsui PTA Co., Ltd.
Siam Polystyrene Co., Ltd.
Pacific Plastics (Thailand) Ltd.
Siam Synthetic Latex Co., Ltd.
Siam Styrene Monomer Co., Ltd.
Siam Polyethylene Co., Ltd.
Grand Siam Composites Co., Ltd.
Thai MFC Co., Ltd.
Thai MMA Co., Ltd.
Thai Plastic and Chemicals Public Company Limited
National Petrochemical Public Company Limited
Thai Pet Resin Co., Ltd.



Consolidated Financial Information

(Million Baht)

	2004	2003	2002	2001	2000
Balance Sheets Data					
• Total current assets	13,668	11,933	9,937	9,397	8,100
• Total assets	55,899	49,909	44,443	35,982	36,416
• Total liabilities	18,295	15,780	13,611	15,301	16,691
• Shareholders' equity & Minority interest	37,604	34,129	30,832	20,681	19,725
Statements of Income Data					
• Total revenues	38,430	33,655	29,401	27,121	27,465
• Total costs and expenses	32,470	28,016	23,718	22,432	23,242
• Profit (Loss) before gain (loss) on investment sold for restructuring	4,125	4,231	4,079	3,274	2,798
• Net profit (loss)	4,122	4,424	4,079	3,272	2,798
EBITDA *	9,840	9,819	9,536	8,205	8,062

* Profit before income tax, interest expense and financial charges, depreciation and amortization include dividend from associated and other companies.

PAPER and PACKAGING BUSINESS

Operating Results

Total sales for the Paper and Packaging business in 2004 improved 14 percent when compared to the previous year, while operations continued to run at full utilization. This is attributed primarily to the consolidation of Thai Cane Paper Public Company Limited, as the Business now holds a majority stake. EBITDA and operating profit remained relatively unchanged from the previous year.

Printing & Writing Paper: Sales volume grew 2 percent, attributed to debottlenecking in the fourth quarter which allows for a further production capacity of 18,500 ton. Export sales volume represented 15 percent of total sales volume. The major export markets consisted of the USA, Hong Kong, Singapore, Vietnam and Malaysia. Realized prices of printing & writing paper improved gradually through out the year, with an annual high of USD 805 per ton in the fourth quarter, attributed to tight supply as well as rising pulp prices.

Packaging Paper: Sales volume grew 20 percent, primarily due to the inclusion of Thai Cane Paper's accounts. Export sales during the year represented 22 percent of total sales, with increased focus on the high growth ASEAN region markets. Realized prices of packaging paper remained relatively unchanged through out the year, at the USD 415 per ton level.

Corrugated Containers: Sales volume grew 8 percent, reflecting strong growth from clients in the export industries, such as electrical appliances, beverages, and consumer goods. The primary export market was Japan, which favors green products. Management efficiency showed improvement and was related to the application of the Total Productive Management principles, while relentless development of design and production capabilities towards international level continued, reflected by the domestic and international packaging design awards received.

Business Development

Increased shareholding in domestic companies: to 97 percent in Phoenix Pulp and Paper Public Company Limited, and to 57 percent in Thai Cane Paper Public Company Limited, the second largest domestic producer of kraft paper

Organizational Development

Staff training and development continued at all levels, emphasizing knowledge, skills, and business exposure to enhance competitiveness at an international level to reflect growth in foreign markets. The knowledge-based management system has been implemented to stimulate a learning culture, along with ongoing research and product development activities to meet demand of all customer groups.

Promoting Innovation

To broaden market opportunities, staffs are encouraged to introduce innovation for the production processes and new product development. An example is the development of a thinner, yet just as strong, gypsum paper, resulting in reduced costs and resource conservation.

Major Companies

Subsidiaries:

The Siam Pulp and Paper Public Company Limited
Phoenix Pulp and Paper Public Company Limited
Siam Cellulose Co., Ltd.
Thai Paper Co., Ltd.
Thai Union Paper Public Company Limited
Thai Union Paper Industry Co., Ltd.
Siam Kraft Industry Co., Ltd.
Thai Kraft Paper Industry Co., Ltd.
Thai Containers Ltd.
Thai Containers Industry Co., Ltd.
Thai Containers Ratchaburi (1989) Co., Ltd.
Thai Containers Songkhla (1994) Co., Ltd.
Thai Containers Chonburi (1995) Co., Ltd.
City Pack Co., Ltd.
Nippon Hi-Pack (Thailand) Co., Ltd.
Thai Containers V&S Co., Ltd.
United Pulp and Paper Co., Inc.
Thai Cane Paper Public Company Limited

Associated:

Siam Toppan Packaging Co., Ltd.
Thai British Security Printing Public Company Limited

Consolidated Financial Information

(Million Baht)

	2004	2003	2002	2001	2000
Balance Sheets Data					
• Total current assets	7,606	6,019	6,145	4,865	8,641
• Total assets	64,674	64,987	65,630	60,928	70,700
• Total liabilities	22,044	29,913	40,385	48,408	55,109
• Shareholders' equity & Minority interest	42,630	35,074	25,245	12,520	15,591
Statements of Income Data					
• Total revenues	37,024	30,859	27,488	24,352	22,328
• Total costs and expenses	27,716	23,825	25,203	22,734	21,261
• Profit (Loss) before gain (loss) on investment sold for restructuring	6,810	5,426	1,546	859	(15)
• Net profit (loss)	6,582	5,313	2,006	859	(12)
EBITDA *	13,175	11,581	7,917	7,615	7,336

* Profit before income tax, interest expense and financial charges, depreciation and amortization include dividend from associated and other companies.

CEMENT
BUSINESS

Operating Results

With increased total sales volume, 2004 sales rose 20 percent when compared to the previous year. EBITDA grew 14 percent, while operating profit grew 26 percent.

Grey cement: Total domestic sales volume reach 10.1 million ton, representing a growth of 11 percent. These growths were driven mainly by the initial acceleration of government spending, particularly the speed-up of the new airport, as well as the continued robust residential construction sector. Domestic prices in 2004 averaged 1,740 Baht per ton.

In the export market, 2004 sales volume registered 6 million ton, a drop of 3 percent, while export prices (FOB) continued to increase with an average price of USD 27.4 per ton.

Ready-mixed concrete: Total sales volume increased 25 percent, reflecting the significant rise in domestic demand due to the higher level of construction which is in line with the general economic growth. Moreover, the trend is for increased sales volume, in part due to the ease and user friendly product attributes.

Business Development

Numerous new products were introduced during the year, including:

- Elephant Brand Precast Cement: For non-prestressed concrete products
- Elephant Brand Chloride-and-Sulfate-Resisting Cement: For concrete structures that are exposed to sea water, brackish water, sewage water, and salty soil
- Twin Tigers Brand White Plaster Mortar: For interior and exterior wall finishing that permits the creation of stylish designs on the surface finish
- Twin Tigers Brand Fine White Plaster Mortar: Contains finely grounded limestone that results in an exceptionally fine, smooth surface
- Twin Tigers Brand White Skim Coat: To be applied over traditional masonry or plaster surface to give a fresh coat of natural bright white
- CPAC Agricultural Concrete: For agricultural processing lots with a smooth surface and minimal joints
- CPAC Acid Encuring Concrete: For structures requiring acid-resistant applications such as in pickled vegetable and fruit industry
- CPAC Chlorided Soil Concrete: For structures exposed to underground water or chloride-contaminated soil, such as in the Northeast

Organizational Development

To further develop the capabilities of staffs to achieve and maintain regional leadership, the Cement business has relied on the Corporate Competitive Advantage Practices (CCAP) approach to transform its corporate culture into one that can compete effectively in any place and under any circumstance.

Promoting Innovation

The Concrete Products and Aggregate Co., Ltd. has developed a system with the ability to deliver ready-mixed concrete in small quantities of 1 to 2 cubic meters, making possible the delivery to locations with difficult access. For increased convenience to the smaller customers, CPAC has become the industry's first to establish product purchase points at plant locations, in addition to payment options at Counter Services.

The Cement business has also developed in-house machinery to further reduce investment costs, while leverage the staff's capabilities. Examples include brick stripping machines; SCI separators; and main burners.

Major Companies

Subsidiaries:

The Siam Cement Industry Co., Ltd.
The Siam Cement (Kaeng Khoi) Co., Ltd.
The Siam Cement (Ta Luang) Co., Ltd.
The Siam Cement (Thung Song) Co., Ltd.
The Siam Cement (Lampang) Co., Ltd.
The Concrete Products and Aggregate Co., Ltd.
Siam Mortar Co., Ltd.
The Siam White Cement Co., Ltd.
The Siam Refractory Industry Co., Ltd.
SCI Plant Services Co., Ltd.
Siam Research and Development Co., Ltd.

Consolidated Financial Information

(Million Baht)

	2004	2003	2002	2001	2000
Balance Sheets Data					
• Total current assets	6,946	6,111	6,620	5,388	5,774
• Total assets	26,036	23,173	22,592	23,400	27,435
• Total liabilities	9,161	9,221	10,992	11,527	14,686
• Shareholders' equity & Minority interest	16,875	13,952	11,600	11,873	12,749
Statements of Income Data					
• Total revenues	20,725	18,332	16,279	13,231	13,443
• Total costs and expenses	17,028	15,246	14,231	12,454	12,917
• Profit (Loss) before gain (loss) on investment sold for restructuring	2,700	2,275	1,443	442	(172)
• Net profit (loss)	2,700	2,253	1,521	410	(253)
EBITDA *	5,307	4,382	3,605	3,140	2,823

* Profit before income tax, interest expense and financial charges, depreciation and amortization include dividend from associated and other companies.

BUILDING PRODUCTS
B U S I N E S S

Operating Results
With the continued expansion of the construction and residential housing sectors, this has resulted in higher sales volumes of roofing products, and ceramic tiles. In 2004, sales of the Building Products business increased by 13 percent, yielding a rise in EBITDA of 21 percent and a 19 percent gain for operating profit.

Export sales grew 17 percent, with ceramic floor and wall tiles accounting for more than 80 percent of the total. The major markets consisted of the USA, Oceania, and Europe.

Business Development
- Upgraded wood plank production for improved product's quality, in response to the growing demand for wood substitutes. Commercial operation expected at the end of 2005.
- Enhanced manufacturing capabilities to develop new designs, sizes, and colors of Ayara roofing tiles, and increased annual production capacity to reach one million square metre. The new products are expected to be available to the market in the second quarter of 2005.
- Increased the annual production capacity of concrete roof tiles and NeuStile roof tiles to 3.7 million square meters with the new plant in Nong Khae (Saraburi province), with commercial operation to begin in mid-2005.
- Increased the annual production capacity of ceramic floor and double fast firing glazed tiles by 5.8 million square meters.
- Boosted the annual production capacity of ceramic roof tiles by 500,000 square meters, with commercial operation expected in mid-2005.

Organizational Development
With the acknowledgement that human resources is the most important factor in maintaining continuing growth, programs are underway to develop leaders at various levels to meet future expansion. Further, to ensure sufficient capability in response to changing circumstances and competitive conditions, a Change Management program has been introduced.

Promoting Innovation
The Building Products business encourages innovation in developing new products and new production processes. Example included:
- Developed 'Pimai' series of ceramic tiles with vein in tile body similar to natural rock.
- Designed and developed own process technology to manufacture 'Crystal' series of decorative tiles.
- Developed grinding robot to improve efficiency of faucet production.

Additional initiatives included workshops for mid-level and senior management in innovation analytical approach and development.

Major Companies
Subsidiaries:

Cementhai Building Products Co., Ltd.
The Siam Fibre-Cement Co., Ltd.
The Fibre-Cement Products (Lampang) Co., Ltd.
Tip Fibre-Cement Co., Ltd.
The CPAC Roof Tile Co., Ltd.
Thai Ceramic Roof Tile Co., Ltd.
The Siam CPAC Block Co., Ltd.
The CPAC Block Industry Co., Ltd.
Saraburirat Co., Ltd.
The CPAC Concrete Products Co., Ltd.
Cementhai Gypsum Co., Ltd.
Siam Fiberglass Co., Ltd.
PT Siam-Indo Gypsum Industry (Indonesia)
PT Siam-Indo Concrete Products (Indonesia)
CPAC Monier (Cambodia) Co., Ltd.
CPAC Monier Philippines, Inc.
CPAC Concrete Products (Cambodia) Co., Ltd.
Cementhai Ceramics Co., Ltd.
Thai Ceramic Co., Ltd.
The Siam Ceramic Group Industries Co., Ltd.
PT.Surya Siam Keramik

Associated:

The Siam Gypsum Industry Co., Ltd.
The Siam Gypsum Industry (Saraburi) Co., Ltd.
The Siam Gypsum Industry (Songkhla) Co., Ltd.
The Siam Moulding Plaster Co., Ltd.
Lafarge Siam Roofing Co., Ltd.
CPAC Monier (Laos) Co., Ltd.
PT M Class Industry
Sosuco Ceramic Co., Ltd.
Siam Sanitary Ware Industry (Nongkae) Co., Ltd.
Siam Sanitary Ware Industry Co., Ltd.
The Siam Sanitary Fittings Co., Ltd.
Mariwasa Manufacturing, Inc.

Consolidated Financial Information

(Million Baht)

	2004	2003	2002	2001	2000
Balance Sheets Data					
• Total current assets	5,357	4,402	4,858	6,006	5,595
• Total assets	8,041	6,902	7,144	8,072	7,345
• Total liabilities	6,906	7,155	6,613	7,177	5,718
• Shareholders' equity & Minority interest	1,135	(253)	531	895	1,627
Statements of Income Data					
• Total revenues	68,923	56,977	52,540	53,632	46,890
• Total costs and expenses	67,659	56,655	51,653	52,609	46,017
• Profit (Loss) before gain (loss) on investment sold for restructuring	968	251	586	680	564
• Net profit (loss)	968	251	586	680	669
EBITDA *	1,541	602	1,214	1,268	1,039

* Profit before income tax, interest expense and financial charges, depreciation and amortization include dividend from associated and other companies.

DISTRIBUTIONS BUSINESS

Operating Results

With exposure to the construction sector, the increased demand of building materials to satisfy the residential housing sector has driven 2004 sales to 68,558 million Baht, representing a growth of 21 percent when compared to the previous year. As a result, EBITDA increased 156 percent to 1,541 million Baht, while Operating Profit grew 268 percent. Detailed breakdown of the Distribution business is as follows:

Cementhai Sales & Marketing Co., Ltd.: With focus on domestic distribution, sales increased by 15 percent. The company introduced Customer Relationship Management (CRM) to boost management efficiency for wholesale, retail, and project distribution. In addition, implementation of SAP CRM system for data collection and storage, analysis, and marketing planning helped collaboration among every function achieve higher efficiency.

Cementhai Logistics Co., Ltd.: As an integrated logistics solution provider, sales rose by 19 percent, of which 60 percent was domestic transportation related and 40 percent was export transportation related. The primary exported product included cement and clinker, while coal was the major imported item. Impact from the rising oil prices was minimal, as the government absorbed the price differential between the actual and world market prices. Regardless, the company continues with its pursuit to improve transportation efficiency.

SCT Co., Ltd.: Specializing in the global trading business, sales grew by 32 percent, reflecting the growth of the Thai and world economies, especially the People Republic of China economy. Key exported products included steel and cement. Import transactions accounted for 45 percent of the total sales, while export transactions accounted for the remaining 55 percent.

Progress in Business Development

More than 200 newly-refurbished Cementhai Home Marts were opened domestically, accompanied by various promotional activities such as the Cementhai Home Mart Fair exhibitions. These openings were promoted nationwide via TV and radio to target a new generation of consumers searching for supplier of construction materials equipped with sound knowledge and professionalism. Supporting these initiatives were extensive training programs for personnel at all levels, and the issuance of Cementhai Home Mart management manuals.

To better serve core customers and to build greater credibility, SCT has strengthened its role as a center for imported energy and machinery products, as well as a major exporter of gypsum and tapioca. The company initiated its Enterprise Resource Planning (ERP) throughout the overseas branches to improve management efficiency, whereby the completion is expected in 2005.

Organizational Development

As part of an ongoing corporate culture change process, in 2004, the emphasis was on leadership through a Leadership Development Program for supervisors and above. The program covered establishing a business direction and effective methods of boosting work team efficiency to achieve greater business success. In addition, employees were encouraged to develop their capabilities through e-Learning.

Promoting Innovation

Cementhai Logistics upgraded the transportation tracking capability by replacing the barcode system with the more update Radio Frequency Identification (RFID) which is used in tandem with the Global Positioning System (GPS). Use of RFID will reduce operational work stages and paperwork, while convenience, speed, and accuracy are all expected to rise. The company also began extensive use of the Transportation Modeler software for planning purposes to lower distribution service costs, as a result of increased vehicle utilize and distribution centers efficiency.

Major Companies

Subsidiaries:

Cementhai Distribution Co., Ltd.
Cementhai Sales and Marketing Co., Ltd.
Cementhai Logistics Co., Ltd.
SCT Co., Ltd.
Cementhai SCT (U.S.A.) Inc.
Cementhai SCT (Singapore) Pte Ltd.
Cementhai SCT (Cambodia) Co., Ltd.
Siam Cement Myanmar Trading Co., Ltd.

Associated:

Thai Prosperity Terminal Co., Ltd.
Rayong Bulk Terminal Co., Ltd.

The Siam Cement Group

AN INNOVATIVE ORGANIZATION

Innovation for Sustainable Growth

As one of Thailand's leading conglomerates, the Siam Cement Group (SCG) has invested substantial resources towards the sustainability of its business development, which has benefited not only the Group, but also our business stakeholders and the nation's economy.

The Group's operating results during the past years have demonstrated the potential of each business -- Petrochemicals, Paper and Packaging, Cement, Building Products, and Distribution – to achieve continuous growth and profitability. In particular, the outstanding 2004 results was a continuation of this record, with excellent operating results, yielding good return to shareholders, and resulting in solid financial position.

It is widely recognized, however, that innovation is the key factor that will foster the Group's success to achieving continued growth and future development, while increasing shareholder value. We have adjusted our business direction accordingly, moving from the production based cost advantage model that required new machinery and equipment technology to increase value and business differentiation, to the new model whereby the Group develops its own technology, human resources, and constructs its own knowledge base organization. Currently, competitive conditions for customers are subject to rapid changes, causing them to seek new products and new services, thereby, forcing producers to compete and address these needs.

Innovation means developing either new products, new processes, or new business models that yield a considerable benefit to the Group, while satisfying customer needs. The engine of this innovation is a joint Group staff effort that activates change and develops businesses for durable, solid growth.

Continuing Innovation

Innovation has always been an important factor in the Group's success and has been achieved by the combination of experience, knowledge, and development efforts. Evidence of this comes from the various national and international awards received, such as the Thailand Quality Award and the Deming Prize for quality management and for achieving good business results through effective changes.

The Group has initiated the development of many new products, processes, and business models, for instance, franchising the ready-mixed concrete business; small ready-mixed concrete trucks; remittance via Counter Service for the convenience of personal customers; and modern transportation management. Innovation is not new to the Group, as our annual reports over many years have recorded new products developed by all our business lines. We have further invested in innovation internally, specifically information and communication technology to increase operating efficiency, lower costs, and improve service efficiency.

From these long-established foundation came the announcement in 2004 that the Group will place greater emphasis on innovation. To demonstrate the importance of being innovators, this policy was launched with great fanfare throughout the country and to every business line, setting innovation as a high priority and making it an integral part of planning.

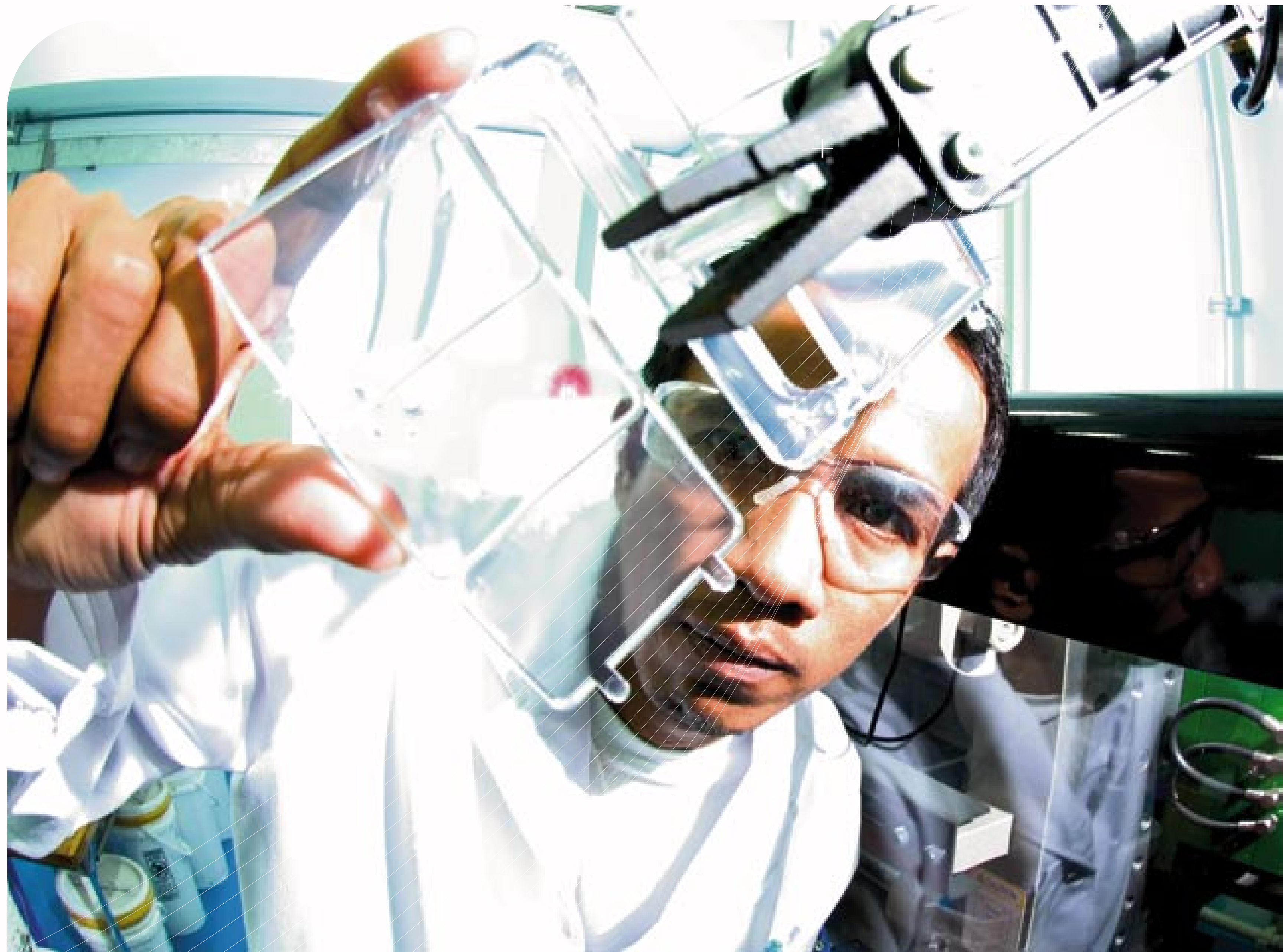
A Commitment to Innovative Organization

The announcement is a commitment that going forward, there will be increased development of new products, new services, new processes, and new business models to meet customer needs, to satisfy the demands of the marketplace, and to increase the value to all stakeholders.

The Group has increased investment in technology, focusing on developing our own skills through investing in our own internal R&D, in addition to working with established research and academic institutions. The Group will emphasize intellectual assets to a greater degree, recognizing that this is the real source of our competitive advantage now and in the future.

In reorienting towards an innovative organization, staffs become the paramount factor, requiring a new working atmosphere that promotes thinking outside the box: an open mind to others' opinions; daring to express oneself; a willingness to take risks with new ideas; developing oneself; and lifetime learning. The Group has established a comprehensive human resources management system to nurture a culture of innovation covering hiring selection, development, and assessment, plus recognition and awards for innovative people who benefit the organization.

The Group firmly believes that these measures to create an innovative organization will be a critical factor in sustaining growth. The path of innovation enables the Group to respond effectively and efficiently to customer needs, while also helping the Group maintain a competitive edge and leadership in the marketplace. Furthermore, Innovation will help create new business opportunities, as well as help ensure increasing shareholder value.



AWARDS and STANDARD CERTIFICATIONS in 2004

++ The Siam Cement Public Company Limited

- No.1 Ranking in Thailand and No. 10 in Asia for Best Corporate Governance
  From The Asian Corporate Governance Association
- No.1 Ranking in Thailand, No.5 in Asia, and No.11 in the World for Best Corporate Governance
  From Euromoney Magazine of England
- The World's Most Attractive Big Public Companies for Investors
  From Forbes Magazine of the U.S.
- The Top Performer for the Global Building Materials Sector in Dow Jones Sustainability World Index
  From Dow Jones of New York
- Thailand's No. 1 Ranking in Best Managed Company, Best Investor Relations, and Best Corporate Governance, and No. 4 Ranking in Most Committed to Strong Dividend Policy
  From Finance Asia Magazine of Hong Kong
- Thailand Corporate Excellence Award in two categories: Overall Corporate Excellence and Commitment to Human Resource Management
  From Thailand Management Association and the Sasin Graduate Institute of Business Administration of Chulalongkorn University
- SET Awards: Best Corporate Governance Report
  From The Stock Exchange of Thailand and Money & Banking Magazine
- Award for Contributions to the Promotion of Science
  From Dr. Tab Nilanithi Foundation

++ Petrochemicals Business

CCC Polyolefins Co., Ltd.
- Deming Application Prize
  From Union of Japanese Scientists and Engineers (JUSE)
- ISO 9001:2000 Certification for Quality Management System
  From Management System Certification Institute (Thailand)

Thai Polyethylene Co., Ltd.
Thai Polyethylene (1993) Co., Ltd.
Thai Polypropylene Co., Ltd.
Thai Polypropylene (1994) Co., Ltd.
- OHSAS Occupational Health and Safety Management System
  From Management System Certification Institute (Thailand)
- National QCC Award
  From Association of QC Headquarters of Thailand

Rayong Olefins Co., Ltd.
- The Prime Minister's Industry Award for Quality Management
  From Ministry of Industry
- Outstanding Award for Safety, Occupational Health, and Working Environment
  From Ministry of Labour

Siam Mitsui PTA Co., Ltd.
- Deming Application Prize
  From Union of Japanese Scientists and Engineers (JUSE)
- MCI's Presidential Award
  From MCI (Mitsui Chemicals Inc.) Japan
- Outstanding Award for Safety, Occupational Health, and Working Environment
  From Ministry of Labour
- Thailand Quality Class
  From National Committee Thailand Quality Award

Thai MMA
- Outstanding Award for Safety, Occupational Health, and Working Environment
  From Ministry of Labour

Grand Siam Composites Co., Ltd.
- ISO/TS 16949//ISO 9001:2000 Quality Management System
  From BVQI

++ Paper and Packaging Business

Thai Union Paper Industry Co., Ltd.
- Outstanding Award for Safety, Occupational Health, and Working Environment
  From Ministry of Labour

Phoenix Pulp and Paper Public Company Limited
- The Prime Minister's Industry Award for Safety Management
  From Ministry of Industry

Thai Containers Ltd.
- Award for TPM Excellence – First Category
  From Japan Institute of Plant Maintenance (JIPM)
- FTA Graphic Design (USA) – Gold Award and Honorable Mention Award
  From Flexograhpic Technology Association (FTA)
- Asian Flexographic Excellence Awards - Gold Award Winner for Post Print Corrugated, Non White Liner Printing
  From Flexographic Technology Association (FTA)

Thai Containers Ratchaburi (1989) Co., Ltd.
- Award for TPM Excellence – First Category
  From Japan Institute of Plant Maintenance (JIPM)

Thai Containers Songkhla (1994) Co., Ltd.
- The Prime Minister's Industry Award for Quality Management
  From Ministry of Industry
- Good Manufacturing Practice (GMP)
  From BVQI

Thai Containers V&S Co., Ltd.
- Good Manufacturing Practice (GMP)
  From BVQI
- Thai Star Award
  From the Department of Industrial Promotion, Ministry of Industry

Citypack Co., Ltd.
- Thai Star Award
  From the Department of Industrial Promotion, Ministry of Industry

++ Cement Business

Siam Cement Industry Co., Ltd: Metrological Center
- TIS 17025 – 2543 Certificate of laboratory accreditation for the competency of calibration and testing laboratory:
  Mass: Weight Class E2
  Force: Compression Testing Machine and Tension Testing Machine
  Temperature: Autoclave
  Electrical: Quartz Stop Watch
  From Thai Industrial Standards Institute

The Siam Cement (Ta Luang) Co., Ltd: Khao Wong Plant
- Outstanding Award for Safety, Occupational Health, and Working Environment
  From Ministry of Labour
- ISO 9001 : 2000 Certification for Quality Management System
  From Management System Certification Institute (Thailand)
- OHSAS 18001 Occupational Health and Safety Management System
  From Management System Certification Institute (Thailand)

The Siam Cement (Ta Luang) Co., Ltd: Ta Luang Plant
- ISO 9001:2000 Certification for Quality Management System
  From Management System Certification Institute (Thailand)

The Siam Cement (Thung Song) Co., Ltd
- Outstanding Award for Labour Relations (Medium-sized Enterprise Category)
  From Ministry of Labour
- Outstanding Award for Welfare Relations (Medium-sized Enterprise Category)
  From Ministry of Labour
- Award for Excellent Factory
  From the "To Be Number One" Campaign at Thung Song, Nakhon Si Thammarat

The Concrete Products and Aggregate Co., Ltd.
- Zero Accident Certificate : 2 plants
  From The Department of Labour Protection and Welfare
- TIS 17025 – 2543 Certificate of Laboratory Accreditation for the Competency of Testing Laboratory: Concrete: Compressive Strength of Concrete
  From Thai Industrial Standards Institute
- Green Factory Certificate given as part of the Celebrations on the Auspicious Occasion of Her Majesty the Queen's 6th Cycle Birthday Anniversary on 12th August 2004 : 9 plants
  From The Department of Labour Protection and Welfare
- White Factory Award : 72 plants
  From The Department of Labour Protection and Welfare

Siam Mortar Co., Ltd.
- Safety Award for completing one year without a lost-time accident
  From Ministry of Labour
- ISO 14001 Certification for Environmental Management System
  From Management System Certification Institute (Thailand)

The Siam Refractory Industry Co., Ltd
- Safety Award for completing one year without a lost-time accident
  From Ministry of Labour

++ Building Products Business

Thai Ceramic Co., Ltd.
- Deming Application Prize
  From Union of Japanese Scientists and Engineers (JUSE)
- Prime Minister's Export Award
  From Department of Export Promotion

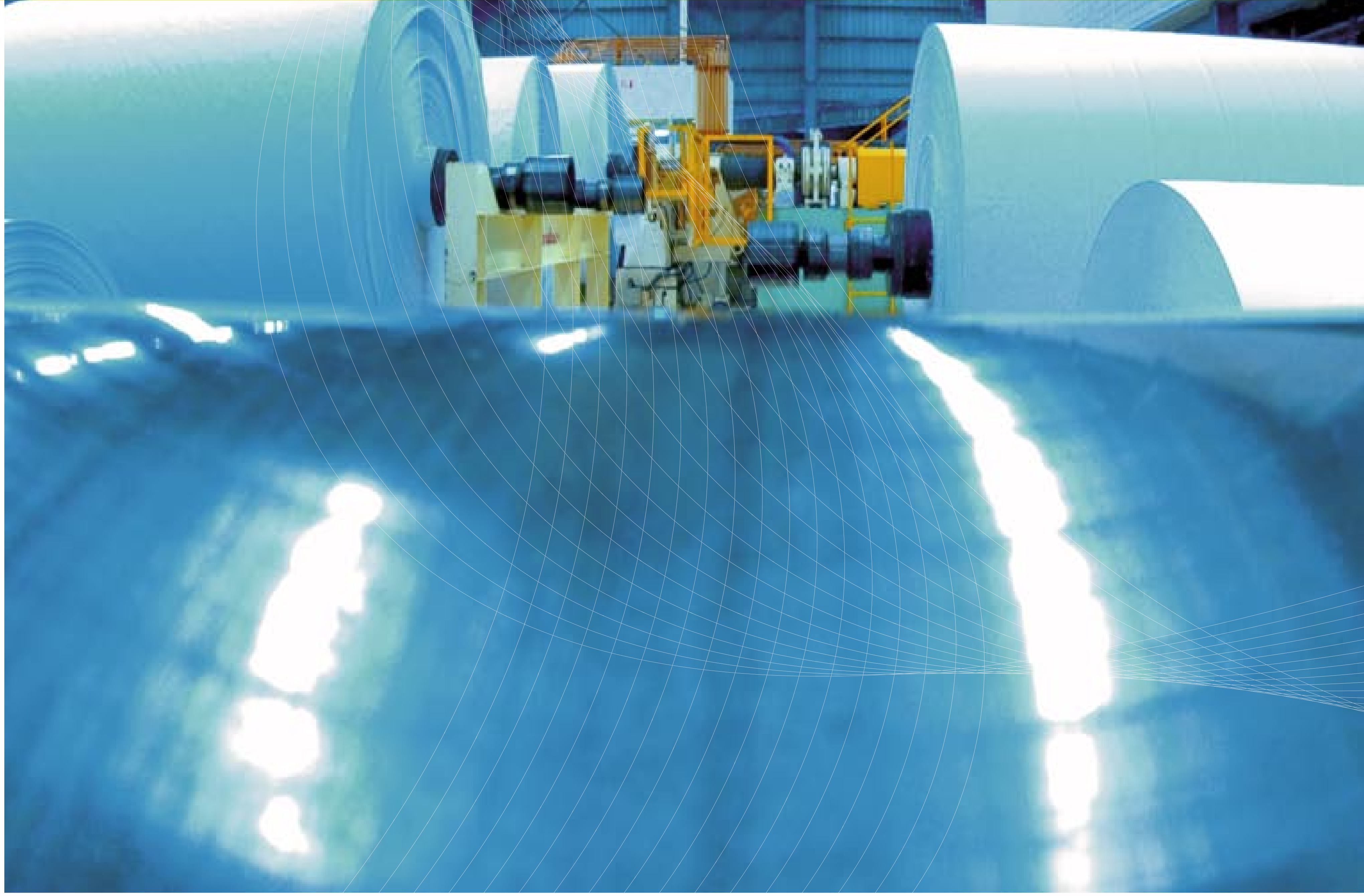
Siam Sanitary Ware Industry (Nongkae) Co., Ltd.
- Japanese Industrial Standard (JIS)
  From JTCCM

Siam Sanitary Ware Industry Co., Ltd.
- Prime Minister's Export Award
  From Department of Export Promotion

++ Distribution Business

SCT Co., Ltd.
- Prime Minister's Export Award
  From Department of Export Promotion
- ISO 9001:2000 Certification for Quality Management System
  From Management System Certification Institute (Thailand)

FINANCIAL STATEMENTS



REPORT of the Board of Directors' Responsibilities for FINANCIAL STATEMENTS

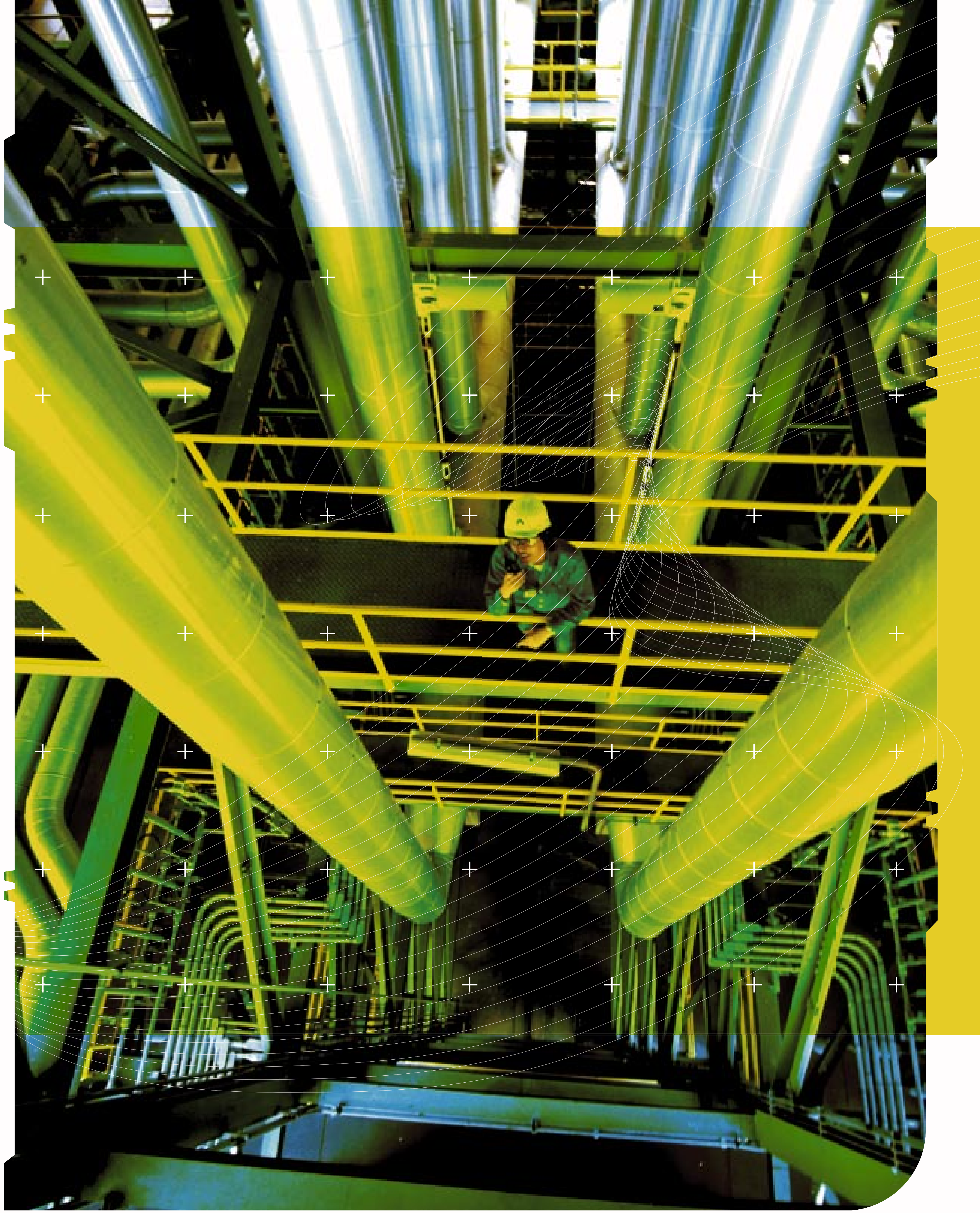
The Board of Directors of the Siam Cement Public Company Limited is responsible for the financial statements of the Company and subsidiaries which have been prepared in accordance with generally accepted accounting standards in Thailand. The policies pursued are deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements.

The Board has appointed an Audit Committee consisted of independent members to provide effective oversight of finances and the internal control system to ensure that accounting records are accurate, complete and timely, to prevent fraud and materially irregular operations. The views of the Audit Committee are reported in the Audit Committee's report in the Company's annual report.

The Board is confident that the internal control system of the Siam Cement Public Company Limited and subsidiaries presents the financial position, results of operations, and cash flows accurately.

Chaovana Nasylvanta
Chairman

Chumpol NaLamlieng
President



THE AUDIT COMMITTEE'S REPORT

The Audit Committee carried out its commitment to the Company's Board of Directors according to the Charter of the Audit Committee, including monitoring good governance practices to conform with SCG Corporate Governance and SCG Code of Ethics, financial statements, risk management, internal audit and internal control, as well as IT auditing capabilities development. Details can be summarized as follows:

1. Good governance monitoring Provided constant monitoring of the Company's conformity to the published SCG corporate governance and SCG Code of Ethics, as well as those required by the Securities Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and relevant laws. These practices were applaused thus earning the Company both domestic and foreign recognition, as reported elsewhere in this annual report. In addition, the Audit Committee also assessed its own performance.

2. Quarterly and annual monitoring of the Company's financial statements and the Group's consolidated financial statements 2004 Monitored the financial statements of the Company and the Group on a quarterly and annual basis to ensure consistent conformity to the accounting standards stipulated in the Accounting Act of 2000, as well as to rules promulgated by the SEC and SET, including adequate transparency and timely availability of information ahead of the quarterly and annual SET submission deadlines. Auditors, who have been invited to attend meetings when quarterly and annual financial statements are reviewed, have not recommended any significant corrections and their suggestions have been accepted and implemented.

3. Monitoring risk management Monitored risk management in all business units for conformity to established principles, recognizing its importance in the annual and medium-term planning. In 2004, a risk warning system and additional controls were implemented to further decrease risks. Details about significant risk and risk management of the business have also shown in this annual report.

4. Assessing internal controls The internal controls system was assessed and adjusted to conform to changing economic circumstances. The assessment revealed the system was functioning satisfactorily and efficiently. The auditors confirmed this, finding no significant issues to resolve. In addition, the control self-assessments system for the business units was reviewed to boost efficiency by serving as a management tool to facilitate performance improvements.

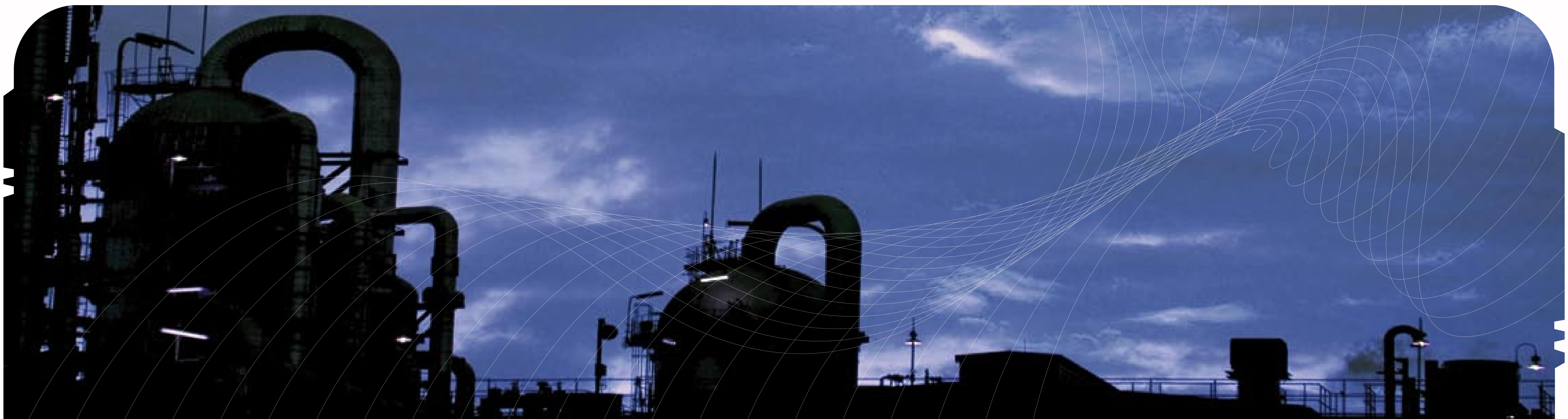
5. Monitoring internal auditing Reviewed the internal audit results as the approved quarterly action plan, as well as reviewed the half-year policies and action plan, and manpower model to ensure they were in line with the changing environments. The audit results were grouped into major categories for more efficiency in reviewing. The recommendations were cover resolution guidelines and timeframe for improvement process. Thus it can function properly and truly benefit. In addition, the sections that underwent review were asked to evaluate the internal audit team's practice and make recommendations for increasing its efficiency. In 2004, more than 200 issues were resolved and a summary report was sent to all business units with recommendations for solutions and ways to prevent repeating incidents. IT auditing resulted in continued development of ways to get the optimum use out of computers, while maintaining maximum security. The Group confidents that its IT auditing system is one of the most advanced in Thailand.

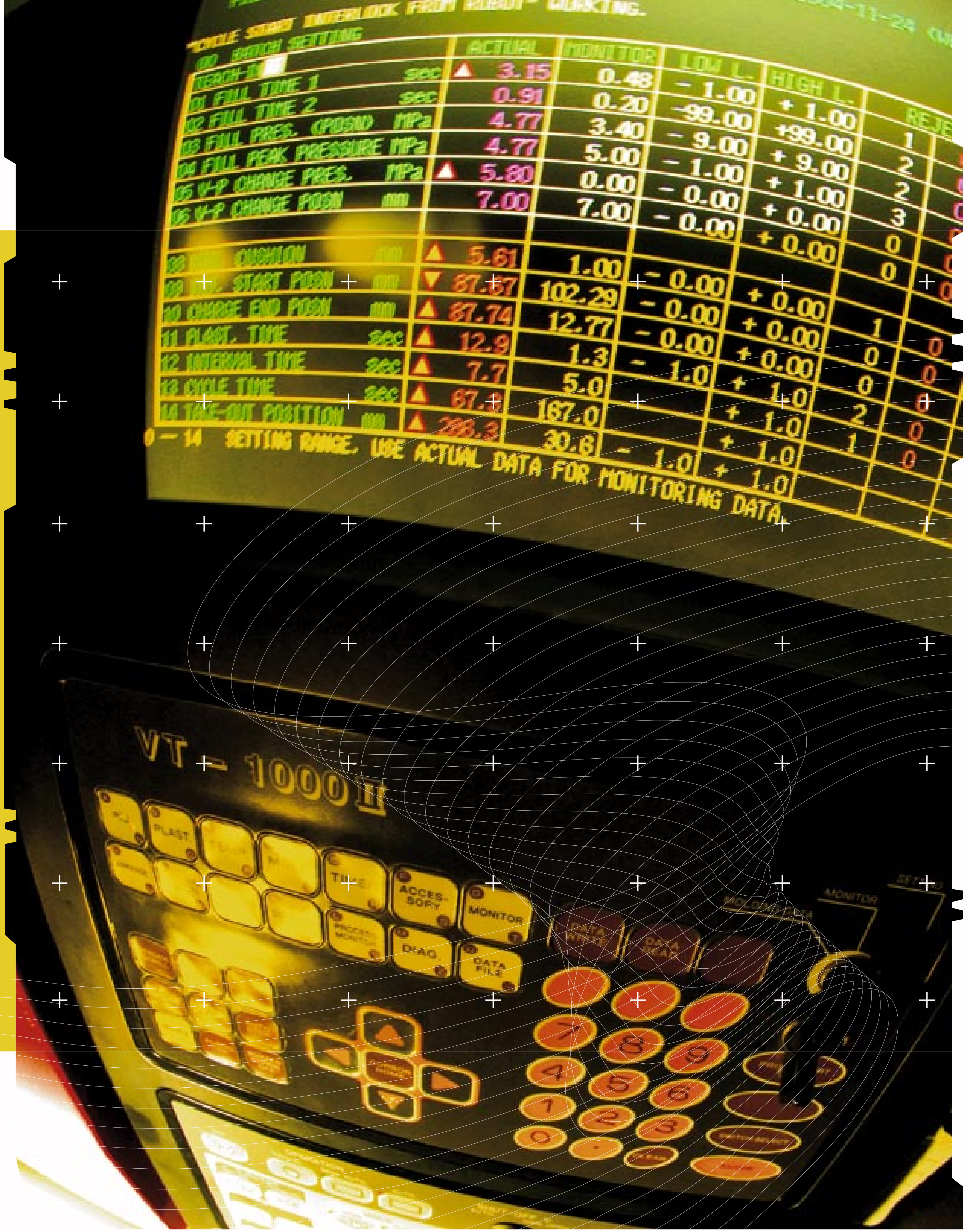
The Audit Committee has examined the performance of the Company's auditors and considers it satisfactory and benefit to business. Consequently, the Audit Committee has recommended to the Board of Committee to seek approval at the ordinary general shareholders' meeting for the appointment of Mr. Vichien Thamtrakul or Mr. Winid Silamongkol of KPMG Phoomchai Audit Ltd., as the Company's auditors for 2005.

On behalf of the Audit Committee

Air Vice Marshal K. Sindhvanand

(Kamthon Sindhvananda)
Chairman of the Audit Committee





CONSOLIDATED FINANCIAL STATEMENTS OF

The Siam Cement Public Company Limited and Subsidiaries

Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the consolidated balance sheet of The Siam Cement Public Company Limited and subsidiaries as at December 31, 2004, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements for the year ended December 31, 2003, of The Siam Cement Public Company Limited and subsidiaries which are presented for comparative purposes, were audited by another auditor in my firm, whose report dated February 12, 2004, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit 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 audit provides 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 The Siam Cement Public Company Limited and subsidiaries as at December 31, 2004, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
February 4, 2005

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

In Thousand Baht

ASSETS	Note	2004	2003
CURRENT ASSETS			
Cash and cash equivalents		**3,464,703**	2,307,493
Current investments		**584,564**	-
Trade and note receivables - net			
• Associated and related companies	1,4	**2,810,658**	1,950,589
• Other companies	3	**14,593,351**	11,265,038
Receivables from and short-term loans to associated and related companies	1,4	**544,016**	619,265
Inventories - net	5	**26,949,339**	20,227,493
Other current assets		**2,980,370**	2,845,640
TOTAL CURRENT ASSETS		**51,927,001**	39,215,518
LONG-TERM RECEIVABLES - Net of current portion		**247,080**	450,108
INVESTMENTS IN SHARES OF AND LONG-TERM			
LOANS TO ASSOCIATED AND OTHER COMPANIES - Net	6	**50,831,600**	49,583,162
PROPERTY, PLANT AND EQUIPMENT - at cost - Net	7	**75,227,067**	72,714,240
ASSETS REVALUATION SURPLUS	7	**72,858,335**	71,008,577
OTHER ASSETS	8	**14,590,542**	16,754,206
TOTAL ASSETS		**265,681,625**	249,725,811

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

In Thousand Baht

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2004	2003
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	9	**5,983,998**	11,548,398
Trade payables			
• Associated and related companies	1, 4	**2,226,334**	1,967,939
• Other companies		**9,720,736**	6,418,550
Current portion of long-term debts	11	**6,254,280**	9,798,045
Current portion of debentures	12	**19,222,891**	24,404,960
Payables to and short-term loans from associated and related companies	1, 4	**745,852**	471,851
Accrued expenses		**3,180,118**	2,948,022
Income tax payable		**1,159,047**	975,624
Other current liabilities		**1,691,251**	1,564,678
TOTAL CURRENT LIABILITIES		**50,184,507**	60,098,067
PROVIDENT FUNDS	10	**746,211**	746,506
LONG-TERM DEBTS - Net of current portion	11	**9,543,768**	11,682,902
DEBENTURES - Net of current portion	12	**62,877,743**	59,252,114
OTHER LIABILITIES	10	**2,631,123**	2,471,929
TOTAL LIABILITIES		**125,983,352**	134,251,518

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

CONSOLIDATED BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2004 AND 2003 — In Thousand Baht

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2004	2003
SHAREHOLDERS' EQUITY			
Share capital - common shares, Baht 1 par value			
Authorized shares - 1,600,000,000 shares			
Issued and fully paid share capital - 1,200,000,000 shares	13	**1,200,000**	1,200,000
Paid - in surplus		**-**	10,672
Revaluation surplus on property	7	**70,088,313**	67,479,464
Unrealized gain on investments in marketable securities	6	**6,596,511**	10,270,714
Currency translation differences		**(654,272)**	(563,328)
Equity in associated companies		**10,735,169**	3,139,114
Retained earnings			
Appropriated			
• Legal reserve	14	**120,000**	120,000
• General reserve		**10,294,000**	10,214,000
Unappropriated			
• From operations of the Company and subsidiaries		**30,750,568**	13,106,288
TOTAL SHAREHOLDERS' EQUITY		**129,130,289**	104,976,924
MINORITY INTEREST IN SUBSIDIARIES			
• From capital, operations and others		**7,797,962**	6,968,256
• From revaluation surplus on property	7	**2,770,022**	3,529,113
TOTAL MINORITY INTEREST IN SUBSIDIARIES		**10,567,984**	10,497,369
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTEREST IN SUBSIDIARIES		**139,698,273**	115,474,293
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**265,681,625**	249,725,811

For and on Behalf of the Board of Directors

Chaovana Nasylvanta
Chairman

Chumpol NaLamlieng
President

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

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 — In Thousand Baht

	Note	2004	2003
• Net sales		**192,395,233**	148,865,052
• Cost of sales		**136,522,441**	110,602,824
GROSS PROFIT		**55,872,792**	38,262,228
• Selling expenses		**8,770,890**	7,618,622
• Administrative expenses	16	**9,178,330**	9,068,908
• Directors' remuneration	17	**74,918**	78,424
PROFIT FROM SALES		**37,848,654**	21,496,274
• Other income	18	**2,169,530**	1,996,749
PROFIT FROM OPERATIONS		**40,018,184**	23,493,023
• Equity in net earnings of associated companies		**9,807,528**	6,746,454
PROFIT BEFORE INTEREST EXPENSE AND FINANCIAL CHARGES, AND INCOME TAX		**49,825,712**	30,239,477
• Interest expense and financial charges	19	**5,875,937**	8,100,926
• Income tax	20	**4,694,795**	3,943,685
PROFIT AFTER TAX		**39,254,980**	18,194,866
• Minority interest in net earnings of subsidiaries - net		**(5,547,533)**	(388,501)
PROFIT BEFORE EFFECTS OF INVESTMENTS AND ASSETS SOLD FOR RESTRUCTURING, PROVISION FOR DECLINE IN VALUE OF INVESTMENTS AND OTHERS		**33,707,447**	17,806,365
• Gain on investments and assets sold for restructuring, provision for decline in value of investments and others - net of income tax	6, 7	**2,775,991**	2,147,750
NET PROFIT		**36,483,438**	19,954,115
BASIC EARNINGS PER SHARE (IN BAHT)		**30.40**	16.63

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

In Thousand Baht

	2004	2003
COMMON SHARES		
• Beginning balance	1,200,000	1,200,000
• Addition	-	-
• Deduction	-	-
• Ending balance	1,200,000	1,200,000
PAID-IN SURPLUS		
• Beginning balance	10,672	10,672
• Addition	-	-
• Deduction	(10,672)	-
• Ending balance	-	10,672
REVALUATION SURPLUS ON PROPERTY		
• Beginning balance	67,479,464	61,120,501
• Addition	2,608,849	6,358,963
• Deduction	-	-
• Ending balance	70,088,313	67,479,464
UNREALIZED GAIN (LOSS) ON INVESTMENTS IN MARKETABLE SECURITIES		
• Beginning balance	10,270,714	(496,734)
• Addition	-	10,767,448
• Deduction	(3,674,203)	-
• Ending balance	6,596,511	10,270,714
CURRENCY TRANSLATION DIFFERENCES		
• Beginning balance	(563,328)	(368,308)
• Addition	-	-
• Deduction	(90,944)	(195,020)
• Ending balance	(654,272)	(563,328)

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

In Thousand Baht

	2004	2003
EQUITY IN ASSOCIATED COMPANIES		
From change in percentage of holdings		
• Beginning balance	-	488,287
• Addition	-	-
• Deduction	-	(488,287)
• Ending balance	-	-
From revaluation surplus on property		
• Beginning balance	2,318,092	2,732,459
• Addition	-	-
• Deduction	(370,918)	(414,367)
• Ending balance	1,947,174	2,318,092
From unrealized gain on investments in marketable securities		
• Beginning balance	674,942	31,081
• Addition	-	643,861
• Deduction	(77,941)	-
• Ending balance	597,001	674,942
From currency translation differences		
• Beginning balance	(87,177)	(36,236)
• Addition	5,756	-
• Deduction	-	(50,941)
• Ending balance	(81,421)	(87,177)
From operations of associated companies		
• Beginning balance	233,257	(3,940,425)
• Addition	9,807,528	6,746,454
• Deduction	(1,768,370)	(2,572,772)
• Ending balance	8,272,415	233,257
TOTAL EQUITY IN ASSOCIATED COMPANIES	10,735,169	3,139,114

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 — In Thousand Baht

	2004	2003
APPROPRIATED RETAINED EARNINGS		
Legal reserve		
• Beginning balance	120,000	120,000
• Addition	-	-
• Deduction	-	-
• Ending balance	120,000	120,000
General reserve		
• Beginning balance	10,214,000	10,140,000
• Addition	80,000	74,000
• Deduction	-	-
• Ending balance	10,294,000	10,214,000
UNAPPROPRIATED		
From operations of the Company and subsidiaries		
• Beginning balance	13,106,288	4,622,397
• Addition	28,444,280	15,083,891
• Deduction	(10,800,000)	(6,600,000)
• Ending balance	30,750,568	13,106,288
MINORITY INTEREST IN SUBSIDIARIES		
From capital, operations and others		
• Beginning balance	6,968,256	7,865,279
• Addition	829,706	-
• Deduction	-	(897,023)
• Ending balance	7,797,962	6,968,256
From revaluation surplus in property		
• Beginning balance	3,529,113	4,441,961
• Addition	-	-
• Deduction	(759,091)	(912,848)
• Ending balance	2,770,022	3,529,113
TOTAL MINORITY INTEREST IN SUBSIDIARIES	10,567,984	10,497,369
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTEREST IN SUBSIDIARIES	139,698,273	115,474,293

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 — In Thousand Baht

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
• Net profit	36,483,438	19,954,115
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:		
• Unrealized loss on foreign currency exchange	335,376	10,644
• Depreciation and amortization	10,199,981	10,211,266
• Provision for doubtful accounts	16,154	507,880
• Provision for impairment of assets	76,113	117,195
• Provision (Reversal of provision) for decline in value of investments-net	236,082	(189,752)
• Diminution in investments - net	487,817	397,673
• Gain on sales of investments and assets for restructuring-net	(3,499,891)	(2,355,671)
• Gain on sales of fixed assets	(36,937)	(76,226)
• Equity in net earnings of associated companies	(9,807,528)	(6,746,454)
• Equity in net earnings of associated companies before change to be subsidiary	(11,875)	-
• Minority interest in net earnings of subsidiaries - net	5,547,533	388,501
• Deferred income tax-net	2,303,005	2,165,670
NET PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	42,329,268	24,384,841
DECREASE (INCREASE) IN OPERATING ASSETS:		
• Trade and note receivables	(3,634,812)	(1,033,751)
• Receivables from associated and related companies	(80,756)	229,185
• Inventories - net	(6,004,714)	(384,004)
• Other current assets	2,377	193,244
• Other assets	598,043	(348,519)
NET INCREASE IN OPERATING ASSETS	(9,119,862)	(1,343,845)
INCREASE (DECREASE) IN OPERATING LIABILITIES:		
• Trade payables	3,448,359	(788,910)
• Payables to associated and related companies	21,680	44,532
• Accrued expenses and other current liabilities	579,043	(125,289)
• Provision for provident funds - net	(295)	56,618
NET INCREASE (DECREASE) IN OPERATING LIABILITIES	4,048,787	(813,049)
NET CASH PROVIDED BY OPERATING ACTIVITIES	37,258,193	22,227,947
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in associated and other companies	(3,035,396)	(194,991)
Dividend income from associated companies	4,266,572	3,483,824
INVESTMENTS IN SUBSIDIARIES		
• Acquisition of subsidiary net of cash	150,426	(70,060)
• Excess of cost over equity of subsidiaries	(2,227,148)	(1,933,886)
• Minority interest in subsidiaries	(1,977,521)	(1,644,908)
NET INCREASE IN INVESTMENTS IN SUBSIDIARIES	(4,054,243)	(3,648,854)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

In Thousand Baht

	2004	2003
Proceeds from sales of investments and assets for restructuring	4,277,797	2,600,527
Purchases of property, plant and equipment	(6,735,797)	(3,384,084)
Proceeds from sales of fixed assets	141,243	319,292
Payment received on loans to associated and related companies	50,623	624,773
Currency translation differences	(108,954)	(199,426)
NET CASH USED IN INVESTING ACTIVITIES	(5,198,155)	(398,939)
CASH FLOWS FROM FINANCING ACTIVITIES:		
BORROWINGS		
• Bank overdrafts and short-term loans from financial institutions	(6,015,358)	2,235,253
• Repayments of long-term debts	(10,713,977)	(15,494,005)
• Proceeds from long-term debts	3,150,728	4,716,590
• Proceeds from short-term loans from associated and related companies	251,633	35,339
• Liabilities under financial lease	(716,988)	(716,771)
• Proceeds from issuance of debentures	22,848,520	10,739,399
• Redemption of debentures	(24,404,960)	(17,537,515)
NET DECREASE IN BORROWINGS	(15,600,402)	(16,021,710)
DIVIDENDS		
• Cash dividend to minority interest	(4,418,074)	(749,399)
• Cash dividends	(10,800,000)	(6,600,000)
TOTAL DIVIDENDS	(15,218,074)	(7,349,399)
Other liabilities	(84,352)	93,994
NET CASH USED IN FINANCING ACTIVITIES	(30,902,828)	(23,277,115)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,157,210	(1,448,107)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,307,493	3,755,600
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,464,703	2,307,493
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the years		
Interest expense	5,967,348	8,986,316
Income tax	2,210,561	1,456,102

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Supplementary Disclosures to Consolidated Statements of Cash Flows

In the second quarter of 2004, The Siam Pulp and Paper Public Company Limited – a subsidiary, purchased additional shares of Thai Cane Paper Public Company Limited until it became a subsidiary of The Siam Cement Public Company Limited. The details of net assets of Thai Cane Paper Public Company Limited as of the acquisition date are as follows:

In Million Baht

Trade receivables	676
Inventories	717
Property, plant and equipment	5,353
Bank overdrafts and short-term loans from financial institutions	(400)
Long-term loans	(2,388)
Others - net	319
Net assets	4,277
Minority interest	(1,696)
Equity income in earnings before acquisition of subsidiary	(37)
Net assets acquired	2,544
Negative goodwill	(897)
Total purchase price	1,647
Less cash of subsidiary	(174)
Cash outflow for purchase of subsidiary	1,473
Less cash paid for purchase of investments in 2003	(1,623)
Net cash inflow from purchase of subsidiary (net of cash paid in Q2/04 of Baht 24 million)	(150)

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

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

1. Basis of Financial Statements and Principles of Consolidation

1.1 Nature of Operations

The Siam Cement Public Company Limited ("The parent company") is a Thai public company limited, and is listed on the Stock Exchange of Thailand (stock code "SCC"). SCC was incorporated in 1913, and is located at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand. SCC is Thailand's largest industrial group, with leading market positions in each of its businesses of petrochemicals, paper and cement. The Company's other operations included Building Products, Distribution, Cementhai Holding and Cementhai Property. The number of employees of the Company and subsidiaries at the end of years was 19,030 persons in 2004 and 18,276 persons in 2003.

1.2 Basis of Financial Statements Presentation

The Company owns a substantial portion of the capital shares of the companies in The Siam Cement Group. A substantial portion of the Company's business is represented by transactions with subsidiaries, associated and related companies and the financial statements reflect the effects of these transactions on the basis determined by the companies concerned which are in the normal course of business.

The consolidated financial statements for the years ended December 31, 2004 and 2003 include the accounts of The Siam Cement Public Company Limited and subsidiaries where the Company has controlling power and/or significant influence in identifying financial management policies and operations.

Subsidiaries included in the consolidated financial statements (only those with significant operations) are as follows:

	Direct/Indirect Holding (%)
Petrochemicals Business	
• Cementhai Chemicals Co., Ltd.	100
• Rayong Olefins Co., Ltd.	63
• Thai Polyethylene Co., Ltd.	100
• Thai Polyethylene (1993) Co., Ltd.	100
• Thai Polypropylene Co., Ltd.	100
• Thai Polypropylene (1994) Co., Ltd.	100
• CCC Chemical Commerce Co., Ltd.	100
• Map Ta Phut Tank Terminal Co., Ltd.	81
• Rayong Pipeline Co., Ltd.	91
Paper Business	
• The Siam Pulp and Paper Public Company Limited	98
• Siam Cellulose Co., Ltd.	98
• Thai Paper Co., Ltd.	99
• Thai Union Paper Public Company Limited	99
• Thai Union Paper Industry Co., Ltd.	98
• Siam Kraft Industry Ltd.	100
• Thai Kraft Paper Industry Co., Ltd.	99

	Direct/Indirect Holding (%)
• Thai Containers Ltd.	69
• Thai Containers Industry Co., Ltd.	69
• Thai Containers Ratchaburi (1989) Co., Ltd.	69
• Thai Containers Songkhla (1994) Co., Ltd.	69
• Thai Containers Chonburi (1995) Co., Ltd.	69
• City Pack Co., Ltd.	69
• Nippon Hi-Pack (Thailand) Co., Ltd.	51
• Thai Containers V&S Co., Ltd.	69
• Phoenix Pulp and Paper Public Company Limited	97
• United Pulp and Paper Co., Inc.	97
• Thai Cane Paper Public Company Limited	57
Cement Business	
• Siam Cement Industry Co., Ltd.	100
• The Siam Cement (Kaeng Khoi) Co., Ltd.	100
• The Siam Cement (Ta Luang) Co., Ltd.	100
• The Siam Cement (Thung Song) Co., Ltd.	100
• The Siam Cement (Lampang) Co., Ltd.	100
• The Concrete Products and Aggregate Co., Ltd.	100
• Siam Mortar Co., Ltd.	100
• The Siam White Cement Co., Ltd.	100
• The Siam Refractory Industry Co., Ltd.	100
• SCI Plant Services Co., Ltd.	100
• Siam Research and Development Co., Ltd.	100
Building Products Business	
• Cementhai Building Products Co., Ltd.	100
• The Siam Fibre-Cement Co., Ltd.	100
• The Siam Fibre-Cement Products (Lampang) Co., Ltd.	100
• Tip Fibre-Cement Co., Ltd.	100
• The CPAC Roof Tile Co., Ltd.	75
• Thai Ceramic Roof Tile Co., Ltd.	75
• The Siam CPAC Block Co., Ltd.	100
• The CPAC Block Industry Co., Ltd.	100
• Saraburirat Co., Ltd.	83
• The CPAC Concrete Products Co., Ltd.	100
• Cementhai Gypsum Co., Ltd.	100
• Siam Fiberglass Co., Ltd.	100
• PT. Siam-Indo Gypsum Industry (Indonesia)	50
• PT. Siam-Indo Concrete Products (Indonesia)	50
• CPAC Monier (Cambodia) Co., Ltd.	75
• CPAC Monier Philippines, Inc.	50
• CPAC Concrete Products (Cambodia) Co., Ltd.	100
• Cementhai Ceramics Co., Ltd.	100
• Thai Ceramic Co., Ltd.	100

	Direct/Indirect Holding (%)
• The Siam Ceramic Group Industries Co., Ltd. (Formerly, The Sosuco Group Industries Co., Ltd.)	100
• PT. Surya Siam Keramik	66
Distribution	
• Cementhai Distribution Co., Ltd.	100
• SCT Co., Ltd.	100
• Cementhai Sales and Marketing Co., Ltd.	100
• Cementhai Logistics Co., Ltd.	100
• Cementhai SCT (U.S.A.) Inc.	100
• Cementhai SCT (Singapore) Pte Ltd.	100
• Cementhai SCT (Cambodia) Co., Ltd.	75
• Siam Cement Myanmar Trading Co., Ltd.	60
Cementhai Holding	
• Cementhai Holding Co., Ltd.	100
Cementhai Property	
• Cementhai Property (2001) Public Company Limited	100
• Rayong Industrial Land Co., Ltd.	100
• SIL Industrial Land Co., Ltd.	100
• Property Value Plus Co., Ltd.	100

Most of the above subsidiaries are established in Thailand.

In 2004, The Siam Pulp and Paper Public Company Limited, - a subsidiary, purchased 34.27% additional outstanding shares of Phoenix Pulp and Paper Public Company Limited for Baht 4,476 million. As a result, the Company's interest in this Company as at December 31, 2004 becomes 98.68% (percentage of direct and indirect holding of The Siam Cement Public Company Limited equals to 96.83%).

In the second and third quarters of 2004, The Siam Pulp and Paper Public Company Limited, - a subsidiary, purchased 0.94% additional outstanding shares of Thai Cane Paper Public Company Limited ("TCP") for Baht 40 million. As a result, its interest in this company changed from 49.99% (percentage of direct and indirect holding of The Siam Cement Public Company Limited equals to 49.05%) to 50.93% (percentage of direct and indirect holding of The Siam Cement Public Company Limited equals to 49.97%). TCP then became a subsidiary of The Siam Cement Public Company Limited, as the Company has controlling power in identifying its financial management policies and operations. Subsequently, in the fourth quarter 2004, the Company purchased additional outstanding shares and invested in share capital increased of TCP for Baht 876 million. As a result, its interest in TCP increased to 57.59% (percentage of direct and indirect holding of The Siam Cement Public Company Limited equals to 56.51%). The accompanying consolidated financial statements for the year ended December 31, 2004 included the financial statements of this subsidiary.

In the second and third quarters of 2004, the Company purchased 13.48% additional outstanding shares of Thai Plastic and Chemical Public Company Limited for Baht 2,123 million. As a result, its interest in this company increased from 26.13% to 39.61% and the Company accounts for its investment in shares by the equity method.

All significant intercompany transactions with subsidiaries included in the consolidated financial statements have been eliminated.
Significant transactions with associated companies for the years 2004 and 2003 are as follows:

In Million Baht

	2004	2003	Pricing Policy
• Purchases	**20,617**	17,313	Market price
• Sales	**25,564**	14,829	Market price
• Service income and others	**439**	279	Market price
• Management fee and others	**602**	545	Mainly based on percentage of net sales
• Dividend income	**4,267**	3,484	Upon declaration

The Company maintains its official accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with financial accounting standards in Thailand, which may differ from generally accepted accounting principles in other countries. Accordingly, the users of these financial statements should have sufficient knowledge about Thai accounting principles and practices.

For convenience of the readers, an English translation of the financial statements has been prepared from the statutory Thai language financial statements which are issued for domestic financial reporting purposes.

2. Significant Accounting Policies

Revenue Recognition
The Company recognizes revenue from the sale of goods when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Dividends are recognized when declared.

Service fee income is recognized on an accrual basis in accordance with the terms of agreement.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Cash and Cash Equivalents
Cash and cash equivalents included cash and deposits at financial institutions and short-term investments which mainly are time deposits, with original maturities of three months or less.

Allowance for Doubtful Accounts
The Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

Investments in Shares
The Company accounts for its investments in shares in associated companies by the equity method.

Investments in other companies are valued at cost, and provision is taken up in the accounts for possible loss on decline in value of the investments. Investments in marketable securities are classified as available–for–sale, and carried at their fair value .

Inventory Valuation

The Company values its inventories at cost or net realizable value, whichever is lower, by the following methods:

Finished goods

- at standard cost which approximates current production cost

Merchandise

- at average cost

Goods in process

- at standard cost which includes raw materials, variable labor and manufacturing overhead costs.

Raw materials, spare parts, stores, supplies and others

- at average cost

Property, Plant and Equipment and Depreciation

The Company values its property, plant and equipment as follows:

Property, plant and equipment are stated at historical cost or revalued amount less accumulated depreciation and impairment losses. Starting in the 1997 accounting period, the Company and subsidiaries adopted a policy to present 3 classes of assets which have carrying values substantially lower than replacement costs. This includes land, buildings and machinery and equipment.

Land is appraised by appraised value of the Land Department. Buildings, machinery and equipment are appraised by appraised value (fair value basis), reported by an independent appraiser-American Appraisal (Thailand) Company Limited. The Company also has a policy to revalue every year without presenting the revaluation surplus in the consolidated statement of income. The revaluation surplus will be presented in the consolidated balance sheet as “Assets Revaluation Surplus,” and under Shareholders’ equity as “Revaluation surplus on property” and also “Minority interest in subsidiaries - from revaluation surplus on property”. Depreciation of property, plant and equipment has been computed by the straight-line method at rates which approximate the economic useful lives of the assets as follows:

	Period (Years)
• Land improvements	10 - 40
• Buildings and structures	20
• Plant, machinery and equipment	5 - 15
• Transportation equipment	5
• Furniture, fixtures and office equipment	5

Except for Phoenix Pulp and Paper Public Co., Ltd. where depreciation of property, plant and equipment has been computed by the following method at the rates which approximate the economic useful lives of the assets as follows:

	Period (Years)	Depreciation Method
• Land improvements	30	Straight-line
• Buildings and structures		
• Acquired prior to January 1, 2002	30	Sinking Fund
• Acquired from January 1, 2002	20, 30	Straight-line
• Machinery and equipment	15	Sinking Fund
• Certain machinery and equipment	5, 6, 8	Straight-line
• Furniture, fixtures and office equipment	5	Straight-line
• Transportation equipment	5	Straight-line

However, the effect of the above different depreciation policy to the consolidated financial statements is insignificant.

Depreciation expense for the finance lease assets is charged as expense for each accounting period.
The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.

Capitalization of Borrowing Cost

Borrowing costs incurred during the construction period are capitalized as part of the cost of construction in progress by applying a capitalization rate to expenditures on the construction of assets that require a substantial period of time to get them ready for use.

Intangibles and Amortization

The excess of the cost of investments in subsidiaries over the fair values of the assets and liabilities at the date of acquisition is accounted for as goodwill and included in other assets. Goodwill is amortized on a straight-line basis over its estimated useful life of 5 years.

Other assets recorded as deferred charges are amortized over one (1) to twenty (20) years.

Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount of assets is below their carrying amount. An impairment loss is recognized as an expense in the statement of income for items of assets carried at cost, or treated as a deduction of revaluation increment in the case that the asset is carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same assets.

A reversal of impairment loss is recognized as income or treated as a revaluation increment when there is an indication that the impairment loss recognized for the asset no longer exists or is to be decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of amortization or depreciation).

Financial Lease

Certain subsidiaries entered into sale and lease back agreements for certain machinery and equipment, resulting in a financial lease. Excess of sales proceeds over the carrying amount is not immediately recognized as income. Instead it is deferred and amortized over the lease term.

The subsidiaries recognized financial leases as assets and liabilities in the consolidated balance sheets at amounts equal at the inception of the lease to the fair value of the leased property. Lease payments are apportioned between the financial charge and the reduction of the outstanding liabilities. The financial charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Early Retirement Expense

In 2000, the Company offered certain qualifiable employees the option to take early retirement from the Company. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Company records expenses on early retirement upon mutual acceptance by both the Company and the employees. In 2003 and 2004, the plan has been extended to certain employees with mutual consent.

Income Tax

The Company and subsidiaries provide for deferred income tax resulting from timing differences in reporting expenses for financial reporting purposes compared to income tax reporting purposes (e.g. allowance for doubtful accounts, loss carryforwards up to 5 years). The deferred income tax is amortized as the timing differences later reverse.

Deferred income tax is recognized to the extent that it is probable that the future taxable profit will be available, and the timing difference can be utilized.

Foreign Currency Transactions and Translation of Foreign Currencies Financial Statements

Foreign currency transactions are recorded at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the year - end exchange rates, unless hedged by forward foreign exchange contracts, in which case they are translated at the rates, specified in the forward contracts. Gains or losses on translation are recognized in the consolidated statement of income. Fees on hedging contracts are amortized over the life of the contracts.

The financial statements of the foreign subsidiaries have been translated into Baht at the rates prevailing at the balance sheet date for assets and liabilities. Revenues and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments that arise from the translation of foreign subsidiaries' financial statements are accumulated as a separate component under the caption of currency translation differences in the shareholders' equity.

Financial Instruments

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, trade and other accounts receivable and payable, long-term receivables, loans, borrowings, investments and debentures. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

The Company and subsidiaries operate internationally and are exposed to market risks from changes in interest and foreign exchange rates. The Company and subsidiaries use derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in the income statement in the same period as the exchange differences on the items covered by the hedge. Costs on such contracts are amortized over the life of the contracts.

Basic Earnings per Share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of shares outstanding during the year (1,200,000,000 shares).

3. Trade and Notes Receivables

In Million Baht

	2004	2003
• Trade receivables	**14,726**	11,267
• Less: Allowance for doubtful accounts	**1,371**	1,296
Net	**13 355**	9,971
• Note receivables	**1,238**	1,294
Total	**14,593**	11,265

As at December 31, 2004 and 2003, the Company and subsidiaries have long outstanding accounts receivable aged as follows:

In Million Baht

	2004	2003
• Over 3 to 6 months	**71**	17
• Over 6 to 12 months	**86**	9
• Over 1 year	**1,368**	1,308
Total	**1,525**	1,334

4. Related Company Transactions

In Million Baht

	2004	2003
Trade receivables		
• Siam Polyethylene Co., Ltd.	**652**	457
• HMC Polymers Co., Ltd.	**502**	320
• Siam Styrene Monomer Co., Ltd.	**392**	196
• Bangkok Synthetics Co., Ltd.	**227**	182
• Thai Plastic and Chemical Public Company Limited	**183**	104
• Siam Yamato Steel Co., Ltd.	**171**	19
• CCC Chemical Commerce (China) Co., Ltd.	**111**	129
• Grand Siam Composites Co., Ltd.	**87**	28
• Thai MMA Co., Ltd.	**73**	26
• Sosuco Ceramic Co., Ltd.	**64**	69
• The Siam Gypsum Industry (Saraburi) Co., Ltd.	**50**	58
• Siam Toppan Packaging Co., Ltd.	**41**	41
• CRT Display Technology Co., Ltd.	**23**	23
• Nawa Plastic Industries Co., Ltd.	**23**	20
• Thai Olefins Public Company Limited	**18**	21
• Siam Tyre Industry Co., Ltd.	**3**	64
• Other companies	**191**	194
Total	**2,811**	1,951
Receivables and short-term Loans		
Current accounts		
• The Aromatics (Thailand) Public Company Limited	**75**	50
• Siam Kubota Industry Co., Ltd.	**46**	38
• Siam Mitsui PTA Co., Ltd.	**43**	18
• Mariwasa Manufacturing, Inc.	**38**	29
• Michelin Siam Marketing and Sales Co., Ltd.	**29**	28
• Cementhai Trading (M) Sdn. Bhd.	**24**	22
• Siam Asahi Technoglass Co., Ltd.	**22**	21
• National Petrochemical Public Company Limited	**21**	-
• The Siam Steel Cord Co., Ltd.	**17**	17
• Siam Mariwasa Toto, Inc.	**8**	14
• Thai Prosperity Terminal Co., Ltd.	**5**	10
• The Siam United Steel (1995) Co., Ltd.	**4**	20
• Mariwasa Holding, Inc.	**-**	61
• Millennium Steel Public Company Limited	**-**	29
• Other companies	**119**	99
	451	456

In Million Baht

	2004	2003
Notes receivable		
• Siam Sanitary Ware Co., Ltd.	**80**	-
• Siam Pulsawat Lighter Co., Ltd.	**10**	-
• Siam Yamato Steel Co., Ltd.	**-**	150
• IT One Co., Ltd.	**-**	9
• Other companies	**3**	4
	93	163
Total	**544**	619
Trade payables		
• National Petrochemical Public Company Limited	**621**	548
• Thai Olefins Public Company Limited	**370**	339
• Siam Construction Steel Co., Ltd.	**278**	275
• Siam Polyethylene Co., Ltd.	**256**	283
• The Aromatics (Thailand) Public Company Limited	**176**	140
• The Siam Gypsum Industry (Saraburi) Co., Ltd.	**111**	110
• Bangkok Synthetics Co., Ltd.	**108**	38
• The Siam Industrial Wire Co., Ltd.	**96**	69
• IT One Co., Ltd.	**49**	29
• The Siam Gypsum Industry (Songkhla) Co., Ltd.	**46**	47
• Siam Yamato Steel Co., Ltd.	**35**	43
• Other companies	**80**	47
Total	**2,226**	1,968
Payables and short-term loans		
Current accounts		
• Sosuco Ceramic Co., Ltd.	**83**	60
• Millennium Steel Public Company Limited	**22**	36
• IT One Co., Ltd.	**17**	15
• Siam Construction Steel Co., Ltd.	**17**	-
• Other companies	**26**	32
	165	143

	In Million Baht 2004	2003
Notes payable		
• Sosuco Ceramic Co., Ltd.	**220**	-
• PT. Trans-Pacific Polyethylene Indonesia	**91**	93
• Siam Furukawa Co., Ltd.	**60**	60
• Thai Prosperity Terminal Co., Ltd.	**20**	15
• Grand Siam Composites Co., Ltd.	**-**	39
• Other companies	**190**	122
	581	329
Total	**746**	472

5. Inventories

	In Million Baht 2004	2003
• Finished goods	**13,429**	10,252
• Goods in process	**1,227**	1,171
• Raw materials	**5,586**	3,263
• Spare parts	**4,298**	3,951
• Stores, supplies and others	**2,401**	1,398
• Raw materials and spare parts in transit	**204**	351
Total	**27,145**	20,386
• Less: Allowance for obsolescence and slow-moving items	**196**	159
Inventories - Net	**26,949**	20,227

6. Investments in Shares of and Long-Term Loans to Associated and Other Companies - Net

	Percentage of Direct and Indirect Holdings		In Million Baht Investment		Dividend	
	2004	2003	2004	2003	2004	2003
Investments in shares						
A. Associated Companies						
- At Equity						
Petrochemicals						
• National Petrochemical Public Company Limited	**25**	25	**5,631**	4,903	**387**	232
• Thai Plastic and Chemical Public Company Limited	**40**	26	**4,811**	1,919	**256**	160
• Siam Mitsui PTA Co., Ltd.	**50**	50	**4,041**	2,554	**322**	1,027
• Siam Styrene Monomer Co., Ltd.	**50**	50	**2,781**	3,472	**995**	617
• Thai MMA Co., Ltd.	**46**	46	**1,292**	1,334	**614**	240
• Siam Polyethylene Co., Ltd.	**50**	50	**1,211**	1,181	**-**	-
• Siam Polystyrene Co., Ltd.	**50**	50	**465**	442	**-**	-
• Grand Siam Composites Co., Ltd.	**46**	46	**395**	296	**165**	138
• Pacific Plastics (Thailand) Co., Ltd.	**48**	48	**374**	318	**-**	-
• Siam Synthetic Latex Co., Ltd.	**50**	50	**238**	290	**96**	59
• Thai MFC Co., Ltd.	**45**	45	**155**	143	**18**	32
• Thai Pet Resin Co., Ltd.	**20**	20	**117**	180	**-**	-
• PT. Siam Maspion Terminal	**50**	50	**105**	104	**-**	-
• SD Group Service Co., Ltd.	**49**	49	**77**	59	**-**	-
• Tianjin Cementhai Plastic Products Co., Ltd.	**25**	25	**48**	47	**-**	-
• Others			**55**	50	**4**	7
			21,796	17,292	**2,857**	2,512
Paper						
• Siam Toppan Packaging Co., Ltd.	**49**	49	**298**	270	**-**	-
• Thai British Security Printing Public Company Limited	**49**	49	**280**	262	**24**	16
• P&S Holding Philippines	**40**	40	**-**	12	**-**	-
• Thai Cane Paper Public Company Limited	**-**	50	**-**	1,852	**-**	-
			578	2,396	**24**	16
Cement						
• Aalborg Siam White Cement Pte., Ltd.	**50**	50	**5**	6	**-**	-
			5	6	**-**	-
Building Products						
• Sosuco Ceramic Co., Ltd.	**45**	45	**470**	250	**45**	27
• Siam Sanitary Ware Co., Ltd.	**36**	36	**408**	275	**14**	7
• The Siam Gypsum Industry Co., Ltd.	**29**	29	**298**	293	**55**	40
• The Siam Sanitary Fittings Co., Ltd.	**45**	45	**156**	117	**17**	7
• PT M Class Industry	**28**	-	**106**	-	**-**	-
• The Siam Moulding Plaster Co., Ltd.	**40**	40	**67**	61	**6**	-
• Others			**98**	168	**-**	-
			1,603	1,164	**137**	81

	Percentage of Direct and Indirect Holdings		In Million Baht Investment		Dividend	
	2004	2003	2004	2003	2004	2003
Distribution						
• Thai Prosperity Terminal Co., Ltd.	**50**	50	**61**	60	**15**	15
• Siam Pulsawat Lighter Co., Ltd.	**29**	29	**23**	20	**-**	-
• Survey Marine Service Co., Ltd.	**48**	48	**17**	17	**-**	-
• Others			**14**	8	**-**	3
			115	105	**15**	18
Cementhai Holding						
• Michelin Siam Group Co., Ltd.	**39**	39	**2,345**	2,119	**427**	398
• Siam Yamato Steel Co., Ltd.	**45**	45	**2,146**	1,346	**366**	-
• Millennium Steel Public Company Limited	**40**	41	**1,965**	742	**-**	-
• Siam Asahi Technoglass Co. ,Ltd.	**27**	27	**1,749**	1,569	**84**	165
• Thai CRT Co., Ltd.	**48**	48	**1,193**	1,125	**-**	-
• The Siam Kubota Industry Co., Ltd.	**40**	42	**958**	985	**175**	175
• Musashi Auto Parts Co., Ltd.	**21**	21	**549**	387	**15**	13
• Thai Engineering Products Co., Ltd.	**30**	30	**416**	286	**24**	20
• The Deves Insurance Public Co., Ltd.	**21**	21	**347**	338	**23**	20
• The Siam Industrial Wire Co., Ltd.	**29**	29	**312**	190	**58**	-
• Siam Lemmerz Co., Ltd.	**30**	30	**306**	229	**59**	47
• Siam AT Industry Co., Ltd.	**30**	30	**162**	79	**-**	-
• Aisin Takaoka Foundry Bangpakong Co., Ltd.	**30**	30	**161**	121	**-**	-
• Nawaloha Industry Co., Ltd.	**30**	30	**109**	50	**-**	-
• Siam Furukawa Co., Ltd.	**29**	29	**66**	87	**3**	-
• Others			**73**	27	**-**	19
			12,857	9,680	**1,234**	857
Cementhai Property						
• Nawa 84 Co., Ltd.	**25**	25	**293**	294	**-**	-
			293	294	**-**	-
IT One Co., Ltd.	**49**	49	**89**	63	**-**	-
			89	63	**-**	-
Total Investments in Associated Companies			**37,336**	31,000	**4,267**	3,484

	Percentage of Direct and Indirect Holdings		In Million Baht Investment		Dividend	
	2004	2003	2004	2003	2004	2003
B.Other Companies						
- At cost						
Petrochemicals						
• PT. Trans - Pacific Petrochemical Indotama	**17**	20	**1,976**	2,325	**-**	-
• Bangkok Synthetics Co., Ltd.	**18**	18	**352**	352	**134**	31
• PT. Trans - Pacific Polyethylene Indonesia *	**39**	39	**184**	184	**-**	-
• PT. Trans - Pacific Polyethylindo *	**39**	39	**131**	131	**-**	-
• PT. Trans - Pacific Styrene Indonesia	**10**	10	**31**	31	**-**	-
• PT. Trans - Pacific Polypropylene Indonesia	**10**	10	**22**	22	**-**	-
• Others			**18**	18	**-**	2
			2,714	3,063	**134**	33
* No existence of significant influence						
Paper						
• AB Capital & Investment Corp.	**3**	3	**18**	18	**-**	-
• Others			**13**	13	**-**	-
			31	31	**-**	-
Cement						
• Asia Cement Public Company Limited	**10**	10	**942**	942	**47**	39
• Holcim (Bangladesh) Co., Ltd.	**10**	10	**361**	361	**-**	-
			1,303	1,303	**47**	39
Building Products						
• Finfloor S.P.A.	**10**	10	**299**	299	**-**	10
• Ya-Hua Building Material Co., Ltd.	**20**	20	**50**	50	**-**	-
			349	349	**-**	10
Distribution						
• Advance Paint & Chemical (Thailand) Public Co., Ltd.	**-**	7	**23**	23	**-**	-
• Others			**5**	5	**-**	-
			28	28	**-**	-
Cementhai Holding						
• Toyota Motor (Thailand) Co., Ltd.	**10**	10	**881**	881	**93**	37
• Siam Toyota Manufacturing Co., Ltd.	**4**	4	**98**	98	**6**	-
• Thai Tokai Carbon Products Co., Ltd.	**7**	7	**48**	48	**1**	-
• Convertible debenture-Millennium Steel Public Company Limited			**200**	790	**-**	-
• Others			**-**	21	**-**	-
			1,227	1,838	**100**	37
			38	95	**-**	-
Others			**5,690**	6,707	**281**	119

	Percentage of Direct and Indirect Holdings		In Million Baht			
			Investment		Dividend	
	2004	2003	2004	2003	2004	2003
Marketable securities						
- At fair value (Available-for-sale)						
• The Aromatic (Thailand) Public Company Limited	**8**	14	**4,684**	8,614	**-**	-
• Thai Olefin Public Company Limited	**7**	7	**3,781**	4,124	**-**	-
			8,465	12,738	**-**	-
Total			**51,491**	50,445	**4,548**	3,603
• Less allowance for decline in value of investments			**2,615**	2,613	**-**	-
Investments in associated and other companies - net			**48,876**	47,832	**4,548**	3,603
Long-term loans to associated and other companies						
• The Aromatic (Thailand) Public Company Limited			**1,224**	1,225	**-**	-
• Millennium Steel Public Company Limited			**732**	526	**-**	-
Total Long-term loans to associated and other companies			**1,956**	1,751	**-**	-
Total Investments in shares of and long - term loans to associated and other companies			**50,832**	49,583	**4,548**	3,603

The aggregate values of the above investments in shares of other companies, based on the latest available audited/reviewed financial statements or the quoted market prices (Closing price) on the Stock Exchange as at December 31, 2004, are as follows:

	In Million Baht			
	Cost	Net Book Value or Quoted Market Price (Closing price)	Allowance for Decline in Value of Investments	Unrealized Gain on Investments in Securities
• Non-marketable	5,690	7,954	(2,615)	-
• Marketable	1,869	8,465	-	6,596
Total	7,559	16,419	(2,615)	6,596

According to the corporate restructuring plan of The Siam Cement Group, in 2003, the Company sold its investments in shares of certain affiliated companies such as Thai Tokai Carbon Products Co., Ltd. and Millennium Steel Public Company Limited, and reversed an allowance for decline in value of investments. In addition, the Company sold warrants of Millennium Steel Public Company Limited and its parcels of land which are located at DonMuang and Sathupradit, Bangkok and at Amphur Cha Am, Petchaburi. In 2004, the Company sold a portion of its investments in shares of certain affiliated companies such as Millennium Steel Public Company Limited, and The Aromatics (Thailand) Public Company Limited. In addition, the Company provided an allowance for decline in value of investments in other company.

The Company presented gains on investments and assets sold and others of approximately Baht 2,776 million in 2004 and Baht 2,148 million in 2003 net of income tax under the caption of “Gain on investments and assets sold for restructuring, provision for decline in value of investments and others - net of income tax” in the accompanying consolidated statements of income.

7. Property, Plant and Equipment

	In Million Baht				
	Balance as of December 31, 2003	Increase	Decrease	Transfer	Balance as of December 31, 2004
At Cost					
• Land and land improvements	13,101	280	104	283	**13,560**
• Buildings and structures	24,131	927	57	353	**25,354**
• Plant, machinery and equipment	141,187	6,763	998	2,779	**149,731**
• Transportation equipment	3,181	119	78	91	**3,313**
• Furniture, fixtures and office equipment	3,932	172	171	100	**4,033**
• Other depreciable assets	427	2	3	-	**426**
• Construction in progress	3,197	6,060	318	(3,568)	**5,371**
• Advances for purchases of land, machinery and equipment	55	231	17	(38)	**231**
Total	189,211	14,554	1,746	-	**202,019**
Less Accumulated depreciation					
• Land improvements	3,979	273	7	-	**4,245**
• Buildings and structures	11,289	1,322	39	-	**12,572**
• Plant, machinery and equipment	94,259	9,164	642	-	**102,781**
• Transportation equipment	2,963	181	71	(1)	**3,072**
• Furniture, fixtures and office equipment	3,453	272	164	1	**3,562**
• Other depreciable assets	401	9	3	-	**407**
Total accumulated depreciation	116,344	11,221	926	-	**126,639**
Accumulated impairment losses	153	-	-	-	**153**
Total accumulated depreciation and accumulated impairment losses	116,497	11,221	926	-	**126,792**
Property, plant and equipment - Net	72,714	3,333	820	-	**75,227**

Interest and other related financial charges incurred in 2004 and 2003, amounting to Baht 188 million and Baht 208 million, respectively, were capitalized as part of the cost of constructing new plant facilities.

Depreciation expense amounted to Baht 9,586 million in 2004 and Baht 9,365 million in 2003.

The cost of machinery and equipment held under financial leases was Baht 2,208 million and has a net book value of Baht 1,139 million as at December 31, 2004.

Revaluation Surplus
As at December 31, 2003, the Company and subsidiaries appraised their property, plant and equipment as follows:

- Land - at appraised value of the Land Department with a revaluation surplus of Baht 6,720 million.

- Buildings, machinery and equipment - at appraised value (fair value basis) reported by an independent appraiser dated January 13, 2004 with a revaluation surplus of Baht 64,289 million as at December 31, 2003 consisting of Baht 6,287 million for buildings and Baht 58,002 million for machinery and equipment.

As at December 31, 2004, the Company and subsidiaries appraised their property, plant and equipment as follows:

- Land - at appraised value of the Land Department with a revaluation surplus of Baht 7,378 million.

- Buildings, machinery and equipment - at appraised value (fair value basis) reported by an independent appraiser dated January 18, 2005 with a revaluation surplus of Baht 65,480 million as at December 31, 2004 consisting of Baht 8,040 million for buildings and Baht 57,440 million for machinery and equipment.

8. Other Assets

	In Million Baht	
	2004	2003
• Deferred income tax - net	**7,793**	9,792
• Deposits, claims and deferred charges - net	**2,253**	2,310
• Land, buildings and land improvements not used in operations - net of accumulated depreciation	**973**	1,065
• Goodwill - net	**2,583**	1,868
• Others	**989**	1,719
Total	**14,591**	16,754

Amortization of deferred charges was Baht 1,117 million in 2004 and Baht 1,207 million in 2003.

9. Bank Overdrafts and Short-Term Loans from Financial Institutions

	In Million Baht	
	2004	2003
• Bank overdrafts	**155**	249
• Loans	**911**	1,049
• Notes payable	**4,278**	10,184
• Acceptance payables and liabilities under trust receipts	**640**	66
Total	**5,984**	11,548

The Company and subsidiaries have overdraft lines with several banks amounting to approximately Baht 3,800 million in 2004 and Baht 4,300 million in 2003.

Under the terms of the agreements covering the Company's liabilities under trust receipts, certain raw materials, finished goods, spare parts, machinery and equipment have been released to the Company in trust for the banks. The Company is accountable to the banks for the trusteed raw materials, finished goods, spare parts, machinery and equipment or their sales proceeds.

10. Provident Funds

The Company and certain subsidiaries have provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, the benefits made solely by the companies are payables to the employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment. In addition to the above provident funds, since April 1995, the Company and subsidiaries have established a contributory provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership is voluntary upon employees attaining permanent status. Under the regulations of the fund, members are required to make monthly contributions to the fund at 2% to 10% of the members' basic salaries and the Company or subsidiary is required to make monthly contributions to the fund at 5% to 10% of the members' basic salaries, depending on the length of employment.

Total provision and contributions to the above two (2) funds amounted to approximately Baht 448 million and Baht 422 million in 2004 and 2003, respectively.

11. Long-Term Debt

	In Million Baht 2004	2003
• Deferred payment plans for acquisition of machinery	**2,739**	3,212
• Financial lease liabilities	**956**	1,604
• Loans	**12,103**	16,665
Total	**15,798**	21,481
Less: Current portion due within one year		
• Loans	**5,298**	9,150
• Financial lease liabilities	**956**	648
Long-Term Debt - Net	**9,544**	11,683

Long-term debt mainly represents foreign currency loans with most of them hedged by financial derivatives to manage exchange rate risk. The average interest rate is approximately 4.50% p.a..

The Company and subsidiaries hedge most of their foreign exchange risk by entering into Currency Swap Agreements with foreign banks, whereby the Company and subsidiaries will repay the loans by other currencies as specified in the agreements.

Financial Lease

In 2002, six (6) subsidiaries entered into leased machinery and equipment agreements. Lease terms are for a period of 3 years. Financial lease liabilities as at December 31, 2004 and 2003 were Baht 956 million and Baht 1,604 million, respectively.

	In Million Baht 2004	2003
Representing financial lease liabilities		
• Next 1 year	**956**	648
• Over 1 year through 3 years	**-**	956
	956	1,604

Lease payment commitments (including interest) for the above financial leases are as follows:

	In Million Baht 2004	2003
• Next 1 year	**1,004**	717
• Over 1 year through 3 years	**-**	1,004
Total minimum lease obligations	**1,004**	1,721

12. Debentures

As at December 31, 2004 and 2003, the Company and a subsidiary issued unsubordinated and unsecured debentures totalling Baht 85,500 million and Baht 90,500 million, respectively as follows:

Debentures No.	In Million Baht 2004	2003	Interest Rate (% p.a.)	Term	Maturity Date	Fair Value** 2004	2003
Debentures - The Siam Cement PCL							
No. 1/1999	-	5,200	*floating rate+ 3.50% p.a.	5 years	April 1, 2004	-	1,006
No. 2/1999	-	8,800	10.50% p.a.	5 years	April 1, 2004	-	1,021
No. 4/1999	12,000	12,000	9.50% p.a.	5.5 years	April 1, 2005	1,042	1,081
No. 6/1999	-	6,000	8.75% p.a.	5 years	November 1, 2004	-	1,066
No. 1/2000	25,000	25,000	7.75% p.a. for first 4 years and *floating rate+2.00% p.a. for last 2 years	6 years	March 31, 2006	1,002	999
No. 1/2002	7,500	7,500	4.50% p.a.	3 years	October 1, 2005	1,024	1,027
No. 1/2003	6,000	6,000	3.50% p.a.	4 years	April 1, 2007	1,004	1,001
No. 2/2003	10,000	10,000	3.25% p.a.	4 years	November 1, 2007	996	984
No. 1/2004	10,000	-	4.25% p.a.	4 years	April 1, 2008	1,013	-
No. 2/2004	10,000	-	4.50% p.a.	4 years	November 1, 2008	1,020	-
	80,500	80,500					
Debentures - The Siam Pulp and Paper PCL							
No. 1/2001	-	5,000	5.50% p.a.	3 years	October 1, 2004	-	1,020
No. 2/2001	5,000	5,000	6.50% p.a.	5 years	October 1, 2006	1,066	1,070
	5,000	10,000					
Total	85,500	90,500					
Less Debentures Held by Subsidiary	3,399	6,843					
Net	82,101	83,657					
Less: Current Portion	19,223	24,405					
Net	62,878	59,252					

* Floating rate is equal to average rate of 12 months fixed deposit of 4 banks.

** Latest price (Baht per unit : 1 unit = Baht 1,000) as at December 31, 2004 and 2003.

13. Share Capital

At the Ordinary Shareholders' Meeting held on March 26, 2003, the shareholders unanimously approved to change the par value of common shares of the Company from Baht 10 per share divided into 160,000,000 shares to be Baht 1 per share divided into 1,600,000,000 shares. The change was registered with the Ministry of Commerce on April 17, 2003. As at December 31, 2004 and 2003, the issued and fully paid share capital is 1,200,000,000 shares, totalling Baht 1,200 million.

14. Legal Reserve

Under the provisions of the Public Company Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit (after deduction of the deficit brought forward, if any) as legal reserve until the reserve reaches 10% of the authorized share capital. As at December 31, 2004, the legal reserve amounted to 10% of the issued and fully paid-up share capital. This reserve is not available for dividend distribution.

15. Dividends

a) At the Ordinary Shareholders' Meeting held on March 24, 2004, the shareholders resolved to declare total dividends for the year 2003 at Baht 6.00 per share, in total amounting to Baht 7,200 million. However, on July 30, 2003, the Board of Directors resolved to declare the 2003 interim dividend at the rate of Baht 2.50 per share, in total amounting to Baht 3,000 million. This interim dividend was paid on August 28, 2003. The final dividend was at the rate of Baht 3.50 per share, in total amounting to Baht 4,200 million. The payment was made on April 21, 2004.

b) At the Board of Directors' Meeting held on July 28, 2004, the Board of Directors resolved to declare an interim dividend for the year 2004 at Baht 5.50 per share, in total amounting to Baht 6,600 million. The payment was made on August 26, 2004.

16. Administrative Expenses

In Million Baht

	2004	2003
• Salary and wages	**4,542**	4,188
• Amortization of goodwill	**858**	996
• Repair and maintenance	**416**	264
• Early retirement expense	**383**	221
• Professional fees	**383**	302
• Publication	**379**	207
• Per diem and travellings	**360**	296
• Depreciation and amortization expense	**312**	449
• Employee training and development	**298**	225
• License fees and other fees	**264**	227
• Staff welfare	**241**	215
• Communication and transportation	**204**	210
• Outside wages	**162**	146
• Bad debt	**16**	508
• Others	**360**	615
Total	**9,178**	9,069

17. Directors' Remuneration

Director's remuneration represents the remuneration under the articles of the Company, paid to the directors of The Siam Cement Public Company Limited.

18. Other Income

In Million Baht

	2004	2003
• Management fee income	**502**	441
• Gain on disposal of scrap and others	**401**	477
• Dividend income from other companies	**281**	119
• Rental income	**149**	144
• Income from delay payment	**141**	84
• Commission income	**87**	22
• Interest income from financial institutions	**80**	72
• Gain on fixed assets sold	**45**	101
• Others	**483**	537
Total	**2,169**	1,997

19. Interest Expense and Financial Charges

In Million Baht

	2004	2003
• Interest - loans local	**5,084**	7,149
• Interest - loans abroad	**612**	764
• Interest - provident funds	**74**	74
• Loss on exchange rate	**106**	114
Total	**5,876**	8,101

20. Income Tax

Provision for income tax for the years ended December 31, is as follows:

In Million Baht

	2004	2003
• Corporate income tax payable for the year	**2,392**	1,778
• Deferred income tax - net	**2,303**	2,166
Provision for income tax	**4,695**	3,944

21. Agreements

As at December 31, 2004:

a) Certain subsidiaries entered into agreements with several foreign companies for the latter to provide technical information, technical know-how and technical assistance to manufacture licensed products. As at December 31, 2004, the subsidiaries are committed to pay technical know-how fees for a lump sum amount, and royalty fees based on a percentage of net sales of products as indicated in the agreements.

b) The Company had a Financial Support Agreement with a company in which the Company is a shareholder. According to the financial support agreement, the Company must comply with the conditions as indicated in the agreement based upon their ownership interest. As of December 31, the Company complied with the agreement by providing financial support totalling USD 31.5 million at December 31, 2004 and 2003. The above loan is presented as loans under the caption of “Investments in shares of and long-term loans to associated companies and other companies-net” in the accompanying consolidated financial statements.

22. Segment Information

The Company operates in five reportable business segments which are organized by similar products and services: petrochemicals, paper, cement, building products and distribution. The Company accounts for intersegment sales at market prices.

The petrochemicals segment manufactures and sells olefins, polyolefins and other petrochemical products.

The paper segment produces and sells printing and writing paper, gypsum linerboard, industrial paper and corrugated boxes.

The cement segment is principally involved in the manufacture and sale of grey cement, ready-mixed concrete, white cement and dry mortar.

The building products segment produces and sells roof tiles, concrete paving blocks, gypsum boards, ceramic tiles, sanitary wares and sanitary fittings.

The distribution segment is principally involved in distribution of cement, steel, building and decorative products of the Group companies as well as importing fuel products, waste paper and scrap iron.

Other businesses, mainly electronics, steel and tires, are presented under Cementhai Holding. The property business is presented under Cementhai Property.

The following segment information is used by management to evaluate the performance of segments and to allocate resources. The Company evaluates operating performance based on income from operations before interest expense, income tax and depreciation and amortization.

Information relating to industry segments for the year 2004 as compared with 2003 are as follows:

In Million Baht

	Total assets		Net sales		EBITDA (1)	
	2004	2003	2004	2003	2004	2003
Total Consolidated	**265,682**	249,726	**192,395**	148,865	**54,626**	37,188
• Petrochemicals	**82,017**	74,490	**75,185**	50,767	**23,642**	9,851
• Paper	**55,899**	49,909	**38,265**	33,564	**9,840**	9,819
• Cement	**64,674**	64,987	**36,658**	30,552	**13,175**	11,581
• Building Products	**26,036**	23,173	**20,542**	18,147	**5,307**	4,382
• Distribution	**8,041**	6,902	**68,558**	56,551	**1,541**	602
• Cementhai Holding	**15,102**	12,474	**-**	-	**1,344**	907
• Cementhai Property	**3,321**	6,106	**417**	475	**174**	259

In Million Baht

	Operating income (loss) before extraordinary items (2)		Net profit (loss)		Depreciation and amortization	
	2004	2003	2004	2003	2004	2003
Total Consolidated	**33,707**	17,806	**36,483**	19,954	**10,341**	10,211
• Petrochemicals	**17,973**	7,705	**20,523**	7,777	**2,683**	2,638
• Paper	**4,125**	4,231	**4,122**	4,424	**3,137**	3,171
• Cement	**6,810**	5,426	**6,582**	5,313	**2,574**	2,509
• Building Products	**2,700**	2,275	**2,700**	2,253	**998**	836
• Distribution	**968**	251	**968**	251	**101**	139
• Cementhai Holding	**3,838**	1,908	**4,300**	3,515	**-**	-
• Cementhai Property	**(64)**	(141)	**(64)**	(141)	**19**	24

(1) Represents profit before income tax, interest expense and financial charges, depreciation and amortization, includes dividend from associated and other companies.

(2) Represents profit (loss) before gain (loss) on investments and assets sold for restructuring, provision for decline in value of investments and others.

23. Operations of Business Groups

Business Groups (In Million Baht)

	Petrochemicals		Paper		Cement		Building Products	
	2004	2003	2004	2003	2004	2003	2004	2003
Information from Balance sheets								
• Current assets	**20,360**	11,167	**13,668**	11,933	**7,606**	6,019	**6,946**	6,111
• Investments in shares of and long-term loans to associated and other companies – net	**30,782**	30,578	**595**	2,416	**981**	1,306	**1,903**	1,462
• Property, plant and equipment-net	**24,309**	25,794	**23,176**	18,423	**43,164**	44,888	**8,326**	7,355
• Assets revaluation surplus	**5,089**	5,126	**16,771**	17,096	**9,873**	8,672	**7,968**	7,361
• Other assets	**1,477**	1,825	**1,689**	41	**3,050**	4,102	**893**	884
Total assets	**82,017**	74,490	**55,899**	49,909	**64,674**	64,987	**26,036**	23,173
• Short-term loan	**8,764**	12,709	**7,909**	6,434	**17,924**	25,833	**5,765**	5,740
• Current liabilities	**5,826**	3,493	**3,402**	2,845	**3,456**	2,740	**2,971**	2,796
• Long-term loan	**20,082**	23,035	**6,923**	6,415	**-**	414	**40**	278
• Other liabilities	**1,950**	1,473	**61**	86	**664**	926	**385**	407
Total liabilities	**36,622**	40,710	**18,295**	15,780	**22,044**	29,913	**9,161**	9,221
• Total shareholders' equity and minority interest in subsidiaries	**45,395**	33,780	**37,604**	34,129	**42,630**	35,074	**16,875**	13,952
Total liabilities and shareholders' equity	**82,017**	74,490	**55,899**	49,909	**64,674**	64,987	**26,036**	23,173

Business Groups (In Million Baht)

	Distribution		Cementhai Holding		Cementhai Property		Total Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
Information from Balance sheets								
• Current assets	**5,357**	4,402	**259**	429	**2,179**	4,921	**51,927**	39,216
• Investments in shares of and long-term loans to associated and other companies – net	**121**	115	**14,818**	12,035	**293**	294	**50,832**	49,583
• Property, plant and equipment-net	**1,135**	1,035	**9**	9	**608**	627	**75,227**	72,714
• Assets revaluation surplus	**276**	271	**-**	-	**-**	-	**72,858**	71,009
• Other assets	**1,152**	1,079	**16**	1	**241**	264	**14,838**	17,204
Total assets	**8,041**	6,902	**15,102**	12,474	**3,321**	6,106	**265,682**	249,726
• Short-term loan	**1,137**	2,333	**5,188**	5,166	**707**	3,954	**32,042**	46,080
• Current liabilities	**5,658**	4,736	**67**	75	**105**	134	**18,143**	14,018
• Long-term loan	**27**	-	**-**	-	**-**	-	**72,422**	70,935
• Other liabilities	**84**	86	**22**	13	**53**	54	**3,377**	3,219
Total liabilities	**6,906**	7,155	**5,277**	5,254	**865**	4,142	**125,984**	134,252
• Total shareholders' equity and minority interest in subsidiaries	**1,135**	(253)	**9,825**	7,220	**2,456**	1,964	**139,698**	115,474
Total liabilities and shareholders' equity	**8,041**	6,902	**15,102**	12,474	**3,321**	6,106	**265,682**	249,726

Business Groups (In Million Baht)

	Petrochemicals		Paper		Cement		Building Products	
	2004	2003	2004	2003	2004	2003	2004	2003
Information from Statements of Income								
• Net sales	**75,185**	50,767	**38,265**	33,564	**36,658**	30,552	**20,542**	18,147
• Cost of sales	**(55,537)**	(44,599)	**(28,516)**	(23,941)	**(23,043)**	(19,227)	**(13,601)**	(12,103)
Gross margin	**19,648**	6,168	**9,749**	9,623	**13,615**	11,325	**6,941**	6,044
• Operating expenses	**(2,031)**	(1,897)	**(3,235)**	(3,082)	**(3,380)**	(2,560)	**(2,953)**	(2,765)
Profit (loss) from operations	**17,617**	4,271	**6,514**	6,541	**10,235**	8,765	**3,988**	3,279
• Interest expense and financial charges	**(631)**	(1,033)	**(719)**	(993)	**(1,293)**	(2,038)	**(474)**	(378)
• Other income	**486**	430	**165**	91	**366**	307	**183**	185
Profit (loss) before income tax	**17,472**	3,668	**5,960**	5,639	**9,308**	7,034	**3,697**	3,086
• Income tax	**(270)**	(156)	**(1,459)**	(1,275)	**(2,500)**	(1,611)	**(1,059)**	(808)
Profit (loss) after income tax	**17,202**	3,512	**4,501**	4,364	**6,808**	5,423	**2,638**	2,278
• Minority interest in net earnings	**(4,823)**	231	**(419)**	(440)	**2**	5	**(227)**	(219)
• Equity in associated companies	**5,594**	3,962	**43**	307	**-**	(2)	**289**	216
Profit (loss) before gain (loss) on investments and assets sold and others	**17,973**	7,705	**4,125**	4,231	**6,810**	5,426	**2,700**	2,275
• Gain (loss) on investments and assets sold and others*	**2,550**	72	**(3)**	193	**(228)**	(113)	**-**	(22)
Net profit (loss)	**20,523**	7,777	**4,122**	4,424	**6,582**	5,313	**2,700**	2,253

Business Groups (In Million Baht)

	Distribution		Cementhai Holding		Cementhai Property		Total Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
Information from Statements of Income								
• Net sales	**68,558**	56,551	**-**	-	**417**	475	**192,395**	148,865
• Cost of sales	**(62,831)**	(51,803)	**-**	-	**(236)**	(200)	**(136,522)**	(110,603)
Gross margin	**5,727**	4,748	**-**	-	**181**	275	**55,873**	38,262
• Operating expenses	**(4,667)**	(4,729)	**(69)**	(61)	**(136)**	(139)	**(18,024)**	(16,766)
Profit (loss) from operations	**1,060**	19	**(69)**	(61)	**45**	136	**37,849**	21,496
• Interest expense and financial charges	**(161)**	(123)	**(229)**	(368)	**(235)**	(296)	**(5,876)**	(8,101)
• Other income	**365**	426	**180**	111	**110**	99	**2,169**	1,997
Profit (loss) before income tax	**1,264**	322	**(118)**	(318)	**(80)**	(61)	**34,142**	15,392
• Income tax	**(217)**	(227)	**(12)**	(11)	**17**	(79)	**(4,694)**	(3,944)
Profit (loss) after income tax	**1,047**	95	**(130)**	(329)	**(63)**	(140)	**29,448**	11,448
• Minority interest in net earnings	**(7)**	150	**(1)**	-	**-**	-	**(5,548)**	(389)
• Equity in associated companies	**(72)**	6	**3,969**	2,237	**(1)**	(1)	**9,807**	6,747
Profit (loss) before gain (loss) on investments and assets sold and others	**968**	251	**3,838**	1,908	**(64)**	(141)	**33,707**	17,806
• Gain (loss) on investments and assets sold and others*	**-**	-	**462**	1,607	**-**	-	**2,776**	2,148
Net profit (loss)	**968**	251	**4,300**	3,515	**(64)**	(141)	**36,483**	19,954

* Gain (loss) on investments and assets sold and others represent gain (loss) on investments and assets sold for restructuring, provision for decline in value of investment and others - net of income tax.

24. Disclosure of Financial Instruments

Liquidity Risk

The Company and subsidiaries monitor their liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Company and subsidiaries' operations and to mitigate the effects of fluctuations in cash flows.

Credit Risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Company and subsidiaries as per contracts which may cause financial loss. The Company and subsidiaries have a policy to protect this risk by assessing the credit of customers, defining the credit limit, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilization and reviewing collections. Fair value of receivables which are presented in the balance sheet are the balances net of allowance for doubtful accounts.

Interest Rate Risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Company and subsidiaries manage debt by using both fixed interest rates and floating interest rates, depending on the market circumstance.

Foreign Exchange Risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

Shown below is the composition of Baht and foreign currency debt as of December 31, 2004 and 2003.

In Million Baht

Currency	Short-term		Long-term		Total	
	2004	2003	2004	2003	2004	2003
• Baht	**30,640**	44,962	**72,382**	70,897	**103,022**	115,859
• Foreign	**1,402**	1,119	**40**	38	**1,442**	1,157
Total	**32,042**	46,081	**72,422**	70,935	**104,464**	117,016

The Company and subsidiaries use derivative instruments to manage their foreign exchange risk on foreign debt. This is in compliance with the policy and guideline agreed and approved by the Board of Directors, and there are controls on operating procedures for compliance with the policy.

The financial derivatives utilized are forward exchange contracts, cross currency swaps and interest rate swaps.

As of December 31, 2004, the Company and subsidiaries have financial derivatives aged as follows:

Contract amount (In Million Baht)

	Less than 1 Year	More than 1 Year	Total
• US. Dollars	3,730	2,450	6,180
• Japanese Yen	1,857	1,258	3,115
• Euro	2,296	-	2,296
Total	7,883	3,708	11,591

In managing foreign exchange risk, the Company and subsidiaries obtained more Baht loans, up to 99% of total borrowings as at the end of 2004 and 2003. Furthermore, the Company and subsidiaries also have adequate export and other income in foreign currencies to reduce the impact of exchange rate fluctuations.

25. Commitments and Contingent Liabilities

As at December 31, the Company and subsidiaries have:

In Million Baht

	2004	2003
a) Contingent liabilities for		
• guarantees on loans of related companies	**9,984**	11,247
• bank guarantees issued by banks to government agencies	**877**	984
b) Unused letters of credit	**1,295**	986
c) Commitments for purchase of raw material contracts	**34,642**	17,755

26. Subsequent Event

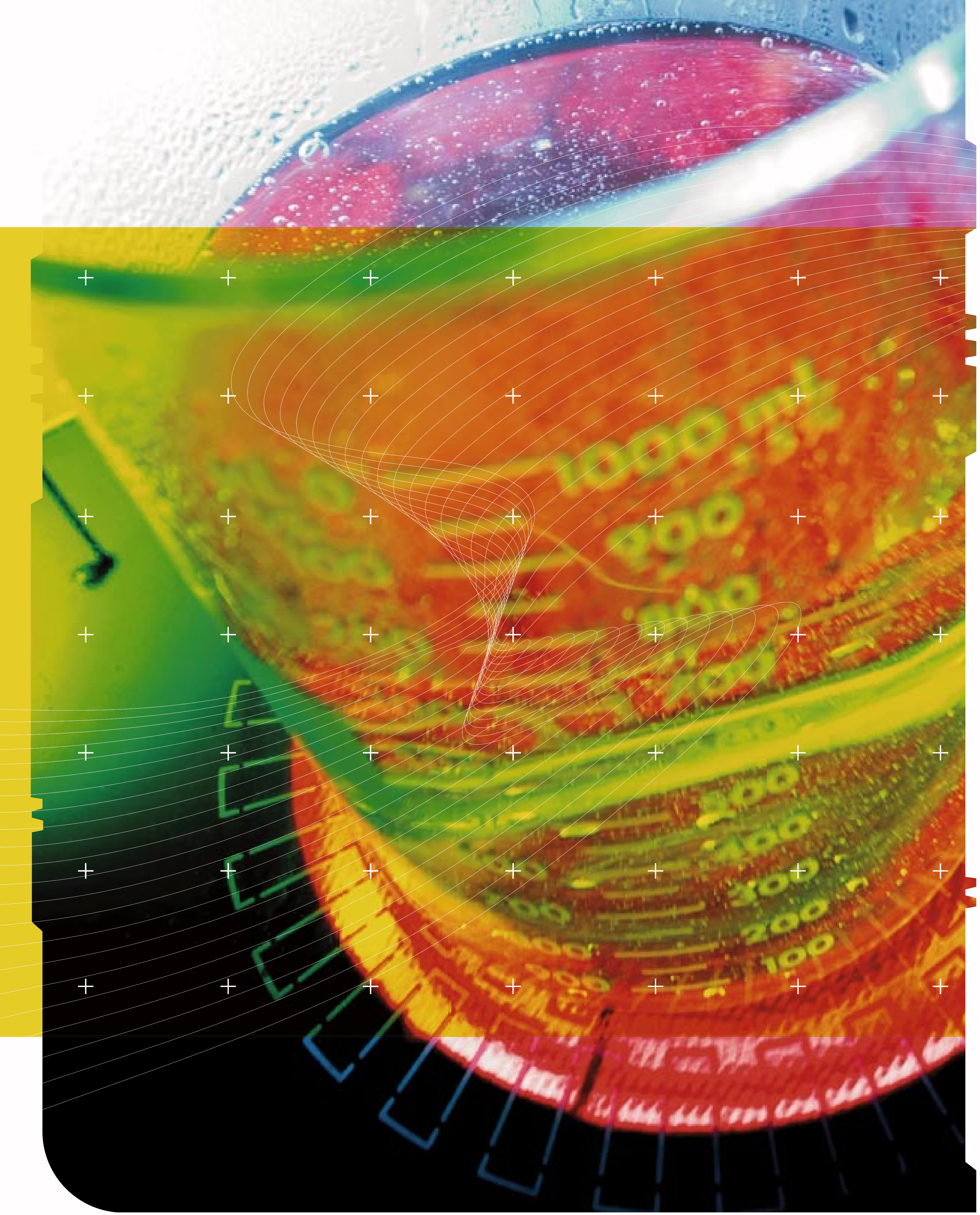
At the Board of Directors' meeting held on January 26, 2005;

a) The Board of Directors has agreed to submit for approval at the Ordinary Shareholders' Meeting, a dividend payment of Baht 15.00 per share. However, the Board of Directors had already resolved the 2004 interim dividend payment at the rate of Baht 5.50 per share on August 26, 2004. Thus, the final dividend would be at the rate of Baht 9.50 per share, scheduled for payment on April 19, 2005. This dividend is subject to the approval of the shareholders.

b) The Board of Directors approved the issue of a new batch of debentures with principal amount not in excess of Baht 10,000 million. The debentures, which are named, unsecured, unsubordinated with a bondholder representative, will have a four-year tenure due for redemption in 2009. The interest will be at a fixed market rate upon the issued date and payable quarterly. The new debentures will be offered exclusively to bondholders of the Company's Debenture No. 4/2542 (SCC 054A) who are individual investors not institutional investors and are due for redemption on April 1, 2005. The subscription ratio for new debentures of each bondholder will be the same as the previous batch of debentures.

27. Reclassification of Accounts

Certain accounts in 2003 were reclassified to conform with those in the 2004 financial statements.



FINANCIAL STATEMENTS OF
The Siam Cement Public Company Limited

Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the balance sheet of The Siam Cement Public Company Limited as at December 31, 2004 and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements for the year ended December 31, 2003, of The Siam Cement Public Company Limited which are presented for comparative purposes, were audited by another auditor in my firm, whose report dated February 12, 2004, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit 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 audit provides 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 The Siam Cement Public Company Limited as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
February 4, 2005

BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

In Thousand Baht

ASSETS	Note	2004	2003
CURRENT ASSETS			
Cash and cash equivalents		**748,585**	154,240
Trade receivables - net	3	**-**	-
Receivables from and short-term loans to subsidiaries, associated and other companies	1, 4	**51,473,282**	54,453,104
Current portion of long-term receivables		**196,350**	184,201
Other current assets		**298,295**	653,783
TOTAL CURRENT ASSETS		52,716,512	55,445,328
LONG - TERM RECEIVABLES - NET OF CURRENT PORTION		221,843	423,820
INVESTMENTS IN SHARES OF AND LONG - TERM LOANS TO SUBSIDIARIES, ASSOCIATED AND OTHER COMPANIES - NET	5	155,788,193	136,683,935
PROPERTY, PLANT AND EQUIPMENT - AT COST - NET	6	2,431,268	2,516,558
ASSETS REVALUATION SURPLUS	6	5,651,674	5,374,243
OTHER ASSETS	7	2,036,305	2,640,596
TOTAL ASSETS		218,845,795	203,084,480

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

In Thousand Baht

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2004	2003
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	8	**2,120,454**	6,743,655
Trade payables		**86,096**	49,310
Current portion of long-term debts	10	**1,224,350**	3,366,315
Current portion of debentures	12	**19,500,000**	20,000,000
Payables to and short-term loans from subsidiaries, associated and other companies	1, 4	**2,442,115**	2,159,652
Accrued interest expense		**889,226**	800,068
Accrued expenses		**42,180**	263,252
Other current liabilities		**304,398**	251,291
TOTAL CURRENT LIABILITIES		**26,608,819**	33,633,543
PROVIDENT FUNDS	9	**8,581**	7,174
LONG-TERM DEBTS - NET OF CURRENT PORTION	10	**1,948,565**	3,810,505
DEBENTURES - NET OF CURRENT PORTION	12	**61,000,000**	60,500,000
OTHER LIABILITIES	9	**149,541**	167,005
TOTAL LIABILITIES		**89,715,506**	98,118,227
SHAREHOLDERS' EQUITY			
Share capital - common shares, Baht 1 par value			
Authorized shares - 1,600,000,000 shares,			
Issued and fully paid share capital - 1,200,000,000 shares	13	**1,200,000**	1,200,000
Revaluation surplus on property	6	**5,651,674**	5,374,243
Unrealized gain on investments in marketable securities	5	**6,596,402**	10,270,652
Equity in subsidiaries and associated companies		**92,605,034**	62,224,840
Retained earnings			
Appropriated			
• Legal reserve	14	**120,000**	120,000
• General reserve		**10,294,000**	10,214,000
Unappropriated			
• From operations of the Company		**12,663,179**	15,562,518
TOTAL SHAREHOLDERS' EQUITY		**129,130,289**	104,966,253
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**218,845,795**	203,084,480

For and on Behalf of the Board of Directors

Chaovana Nasylvanta
Chairman

Chumpol NaLamlieng
President

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

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 — In Thousand Baht

	Note	2004	2003
• Intellectual property income		**2,288,599**	1,895,997
• Management fees for administration		**1,799,082**	1,493,061
TOTAL REVENUES		**4,087,681**	3,389,058
• Administrative expenses	16	**681,547**	677,653
• Directors' remuneration		**74,918**	78,424
GROSS PROFIT		**3,331,216**	2,632,981
• Other income	17	**194,600**	211,105
PROFIT FROM OPERATIONS		**3,525,816**	2,844,086
• Equity in net earnings of subsidiaries and associated companies		**30,677,008**	16,192,405
PROFIT BEFORE INTEREST EXPENSE AND FINANCIAL CHARGES, AND INCOME TAX		**34,202,824**	19,036,491
• Interest expense and financial charges-net	18	**1,540,839**	2,655,526
• Income tax	19	**631,321**	251,871
PROFIT BEFORE EFFECTS OF INVESTMENTS AND ASSETS SOLD FOR RESTRUCTURING, PROVISION FOR DECLINE IN VALUE OF INVESTMENTS AND OTHERS		**32,030,664**	16,129,094
• Gain on investments and assets sold for restructuring, provision for decline in value of investments and others - net of income tax	5	**4,452,774**	3,825,021
NET PROFIT		**36,483,438**	19,954,115
BASIC EARNINGS PER SHARE (IN BAHT)		**30.40**	16.63

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 — In Thousand Baht

	2004	2003
COMMON SHARES		
• Beginning balance	**1,200,000**	1,200,000
• Addition	**-**	-
• Deduction	**-**	-
• Ending balance	**1,200,000**	1,200,000
REVALUATION SURPLUS ON PROPERTY		
• Beginning balance	**5,374,243**	6,525,637
• Addition	**277,431**	-
• Deduction	**-**	(1,151,394)
• Ending balance	**5,651,674**	5,374,243
UNREALIZED GAIN (LOSS) ON INVESTMENTS IN MARKETABLE SECURITIES		
• Beginning balance	**10,270,652**	(496,779)
• Addition	**-**	10,767,431
• Deduction	**(3,674,250)**	-
• Ending balance	**6,596,402**	10,270,652
EQUITY IN SUBSIDIARIES AND ASSOCIATED COMPANIES		
From change in percentage of holdings		
• Beginning balance	**-**	488,287
• Addition	**-**	-
• Deduction	**-**	(488,287)
• Ending balance	**-**	-
From revaluation surplus on property		
• Beginning balance	**64,423,313**	57,327,323
• Addition	**1,960,500**	7,095,990
• Deduction	**-**	-
• Ending balance	**66,383,813**	64,423,313
From unrealized gain on investments in marketable securities		
• Beginning balance	**675,005**	31,125
• Addition	**-**	643,880
• Deduction	**(77,895)**	-
• Ending balance	**597,110**	675,005

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 — In Thousand Baht

	2004	2003
From currency translation differences		
• Beginning balance	(650,505)	(404,544)
• Addition	-	-
• Deduction	(85,188)	(245,961)
• Ending balance	(735,693)	(650,505)
From operations of subsidiaries and associated companies		
• Beginning balance	(2,222,973)	(9,790,481)
• Addition	30,677,008	16,192,405
• Deduction	(2,094,231)	(8,624,897)
• Ending balance	26,359,804	(2,222,973)
TOTAL EQUITY IN SUBSIDIARIES AND ASSOCIATED COMPANIES	92,605,034	62,224,840
APPROPRIATED RETAINED EARNINGS		
Legal reserve		
• Beginning balance	120,000	120,000
• Addition	-	-
• Deduction	-	-
• Ending balance	120,000	120,000
General reserve		
• Beginning balance	10,214,000	10,140,000
• Addition	80,000	74,000
• Deduction	-	-
• Ending balance	10,294,000	10,214,000
UNAPPROPRIATED		
From operations of the Company		
• Beginning balance	15,562,518	10,472,454
• Addition	7,900,661	11,690,064
• Deduction	(10,800,000)	(6,600,000)
• Ending balance	12,663,179	15,562,518
TOTAL SHAREHOLDERS' EQUITY	129,130,289	104,966,253

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 — In Thousand Baht

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
• Net profit	36,483,438	19,954,115
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:		
• Unrealized loss on foreign currency exchange	109,751	71,742
• Depreciation and amortization	113,246	152,205
• Provision for impairment of assets	-	86,371
• Provision (Reversal of provision) for decline in value of investments - net	3,001	(118,930)
• Diminution in investments - net	-	243,650
• Gain on sales of investments and assets for restructuring - net	(4,455,775)	(3,968,148)
• Loss (Gain) on sales of fixed assets	4,389	(62,749)
• Equity in net earnings of subsidiaries and associated companies	(30,677,008)	(16,192,405)
• Deferred income tax - net	618,525	260,462
NET PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	2,199,567	426,313
DECREASE (INCREASE) IN OPERATING ASSETS:		
• Receivables from subsidiaries, associated and other companies	14,875	16,592
• Other current assets	355,488	(22,670)
• Other assets	593,815	(44,999)
NET DECREASE (INCREASE) IN OPERATING ASSETS	964,178	(51,077)
INCREASE (DECREASE) IN OPERATING LIABILITIES:		
• Trade payables	36,786	7,982
• Payables to subsidiaries, associated and other companies	17,280	(349)
• Accrued interest expense	89,158	(882,151)
• Other current liabilities	(127,964)	119,704
• Provision for provident funds - net	1,408	400
NET INCREASE (DECREASE) IN OPERATING LIABILITIES	16,668	(754,414)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,180,413	(379,178)

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

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 — In Thousand Baht

	2004	2003
CASH FLOWS FROM INVESTING ACTIVITIES:		
• Investments in subsidiaries, associated and other companies	(9,920,214)	(7,456,253)
• Dividend income from subsidiaries and associated companies	6,336,587	6,561,598
• Proceeds from sales of investments and assets for restructuring	13,745,902	10,547,018
• Purchases of property, plant and equipment	(86,151)	(136,562)
• Proceeds from sales of fixed assets	55,435	159,923
• Payments received on loans to subsidiaries, associated and other companies	6,565,887	4,871,451
NET CASH PROVIDED BY INVESTING ACTIVITIES	16,697,446	14,547,175
CASH FLOWS FROM FINANCING ACTIVITIES:		
BORROWINGS		
• Bank overdrafts and short-term loans from financial institutions	(4,623,201)	1,826,669
• Repayments of long-term debts	(4,123,527)	(8,725,050)
• Proceeds from long-term debts	-	2,198,571
• Proceeds from (Repayment of) short-term loans from subsidiaries, associated and other companies	280,678	(1,572,153)
• Proceeds from issuance of debentures	20,000,000	16,000,000
• Repayments of debentures	(20,000,000)	(18,000,000)
NET DECREASE IN BORROWINGS	(8,466,050)	(8,271,963)
Cash dividend	(10,800,000)	(6,600,000)
Other liabilities	(17,464)	(20,663)
NET CASH USED IN FINANCING ACTIVITIES	(19,283,514)	(14,892,626)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	594,345	(724,629)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	154,240	878,869
CASH AND CASH EQUIVALENTS AT END OF YEAR	748,585	154,240
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the years		
• Interest expense	4,525,368	7,440,329
• Income tax	-	-

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

1. BASIS OF FINANCIAL STATEMENTS

1.1 General

The Siam Cement Public Company Limited is the parent company of The Siam Cement Group, and is listed on the Stock Exchange of Thailand (stock code "SCC"). The Company was incorporated in 1913, and is located at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand. The Company holds investments in the following core business segments: Petrochemicals, Paper, Cement, Building Products, Distribution and other businesses under Cementhai Holding Co., Ltd. and Cementhai Property (2001) Public Company Limited.

1.2 Basis of financial statements presentation

Significant intercompany transactions with subsidiaries and associated companies for the years 2004 and 2003 are as follows:

In Million Baht

	2004	2003	Pricing Policy
• Intellectual property income, management income, services and others	4,147	3,464	Mainly based on percentage of net sales
• Gain on assets sold	-	1	Market price
• Interest income	3,012	3,802	Contract rate
• Interest expense	15	25	Contract rate

The Company presents interest expense and financial charges of Baht 4,553 million net of interest income from related companies of Baht 3,012 million in the statement of income for the year ended December 31, 2004, and interest expense and financial charges of Baht 6,458 million net of interest income from related companies of Baht 3,802 million in the statement of income for the year ended December 31, 2003.

The Company maintains its official accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with financial accounting standards in Thailand, which may differ from generally accepted accounting principles in other countries. Accordingly, the users of these financial statements should have sufficient knowledge about Thai accounting principles and practices.

For convenience of the readers, an English translation of the financial statements has been prepared from the statutory Thai language financial statements which are issued for domestic financial reporting purposes.

2. Significant Accounting Policies

Revenue Recognition
Intellectual property income, management income and service income are recognized on an accrual basis in accordance with the terms of agreement.

Dividends are recognized when declared.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Cash and Cash Equivalents
Cash and cash equivalents include cash and deposits at financial institutions, with original maturities of three months or less.

Allowance for Doubtful Accounts
The Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

Investments in Shares
The Company accounts for its investments in shares in subsidiaries and associated companies by the equity method.

Investments in other companies are valued at cost, and provision is taken up in the accounts for possible loss on decline in value of the investments. Investments in marketable securities are classified as available-for-sale, and carried at their fair value.

Property, Plant and Equipment and Depreciation and Amortization

The Company values its property, plant and equipment as follows:

Property, plant and equipment are stated at historical cost or revalued amount less accumulated depreciation and impairment losses. Starting in the 1997 accounting period, the Company adopted a policy to present 3 classes of assets which have carrying values substantially lower than replacement costs. This includes land, buildings and machinery and equipment.

Land is appraised by appraised value of the Land Department. Buildings, machinery and equipment are appraised by appraised value (fair value basis), reported by an independent appraiser-American Appraisal (Thailand) Company Limited. The Company also has a policy to revalue every year without presenting the revaluation surplus in the statement of income. The revaluation surplus will be presented in the balance sheet as "Assets Revaluation Surplus", and under Shareholders' equity as "Revaluation surplus on property."

Depreciation of property, plant and equipment has been computed by the straight-line method at rates which approximate the economic useful lives of the assets as follows:

	Period (Years)
• Land improvements	10-20
• Buildings and structures	20
• Plant, machinery and equipment	5-10
• Transportation equipment	5
• Furniture, fixtures and office equipment	5

Deferred charges are amortized by the straight-line method over five (5) to twenty (20) years.

Impairment of Assets
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount of assets is below their carrying amount. An impairment loss is recognized as an expense in the statement of income for items of assets carried at cost, or treated as a deduction of revaluation increment in the case that the asset is carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same assets.

A reversal of impairment loss is recognized as income or treated as a revaluation increment when there is an indication that the impairment loss recognized for the asset no longer exists or is to be decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of amortization or depreciation).

Early Retirement Expense
In 2000, the Company offerred certain qualifying employees the option to take early retirement from the Company. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Company records expenses on early retirement upon mutual acceptance by both the Company and the employees. In 2003 and 2004, the plan has been extended to certain employees with mutual consent.

Income Tax
The Company provided for deferred income tax resulting from timing differences in reporting expenses for financial reporting purposes compared to income tax reporting purposes (e.g. allowance for doubtful accounts, loss carryforwards up to 5 years). The deferred income tax is amortized as the timing differences later reverse.

Deferred income tax is recognized to the extent that it is probable that the future taxable profit will be available, and the timing difference can be utilized.

Foreign Currency Transactions
Foreign currency transactions are recorded at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the year - end exchange rates, unless hedged by forward foreign exchange contracts, in which case they are translated at the rates, specified in the forward contracts. Gains or losses on translation are recognized in the statement of income. Fees on hedging contracts are amortized over the life of the contract.

Financial Instruments
Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, trade and other accounts receivable and payable, long-term receivables, loans, borrowings, investments and debentures. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

The Company operates internationally and is exposed to market risks from changes in interest and foreign exchange rates. The Company uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in the income statement in the same period as the exchange differences on the items covered by the hedge. Costs on such contracts are amortized over the life of the contracts.

Basic Earnings per Share
Basic earnings per share is calculated by dividing the net profit by the weighted average number of shares outstanding during the year (1,200,000,000 shares).

3. Trade Receivables - Net

As at December 31, 2004 and 2003, the Company has long outstanding trade receivables aged as follows:

In Million Baht

	2004	2003
• Over 1 year	**94**	97
• Less Allowance for doubtful accounts	**94**	97
Net	**-**	-

4. Related Company Transactions

In Million Baht

	2004	2003
Receivables and short-term loans		
Current accounts		
• Cementhai Sales & Marketing Co., Ltd.	**310**	282
• Thai Polyethylene Co., Ltd.	**152**	93
• SCT Co., Ltd.	**118**	38
• The Concrete Products and Aggregate Co., Ltd.	**89**	46
• The Siam Cement (Ta Luang) Co., Ltd.	**82**	93
• The Aromatics (Thailand) Public Company Limited	**75**	50
• The Siam Cement (Thung Song) Co., Ltd.	**71**	67
• The Siam Cement (Kaeng Khoi) Co., Ltd.	**69**	61
• The Siam Fibre - Cement Co., Ltd.	**45**	35
• Thai Polypropylene (1994) Co., Ltd.	**39**	32
• Thai Ceramic Co., Ltd.	**34**	33
• Cementhai Logistics Co., Ltd.	**31**	25
• Siam Cement Industry Co., Ltd.	**20**	50
• Bangsue Management Co., Ltd.	**17**	35
• Cementhai Ceramic (Singapore) Pte., Ltd.	**-**	270
• Others	**319**	276
	1,471	1,486

In Million Baht

	2004	2003
Notes receivable		
• The Concrete Products and Aggregate Co., Ltd.	**16,859**	-
• Cementhai Holding Co., Ltd.	**9,401**	9,524
• The Siam Pulp and Paper Public Company Limited	**9,067**	1,217
• The Siam Fibre – Cement Co., Ltd.	**4,614**	5,070
• Cementhai Ceramics Co., Ltd.	**3,167**	2,894
• Cementhai Chemicals Co., Ltd.	**2,824**	4,470
• The Siam Iron and Steel Co., Ltd.	**2,334**	64
• Cementhai Distribution Co., Ltd.	**1,089**	2,306
• Cementhai Property (2001) Public Company Limited	**357**	2,948
• Bangsue Management Co., Ltd.	**289**	334
• Siam Cement Industry Co., Ltd.	**-**	22,531
• The Nawaloha Foundry Bangpakong Co., Ltd.	**-**	1,600
• IT One Co., Ltd.	**-**	9
	50,001	52,967
Current portion of long-term loans		
• The Aromatics (Thailand) Public Company Limited	**1**	-
Total	**51,473**	54,453
Payables and short-term loans		
Current accounts	**177**	160
Notes payable		
• Cementhai Ceramic (Singapore) Pte., Ltd.	**450**	-
• The CPAC Roof Tile Co., Ltd.	**443**	388
• Cementhai Gypsum (Singapore) Pte., Ltd.	**315**	266
• Cementhai Concrete Products (Singapore) Pte., Ltd.	**91**	108
• The Thai Wanaphan Co., Ltd.	**70**	70
• Cementhai Accounting Services Co., Ltd.	**27**	28
• Phoenix Pulp and Paper Public Company Limited	**-**	180
• Others	**203**	126
	1,599	1,166
Short - term loans from subsidiaries		
• Tuban Petrochemicals Pte., Ltd.	**588**	596
• Cementhai Gypsum (Singapore) Pte., Ltd.	**78**	238
	666	834
Total	**2,442**	2,160

5. Investments in Shares of and Long-Term Loans to Subsidiaries, Associated and Other Companies - Net

	Percentage of Direct and Indirect Holdings		In Million Baht	
	2004	2003	2004	2003
Investments in Shares				
A.Subsidiaries and Associated Companies				
- At Equity				
• Cementhai Chemicals Co., Ltd. and Subsidiaries	**100**	100	**46,110**	33,848
• The Siam Pulp and Paper Public Company Limited and Subsidiaries	**98**	98	**27,523**	23,985
• Siam Cement Industry Co., Ltd. and Subsidiaries	**100**	100	**37,175**	33,998
• Cementhai Building Products Co., Ltd. and Subsidiaries	**100**	100	**16,738**	13,707
• Cementhai Distribution Co., Ltd. and Subsidiaries	**100**	100	**1,854**	449
• Cementhai Holding Co., Ltd. and Subsidiaries	**100**	100	**9,463**	6,092
• Cementhai Property (2001) Public Company Limited and Subsidiaries	**100**	100	**2,892**	2,885
Total Subsidiaries and Associated Companies - At Equity			**141,755**	114,964
B.Other Companies				
- At Cost				
• Toyota Motor Thailand Co., Ltd.	**10**	10	**882**	882
• Finfloor S.P.A.	**10**	10	**299**	299
• Others			**7**	-
Total Other Companies - At Cost			**1,188**	1,181
Marketable Securities				
- At Fair Value (Available-for-sale)				
• The Aromatics (Thailand) Public Company Limited	**8**	14	**4,684**	8,614
• Thai Olefins Public Company Limited	**7**	7	**3,781**	4,124
Total Other Companies - At Fair Value			**8,465**	12,738
Total Other Companies			**9,653**	13,919
Total Investments in Shares			**151,408**	128,883
• Less Allowance for decline in value of investments			**4**	-
Investments in Subsidiaries, Associated and Other Companies - net			**151,404**	128,883
Long-Term Loans to subsidiary and other company				
• Bangsue Management Co., Ltd.			**3,160**	6,576
• The Aromatics (Thailand) Public Company Limited			**1,224**	1,225
Total Long-Term Loans to Subsidiary and Other Company			**4,384**	7,801
Total Investments in Shares of and Long-Term Loans to Subsidiaries, Associated and Other Companies			**155,788**	136,684

The aggregate values of the above investments in shares of other companies, based on the latest available audited/ reviewed statements or the quoted market prices (Closing price) on The Stock Exchange as at December 31, 2004 are as follows:

	In Million Baht			
	Cost	Net Book Value/ Quoted Market Price (Closing price)	Allowance for Decline in Value of Investments	Unrealized Gain on Investments in Marketable Securities
• Non-Marketable	1,188	2,383	(4)	-
• Marketable	1,869	8,465	-	6,596
Total	3,057	10,848	(4)	6,596

In 2003, the Company purchased additional outstanding shares of The Siam Pulp and Paper Public Company Limited, totalling Baht 3,262 million. As a result, the Company's interest in this Company as at December 31, 2003 becomes 98.11%. The Company adjusted its equity in subsidiary to present the amount as percentage of interest as at present. Furthermore, the Company sold its investments in shares of certain affiliated companies and reversed an allowance for decline in value of investment and also sold its parcels of land which are located at DonMuang and Sathupradit, Bangkok and at Amphur Cha Am, Petchaburi. In 2004, the Company sold a portion of its investments in shares of certain affiliated companies such as investments in shares of The Aromatics (Thailand) Public Company Limited.

The Company presented a gain on investments and assets sold and others of approximately Baht 4,453 million in 2004 and Baht 3,825 million in 2003 net of income tax (tax benefit) of Baht (862) million in 2004 and Baht 1,933 million in 2003 under the caption of "Gain on investments and assets sold for restructuring, provision for decline in value of investments and others - net of income tax" in the statements of income.

6. Property, Plant and Equipment

In Million Baht

	Balance as of December 31, 2003	Increase	Decrease	Transfer	Balance as of December 31, 2004
At Cost					
• Land and land improvements	2,104	-	54	-	**2,050**
• Buildings and structures	1,521	-	18	11	**1,514**
• Plant, machinery and equipment	1,330	-	2	4	**1,332**
• Transportation equipment	41	-	-	-	**41**
• Furniture, fixtures and office equipment	835	5	76	12	**776**
• Construction in progress	98	73	-	(27)	**144**
Total	5,929	78	150	-	**5,857**
Less Accumulated depreciation					
• Land improvements	239	7	7	-	**239**
• Buildings and structures	972	53	13	-	**1,012**
• Plant, machinery and equipment	1,261	41	2	-	**1,300**
• Transportation equipment	41	-	-	-	**41**
• Furniture, fixtures and office equipment	813	11	76	-	**748**
Total Accumulated depreciation	3,326	112	98	-	**3,340**
Impairment loss of assets	86	-	-	-	**86**
Total Accumulated depreciation and impairment loss of assets	3,412	112	98	-	**3,426**
Property, plant and equipment - Net	2,517	(34)	52	-	**2,431**

Depreciation expense amounted to Baht 112 million in 2004 and Baht 151 million in 2003.

The gross carrying amounts of certain depreciable assets totalling Baht 2,716 million and Baht 2,538 million are fully depreciated as of December 31, 2004 and 2003, respectively, but these items are still in active use.

Revaluation Surplus

As at December 31, 2003, the Company appraised its property, plant and equipment as follows:

- Land - at appraised value of the Land Department with a revaluation surplus of Baht 3,726 million .

- Buildings, machinery and equipment - at appraised value (fair value basis) reported by an independent appraiser dated January 13, 2004 with a revaluation surplus of Baht 1,648 million as at December 31, 2003 consisting of Baht 615 million for buildings and Baht 1,033 million for machinery and equipment.

As at December 31, 2004, the Company appraised its property, plant and equipment as follows:

- Land - at appraised value of the Land Department with a revaluation surplus of Baht 3,888 million.

- Buildings, machinery and equipment - at appraised value (fair value basis) reported by an independent appraiser dated January 18, 2005 with a revaluation surplus of Baht 1,764 million as at December 31, 2004 consisting of Baht 699 million for buildings and Baht 1,065 million for machinery and equipment.

7. Other Assets

In Million Baht

	2004	2003
• Deferred income tax - net	**1,789**	1,546
• Deposits, claims and deferred charges - net	**52**	111
• Land, buildings and land improvements not used in operations - net of accumulated depreciation	**7**	14
• Advance for share subscription - subsidiary	**-**	252
• Long-term SWAP contract receivables - net	**-**	63
• Others	**188**	654
Total	**2,036**	2,640

8. Bank Overdrafts and Short-Term Loans from Financial Institutions

In Million Baht

	2004	2003
• Bank overdrafts	**23**	51
• Promissory notes	**800**	3,200
• Notes payable	**1,297**	3,493
Total	**2,120**	6,744

In 2004, the Company has overdraft lines with several local banks amounting to approximately Baht 405 million, bearing interest at the minimum overdraft rate.

9. Provident Funds

The Company has a provident fund plan to provide retirement and gratuity benefits to employees. For this plan, the benefits made solely by the Company are payable to the employees upon resignation at 5% to 10% of the employees' salaries depending on the length of employment. In addition to the above provident fund, since April , 1995, the Company has established a contributory funded provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership is voluntary upon the employee attaining permanent status. Under the regulations of the fund, members are required to make monthly contributions to the fund at 2% to 10% of the members' basic salaries and the Company is required to make monthly contributions to the fund at 5% to 10% of the members' basic salaries, depending on the length of employment.

Total provision and contributions to the above two (2) funds amounted to approximately Baht 26 million and Baht 24 million in 2004 and 2003, respectively.

10. Long-Term Debt

In Million Baht

	2004	2003
• Deferred payment plans for acquisition of machinery	**2,739**	3,212
• Loans	**434**	3,965
Total	**3,173**	7,177
• Less: Current portion due within one year	**1,224**	3,366
Long-Term Debt – Net	**1,949**	3,811

Long-term debt mainly represented foreign currency loans which are hedged by financial derivatives to decrease exchange rate risk. The average interest rate is approximately 6.07% p.a. in 2004 and 4.84% p.a. in 2003.

All foreign and local long-term loans are guaranteed by four subsidiaries.

The Company hedges all of its foreign exchange risk by entering into Currency Swap Agreements with foreign banks, whereby the Company will repay the loans with other currencies as specified in the agreements.

11. Composition of Loans

As at December 31, 2004, the composition of loans of the Company is as follows:

In Million Baht

Currency	Short-Term	Long-Term	Total
• Baht	23,729	62,949	86,678
• Foreign	1,381	-	1,381
Total	25,110	62,949	88,059

12. Debentures

As at December 31, 2004 and 2003, the Company issued unsubordinated and unsecured debentures totalling Baht 80,500 million as follows:

Debentures	In Million Baht 2004	In Million Baht 2003	Interest Rate	Term	Maturity Date	Fair Value** 2004	Fair Value** 2003
No. 1/1999	-	5,200	*floating rate+ 3.50% p.a.	5 years	April 1, 2004	-	1,006
No. 2/1999	-	8,800	10.50% p.a.	5 years	April 1, 2004	-	1,021
No. 4/1999	12,000	12,000	9.50% p.a.	5.5 years	April 1, 2005	1,042	1,081
No. 6/1999	-	6,000	8.75% p.a.	5 years	November 1, 2004	-	1,066
No. 1/2000	25,000	25,000	7.75% p.a. for first 4 years and *floating rate+2.00% p.a. for last 2 years	6 years	March 31, 2006	1,002	999
No. 1/2002	7,500	7,500	4.50% p.a.	3 years	October 1, 2005	1,024	1,027
No. 1/2003	6,000	6,000	3.50% p.a.	4 years	April 1, 2007	1,004	1,001
No. 2/2003	10,000	10,000	3.25% p.a.	4 years	November 1, 2007	996	984
No. 1/2004	10,000	-	4.25% p.a.	4 years	April 1, 2008	1,013	-
No. 2/2004	10,000	-	4.50% p.a.	4 years	November 1, 2008	1,020	-
Total	80,500	80,500					
Less Current portion	19,500	20,000					
Net	61,000	60,500					

* Floating rate is equal to average rate of 12 months fixed deposit of 4 banks.
** Latest price (Baht per unit : 1 unit = Baht 1,000) as at December 31, 2004 and 2003.

The above debentures, issued before 2002, are guaranteed by 4 subsidiaries.

13. Share Capital

At the Ordinary Shareholders' Meeting held on March 26, 2003, the shareholders unanimously approved to change the par value of common shares of the Company from Baht 10 per share divided into 160,000,000 shares to be Baht 1 per share divided into 1,600,000,000 shares. The change was registered with the Ministry of Commerce on April 17, 2003. As at December 31, 2003, the issued and fully paid share capital is 1,200,000,000 shares, totalling Baht 1,200 million.

14. Legal Reserve

Under the provisions of the Public Company Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit (after deduction of the deficit brought forward, if any) as legal reserve until the reserve reaches 10% of the authorized share capital. As at December 31, 2004, the legal reserve amounted to 10% of the issued and fully paid-up share capital. This reserve is not available for dividend distribution.

15. Dividends

a) At the Ordinary Shareholders' Meeting held on March 24, 2004, the shareholders resolved to declare total dividends for the year 2003 at Baht 6.00 per share, in total amounting to Baht 7,200 million. However, on July 30, 2003 the Board of Directors resolved to declare the 2003 interim dividend at the rate of Baht 2.50 per share, in total amounting to Baht 3,000 million. This interim dividend was paid on August 28, 2003. The final dividend was at the rate of Baht 3.50 per share, in total amounting to Baht 4,200 million. The payment was made on April 21, 2004.

b) At the Board of Directors' Meeting held on July 28, 2004, the Board of Directors resolved to declare an interim dividend for the year 2004 at Baht 5.50 per share, in total amounting to Baht 6,600 million. The payment was made on August 26, 2004.

16. Administrative Expenses

In Million Baht

	2004	2003
• Salary and wages	**433**	379
• Professional fees	**130**	111
• Rent	**71**	60
• Depreciation	**53**	80
• Repair and maintenance	**53**	49
• Early retirement expense	**46**	74
• Outside wages	**35**	38
• Communication and transportation	**27**	41
• Per diem and travellings	**25**	20
• License fees and others	**19**	25
• Staff benefit	**13**	15
• Reimbursed amount	**(762)**	(738)
• Others	**539**	524
Total	**682**	678

The number of the Company's employees at the end of years is 317 persons in 2004 and 304 persons in 2003.

17. Other Income

In Million Baht

	2004	2003
• Dividend from other companies	**94**	47
• Gain on store sold and others	**66**	64
• Interest income from other companies	**25**	24
• Interest income from banks and financial institutions	**7**	2
• Gain (Loss) on fixed assets sold	**(4)**	63
• Others	**7**	11
Total	**195**	211

18. Interest Expense and Financial Charges

In Million Baht

	2004	2003
• Interest - loans abroad	**256**	369
• Interest - loans local		
• Interest expense - Outside	**4,279**	6,069
• Interest expense - Affiliated companies	**16**	25
• Interest income - Affiliated companies	**(3,012)**	(3,802)
• Interest - provident funds	**6**	7
• Gain on exchange rate	**(4)**	(12)
Total	**1,541**	2,656

19. Income Tax

Provision for income tax for the years ended December 31, is as follows:

In Million Baht

	2004	2003
• Corporate income tax payable for the year	**-**	-
• Deferred income tax – net	**(231)**	2,185
Provision for income tax	**(231)**	2,185

Deferred income tax consisted of income tax (tax benefit) for:

	In Million Baht	
	2004	2003
• Loss carryforwards	**(213)**	2,136
• Reversal of decline in value of investments	**-**	51
• Bad debts and others	**(18)**	(2)
	(231)	2,185
• Presented under the caption of Gain on investments and assets sold for restructuring, provision for decline in value of investments and others - net of income tax	**862**	(1,933)
Income tax	**631**	252

20. Financial Support Agreement

The Company had a Financial Support Agreement with a company in which the Company is a shareholder. According to the financial support agreement, the Company must comply with conditions as indicated in the agreement based upon their ownership interest. As of December 31,the Company complied with the agreement by providing financial support totalling USD 31.5 million at December 31, 2004 and 2003. The above loan is presented as loans under the caption of "Investments in shares of and long - term loans to subsidiaries, associated and other companies - net" in the accompanying financial statements.

21. Disclosure of Financial Instruments

Liquidity Risk
The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Interest Rate Risk
Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Company manages debt by using both fixed interest rates and floating interest rates, depending on the market circumstance.

Foreign Exchange Risk
Foreign exchange risk arises from the fluctuation of foreign exchange rates.

The Company uses financial derivatives to manage its foreign exchange risk on foreign debt. This is in compliance with the policy and guideline agreed and approved by the Board of Directors, and there are controls on operating procedures for compliance with the policy.

The financial derivatives utilized are forward exchange contracts, cross currency swaps and interest rate swaps.

As of December 31, 2004, the Company has financial derivatives aged as follows:

	Contract amount (In Million Baht)		
Currency	Less than 1 Year	More than 1 Year	Total
• US. Dollars	554	-	554
• Euro	2,296	-	2,296
Total	2,850	-	2,850

22. Commitments and Contingent Liabilities

As at December 31, the Company had:

	In Million Baht	
	2004	2003
a) Contingent liabilities for guarantees on loans of related companies	**20,222**	28,854
b) Contingent liabilities for bank guarantees issued by banks to government agencies	**43**	244

23. Subsequent Event

At the Board of Directors' Meeting held on January 26, 2005;

a) The Board of Directors has agreed to submit for approval at the Ordinary Shareholders' Meeting, a dividend payment of Baht 15.00 per share. However, the Board of Directors had already resolved the 2004 interim dividend payment at the rate of Baht 5.50 per share on August 26, 2004. Thus, the final dividend would be at the rate of Baht 9.50 per share, scheduled for payment on April 19, 2005. This dividend is subject to the approval of the shareholders.

b) The Board of Directors approved the issue of a new batch of debentures with principal amount not in excess of Baht 10,000 million. The debentures, which are named, unsecured, and unsubordinated with a bondholder representative, will have a four-year tenure due for redemption in 2009. The interest will be at a fixed market rate upon the issued date and payable quarterly. The new debentures will be offered exclusively to bondholders of the Company's Debenture No. 4/2542 (SCC 054A) who are individual investors not institutional investors and due for redemption on April 1, 2005. The subscription ratio for new debentures of each bondholder will be the same as the previous batch of debentures.

24. Reclassification of Accounts

Certain accounts in 2003 were reclassified to conform with those in the 2004 financial statements.

SUPPLEMENTARY INFORMATION

Investment in subsidiaries, associated, and other companies of which their operations are significant.

Name	Location (Head Office/Factory)	Telephone	Principal Business	Registered Shares (Million Baht)	Direct/* Indirect Company and Subsidiaries Holding (%)	Total ** Direct/ Indirect Holding (%)
Petrochemicals Business						
Subsidiaries						
1. Cementhai Chemicals Co., Ltd.	Bangkok	(02) 586-4184	Holding company	7,108	100	100
2. Rayong Olefins Co., Ltd.	Bangkok	(02) 586-3882	Raw materials for plastic resins	7,700	43	63
3. Thai Polyethylene Co., Ltd.	Rayong	(038) 683-393-7	Plastic resins	1,850	100	100
4. Thai Polyethylene (1993) Co., Ltd.	Rayong	(038) 683-393-7	Plastic resins	450	100	100
5. Thai Polypropylene Co., Ltd.	Rayong	(038) 683-393-7	Plastic resins	1,556	100	100
6. Thai Polypropylene (1994) Co., Ltd.	Rayong	(038) 683-393-7	Plastic resins	1,333	100	100
7. CCC Chemical Commerce Co., Ltd.	Bangkok	(02) 586-5897	Trading	10	100	100
8. Map Ta Phut Tank Terminal Co., Ltd.	Bangkok	(02) 586-5442	Warehouse and transportation service	700	81	81
9. Rayong Pipeline Co., Ltd.	Bangkok	(02) 586-5442	Right of way, and used	400	91	91
Associated and Other Companies						
10. Siam Mitsui PTA Co., Ltd.	Bangkok	(02) 586-5282-6	PTA	2,800	49	50
11. Siam Polystyrene Co., Ltd.	Bangkok	(02) 381-1038	Plastic resins	1,015	49	50
12. Pacific Plastics (Thailand) Ltd.	Bangkok	(02) 381-1038	Plastic resins	539	48	48
13. Siam Synthetic Latex Co., Ltd.	Bangkok	(02) 381-1038	Synthetic latex	325	49	50
14. Siam Styrene Monomer Co., Ltd.	Bangkok	(02) 381-1038	Raw materials for polystyrene	3,500	49	50
15. Siam Polyethylene Co., Ltd.	Bangkok	(02) 381-1038	Plastic resins	4,455	49	50
16. Grand Siam Composites Co., Ltd.	Bangkok	(02) 586-2515-7	Plastic resins	60	46	46
17. Thai MFC Co., Ltd.	Bangkok	(02) 586-3894-6	Melamine	200	45	45
18. Thai MMA Co., Ltd.	Bangkok	(02) 586-5814	Raw materials for coating resins	1,300	45	46
19. Thai Plastic and Chemicals Public Company Limited	Bangkok	(02) 676-6000	Plastic resins	875	40	40
20. National Petrochemical Public Company Limited	Bangkok	(02) 617-7800	Raw materials for plastic resins	3,100	25	26
21. Thai PET Resin Co., Ltd.	Bangkok	(02) 634-5894-8	Raw materials for pet bottles	900	20	20
22. Bangkok Synthetic Co., Ltd.	Bangkok	(02) 679-5120	Raw materials for plastic resins	1,173	18	18

Name	Location (Head Office/Factory)	Telephone	Principal Business	Registered Shares (Million Baht)	Direct/* Indirect Company and Subsidiaries Holding (%)	Total ** Direct/ Indirect Holding (%)
23. Thai Olefins Public Company Limited	Bangkok	(02) 265-8100-1	Raw materials for plastic resins	8,212	7	8
24. The Aromatics (Thailand) Public Company Limited	Bangkok	(02) 537-5700	Raw materials for plastic resins	973	8	8
Paper and Packaging Business						
Subsidiaries						
25. The Siam Pulp and Paper Public Company Limited	Bangkok	(02) 586-3333	Holding company/ bleached pulp	1,563	98	98
26. Siam Cellulose Co., Ltd.	Bangkok	(02) 586-3333	Bleached pulp	300	98	98
27. Thai Paper Co., Ltd.	Bangkok	(02) 586-3333	Printing and writing paper	1,200	99	99
28. Thai Union Paper Public Company Limited	Samut Prakarn	(02) 754-2100-16	Printing and writing paper	430	99	99
29. Thai Union Paper Industry Co., Ltd.	Bangkok	(02) 586-3333	Gypsum board paper	400	98	98
30. Siam Kraft Industry Co., Ltd.	Bangkok	(02) 586-3333	Kraft paper	250	100	100
31. Thai Kraft Paper Industry Co., Ltd.	Bangkok	(02) 586-3333	Kraft paper	1,000	99	99
32. Thai Containers Ltd.	Pathum Thani	(02) 909-0110	Corrugated boxes	110	69	69
33. Thai Containers Industry Co., Ltd.	Samut Prakarn	(02) 709-3040	Corrugated boxes	160	69	69
34. Thai Containers Ratchaburi (1989) Co., Ltd.	Ratburi	(032) 340-354-64	Corrugated boxes	100	69	69
35. Thai Containers Songkhla (1994) Co., Ltd.	Songkhla	(074) 388-451	Corrugated boxes	280	69	69
36. Thai Containers Chonburi (1995) Co., Ltd.	Chon Buri	(038) 338-500	Corrugated boxes	180	69	69
37. City Pack Co., Ltd.	Saraburi	(036) 251-724-9	Corrugated boxes	450	69	69
38. Nippon Hi-Pack (Thailand) Co., Ltd.	Bangkok	(02) 716-5275-6	Corrugated boxes	416	51	51
39. Thai Containers V&S Co., Ltd.	Pathum Thani	(02) 976-0701	Corrugated boxes	260	69	69
40. Phoenix Pulp and Paper Public Company Limited	Bangkok	(02) 661-7755	Bleached pulp	1,102	97	97
41. United Pulp and Paper Co., Inc.	Philippines	(632) 8700100	Kraft paper	5,020	97	97
42. Thai Cane Paper Public Company Limited	Bangkok	(02) 440-0707	Kraft paper	4,584	57	57

Name	Location (Head Office/Factory)	Telephone	Principal Business	Registered Shares (Million Baht)	Direct/* Indirect Company and Subsidiaries Holding (%)	Total ** Direct/ Indirect Holding (%)
Associated and Other Companies						
43. Siam Toppan Packaging Co., Ltd.	Samut Prakarn	(02) 324-0592-4	Offset-printed cartons	500	48	48
44. Thai British Security Printing Public Company Limited	Samut Prakarn	(02) 754-2650-8	Securities document	110	48	48

Cement Business

Name	Location (Head Office/Factory)	Telephone	Principal Business	Registered Shares (Million Baht)	Direct/* Indirect Company and Subsidiaries Holding (%)	Total ** Direct/ Indirect Holding (%)
Subsidiaries						
45. Siam Cement Industry Co., Ltd.	Bangkok	(02) 586-3060-1	Holding company	12,236	100	100
46. The Siam Cement (Kaeng Khoi) Co., Ltd.	Saraburi	(036) 245-428-68	Cement	2,500	100	100
47. The Siam Cement (Ta Luang) Co., Ltd.	Saraburi	(036) 351-200-18	Cement	2,300	100	100
48. The Siam Cement (Thung Song) Co., Ltd.	Nakorn Sri Thamaraj	(075) 538-222	Cement	6,850	100	100
49. The Siam Cement (Lampang) Co., Ltd.	Lampang	(054) 271-500	Cement	9,427	100	100
50. The Concrete Products and Aggregate Co., Ltd.	Bangkok	(02) 555-5000	Ready-mixed Concrete	5,500	100	100
51. Siam Mortar Co., Ltd.	Saraburi	(036) 245-428-68	Dry Mortar	443	100	100
52. The Siam White Cement Co., Ltd.	Saraburi	(036) 351-200-18	Cement	200	100	100
53. The Siam Refractory Industry Co., Ltd.	Bangkok	(02) 586-3242-52	Refractory	300	100	100
54. SCI Plant Services Co., Ltd.	Saraburi	(036) 289-131	Technical Services and Plant Installation	50	100	100
55. Siam Research and Development Co., Ltd.	Bangkok	(02) 585-9677-89	Research and Development	100	100	100
Associated and Other Companies						
56. Aalborg Siam White Cement Pte Ltd.	Singapore	(8862) 25079914	Cement Trading	23	50	50
57. Asia Cement Public Company Limited	Bangkok	(02) 641-5600	Cement	4,680	10	10
58. Holcim (Bangladesh) Co., Ltd.	Bangladesh	(8802) 9881002-3	Cement	394	10	10

Building Products Business

Name	Location (Head Office/Factory)	Telephone	Principal Business	Registered Shares (Million Baht)	Direct/* Indirect Company and Subsidiaries Holding (%)	Total ** Direct/ Indirect Holding (%)
Subsidiaries						
59. Cementhai Building Products Co., Ltd.	Bangkok	(02) 586-3333	Holding company	1,651	100	100
60. The Siam Fibre-Cement Co., Ltd.	Bangkok	(02) 586-3950-5	Natural-fibre roofing sheets	200	100	100
61. The Fibre-Cement Products (Lampang) Co., Ltd.	Lampang	(054) 337-301	Natural-fibre roofing sheets	530	100	100
62. Tip Fibre-Cement Co., Ltd.	Bangkok	(02) 255-6355	Natural-fibre roofing sheets	50	100	100

Name	Location (Head Office/Factory)	Telephone	Principal Business	Registered Shares (Million Baht)	Direct/* Indirect Company and Subsidiaries Holding (%)	Total ** Direct/ Indirect Holding (%)
63. The CPAC Roof Tile Co., Ltd.	Bangkok	(02) 586-3333	Concrete roof tiles	211	75	75
64. Thai Ceramic Roof Tile Co., Ltd.	Bangkok	(02) 586-5081-2	Ceramic roof tiles	200	75	75
65. The Siam CPAC Block Co., Ltd.	Bangkok	(02) 586-6801-50	Concrete paving blocks	60	100	100
66. The CPAC Block Industry Co., Ltd.	Bangkok	(02) 586-6801-50	Concrete paving blocks	40	100	100
67. Saraburirat Co., Ltd.	Bangkok	(02) 586-6801-50	Concrete floor tiles	96	83	83
68. The CPAC Concrete Products Co., Ltd.	Bangkok	(02) 586-6801-50	Ready-to-use concrete products	1,630	100	100
69. Cementhai Gypsum Co., Ltd.	Bangkok	(02) 586-3333	Holding company	690	100	100
70. Siam Fiberglass Co., Ltd.	Saraburi	(036) 373-441-4	Glass wools	1,280	100	100
71. PT Siam-Indo Gypsum Industry (Indonesia)	Indonesia	(6221) 88320028	Gypsum boards	306	50	50
72. PT Siam-Indo Concrete Products (Indonesia)	Indonesia	(6226) 7432140	Natural-fibre roofing sheets	446	50	50
73. CPAC Monier (Cambodia) Co., Ltd.	Cambodia	(85523) 220351-2	Concrete roof tiles	43	75	75
74. CPAC Monier Philippines, Inc.	Philippines	(632) 8131666	Concrete roof tiles	156	50	50
75. CPAC Concrete Products (Cambodia) Co., Ltd.	Cambodia	(85523) 220351-4	Solid Plank	40	100	100
76. Cementhai Ceramics Co., Ltd.	Bangkok	(02) 586-3333	Holding company	1,030	100	100
77. Thai Ceramic Co., Ltd.	Bangkok	(02) 586-4094-8	Ceramic tiles	450	100	100
78. The Siam Ceramic Group Industries Co., Ltd.	Saraburi	(036) 380-240-7	Ceramic tiles	960	100	100
79. PT Surya Siam Keramik	Indonesia	(6221) 56962458	Ceramic tiles	87	66	66
Associated and Other Companies						
80. The Siam Gypsum Industry Co., Ltd.	Bangkok	(02) 555-0055	Gypsum boards	150	29	29
81. The Siam Gypsum Industry (Saraburi) Co., Ltd.	Saraburi	(036) 373-500-9	Gypsum boards	470	-	29
82. The Siam Gypsum Industry (Songkhla) Co., Ltd.	Songkhla	(074) 206-000-5	Gypsum boards	120	-	29
83. The Siam Moulding Plaster Co., Ltd.	Saraburi	(036) 373-578-82	Moulding plaster	125	40	40
84. Lafarge Siam Roofing Co., Ltd.	Bangkok	(02) 555-0055	Clay roof tiles	160	25	25
85. CPAC Monier (Laos) Co., Ltd.	Laos	(85621) 243440	Concrete roof tiles	61	38	38
86. PT M Class Industry	Indonesia	(6202) 67436888	Clay roof tiles	223	28	28
87. Sosuco Ceramic Co., Ltd.	Bangkok	(02) 938-9833	Ceramic tiles	800	45	45
88. Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Bangkok	(02) 973-5040-54	Sanitary ware	160	-	36
89. Siam Sanitary Ware Industry Co., Ltd.	Bangkok	(02) 973-5040-54	Sanitary ware	200	-	36
90. The Siam Sanitary Fittings Co., Ltd.	Bangkok	(02) 973-5101-7	Sanitary ware fittings	200	33	45
91. Mariwasa Manufacturing, Inc.	Philippines	(632) 6281986-9	Ceramic tiles	900	40	46

Name	Location (Head Office/Factory)	Telephone	Principal Business	Registered Shares (Million Baht)	Direct/* Indirect Company and Subsidiaries Holding (%)	Total ** Direct/ Indirect Holding (%)
Distribution Business						
Subsidiaries						
92. Cementhai Distribution Co., Ltd.	Bangkok	(02) 586-3333	Holding company	2,715	100	100
93. SCT Co., Ltd.	Bangkok	(02) 586-4444	International trading	400	100	100
94. Cementhai Sales and Marketing Co., Ltd.	Bangkok	(02) 586-3333	Trading	2,095	100	100
95. Cementhai Logistics Co., Ltd.	Bangkok	(02) 586-4444	Transportation service	40	100	100
96. Cementhai SCT (U.S.A.) Inc.	U.S.A.	(310) 3232194	International trading	4	100	100
97. Cementhai SCT (Singapore) Pte Ltd.	Singpapore	(65) 62953455	International trading	23	100	100
98. Cementhai SCT (Cambodia) Co., Ltd.	Cambodia	(855-23) 990401-6	International trading	1	75	75
99. Siam Cement Myanmar Trading Co., Ltd.	Myanmar	(951) 246134	International trading	71	60	60
Associated and Other Companies						
100. Thai Prosperity Terminal Co., Ltd.	Samut Prakarn	(02) 754-4510-9	Ports	100	50	50
101. Rayong Bulk Terminal Co., Ltd.	Bangkok	(02) 681-8100	Ports	640	38	38
Cementhai Holding						
Subsidiaries						
102. Cementhai Holding Co., Ltd.	Bangkok	(02) 586-3333	Holding company	1	100	100
Associated and Other Companies						
103. Thai CRT Co., Ltd.	Chon Buri	(038) 490-220-5	TV tubes	1,700	48	48
104. CRT Display Technology Co., Ltd.	Rayong	(038) 892-245-8	TV tubes	6,000	-	48
105. Thai Electron Gun Co., Ltd.	Rayong	(038) 954-756-62	Electron guns in picture tubes	120	-	48
106. Siam Yamato Steel Co., Ltd.	Bangkok	(02) 586-2783	Structural steel	3,000	45	45
107. Millennium Steel Public Company Limited	Bangkok	(02) 949-2949	Holding company	10,743	40	40
108. The Siam Iron and Steel (2001) Co., Ltd.	Bangkok	(02) 949-2949	Construction steel	1	-	40
109. The Siam Construction Steel Co., Ltd.	Rayong	(038) 683-968	Construction steel	1,750	-	40
110. N.T.S. Steel Group Public Company Limited	Bangkok	(02) 949-2949	Construction steel	38,600	-	40
111. The Siam Kubota Industry Co., Ltd.	Pathum Thani	(02) 909-0300-1	Agricultural diesel engines	208	40	40
112. Siam Tyre Phra Pradaeng Co., Ltd.	Samut Prakarn	(02) 384-4171-8	Automotive tyres	200	-	40

Name	Location (Head Office/Factory)	Telephone	Principal Business	Registered Shares (Million Baht)	Direct/* Indirect Company and Subsidiaries Holding (%)	Total ** Direct/ Indirect Holding (%)
113. Siam Tyre Industry Co., Ltd.	Saraburi	(036) 373-276-89	Truck tyres	400	-	40
114. Michelin Siam Co., Ltd.	Chon Buri	(038) 490-534-6	Automotive tyres	500	-	40
115. Michelin Siam Marketing and Sales Co., Ltd.	Bangkok	(02) 619-3000-19	Sales Office	200	-	40
116. The Siam Steel Cord Co., Ltd.	Rayong	(038) 892-100	Tyre bead wires and steel tyre cords	760	-	40
117. Siam Lemmerz Co., Ltd.	Saraburi	(036) 373-309-21	Alloy wheels	107	30	30
118. The Nawaloha Industry Co., Ltd.	Saraburi	(036) 336-531-4	Cast iron	300	30	30
119. Siam AT Industry Co., Ltd.	Chon Buri	(038) 454-266	Automotive parts	240	30	30
120. Aisin Takaoka Foundry Bangpakong Co., Ltd.	Chon Buri	(038) 454-671-7	Cast iron	475	30	30
121. Thai Engineering Products Co., Ltd.	Pathum Thani	(02) 529-3518-22	Automotive parts	85	29	30
122. The Siam Industrial Wire Co., Ltd.	Bangkok	(02) 586-4065-8	Construction steel	260	29	29
123. Siam Furukawa Co., Ltd.	Saraburi	(036) 373-570-3	Automotive and motorcycle batteries	240	29	29
124. Siam Asahi Technoglass Co., Ltd.	Chon Buri	(038)490-680-702	TV glass bulbs for color picture tubes	1,600	27	27
125. The Siam Nawaloha Foundry Co., Ltd.	Saraburi	(036) 288-300	Cast iron	308	20	25
126. Musashi Auto Parts Co., Ltd.	Pathum Thani	(02) 529-1753-6	Motorcycle spare parts	200	21	21
127. The Deves Insurance Public Company Limited	Bangkok	(02) 670-4444	Insurance	120	21	21
128. The Siam United Steel (1995) Co., Ltd.	Rayong	(038) 685-152-59	Cold-rolled steel	9,000	20	20
129. Toyota Motor Thailand Co., Ltd.	Samut Prakarn	(02) 386-1000	Automotives	7,520	10	10
130. Thai Tokai Carbon Product Co., Ltd.	Bangkok	(02) 266-3232	Carbon black	800	5	7
131. Siam Toyota Manufacturing Co., Ltd.	Chon Buri	(038) 213-451-5	Automotive engines and automotive parts	850	4	4
Cementhai Property						
Subsidiaries						
132. Cementhai Property (2001) Public Company Limited	Bangkok	(02) 586-3333	Holding company	72	100	100
133. Rayong Industrial Land Co., Ltd.	Bangkok	(02) 586-2233-4	Industrial sites	2,220	100	100
134. SIL Industrial Land Co., Ltd.	Bangkok	(02) 586-2233-4	Industrial sites	500	100	100
135. Property Value Plus Co., Ltd.	Bangkok	(02) 586-2233-4	Industrial sites and land lease service	144	100	100

Note: * Registered share is ordinary share only
** Direct / Indirect Company, Subsidiaries, Associated and Other Companies Holding (%)

Summary of Significant Information

1. General Information

1.1 Company's name The Siam Cement Public Company Limited
Stock code SCC
Registration No. Bor Mor Jor 258
Type of business Holding company
Location 1 Siam Cement Road, Bangsue, Bangkok, 10800
Tel. 66-2586-3333, 66-2586-4444
Fax. 66-2587-2201, 66-2587-2199
E-mail info@cementhai.co.th
Website www.siamcement.com
Registered Capital 1,600,000,000 Baht
Paid-up Capital 1,200,000,000 Baht
Comprise of 1,200,000,000 common share, Baht 1 par value (as at December 31, 2004)

1.2 Investment in companies of which their operation are significant (pp.100-105)

1.3 Other reference

- **Registrar**
  Thailand Securities Depository Co., Ltd.
  4th, 6th-7th floor, 62 The Stock Exchange of Thailand, Rachadapisek Road, Klongtoey, Bangkok 10110
  Tel. 66-2229-2800
  Fax. 66-2359-1259
  E-mail contact.tsd@set.or.th
  Website www.tsd.co.th
- **Auditor**
  KPMG Phoomchai Audit Limited
  Mr. Vichien Thamtrakul (Certified Public Accountant No. 3183)
  or Mr. Winid Silamongkol (Certified Public Accountant No. 3378)
  195 Empire Tower, 21st Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
  Tel. 66-2677-2000
  Fax. 66-2677-2222
- **Legal Advisor**
  Cementhai Legal Counsel Limited
  1 Siam Cement Road, Bangsue, Bangkok 10800
  Tel. 66-2586-5777, 66-2586-5888
  Fax. 66-2586-2976-7
- **Trustee of Debentureholders**
  National Finance Public Company Limited
  10th-12th, 12thA, 15th-17th, 19th and 20th Floor, 444 MBK Tower Building, Phayathai Road.
  Wangmai, Patumwan, Bangkok 10330
  Tel. 66-2217-8194, 66-2217-8444, 66-2217-8000, 66-2611-9111
  Fax. 66-2217-8417
  E-mail ir.nf@nfs.co.th
  Website www.nfs.co.th
- **Corporate Secretary Office**
  Tel. 66-2586-3012
  Fax. 66-2586-3007
  E-mail corporate@cementhai.co.th

- **Investor Relations Office**
  Tel. 66-2586-3309
  Fax. 66-2586-3307
  E-mail invest@cementhai.co.th
  Website www.siamcement.com/eng/investor/investor.asp
- **Corporate Communications Office**
  Tel. 66-2586-3770
  Fax. 66-2586-2974
  E-mail invest@cementhai.co.th
- **Designated Directors as Shareholders' Representative**
  Fax. 66-2586-3307
  E-mail ind_dir@cementhai.co.th
  Website www.siamcement.com/eng/investor/investor.asp

2. Summary of Financial Data

2.1 Financial statements (pp.6)
2.2 Financial ratio (pp.6)

3. Principal Activities

3.1 Summary of significant information (pp.14-23)
3.2 Ratio of revenues from each business group (pp.14-23)

4. Risk Factors

Economic, social, and political changes in 2004 created risk factors that may affect to business operation, such as increases in petroleum prices; acts of terrorism and unrest in Thailand's South; the spread of bird flu; the impact on exports of the strengthening of the Baht against the US dollar; etc. The Siam Cement Group tracked these factors closely in managing risk and assessing the business impact in order to take proper measures for the Group's businesses, as follows:

1. Operational risks for Group companies

1.1 Petrochemicals Business

1.1.1 Risks arising from the fluctuations from prices of raw materials and finished products in world market.

The prices of petrochemical products and a core raw material (Naphtha) have fluctuated appreciably in world market, due to political factors, such as the situation in the Middle East and the threat of terrorism, and to economic factors, such as the changes in demand and supply of petrochemical products and main raw materials. The impact of these factors has been both positive and negative, thus the Group has implemented various measures including necessitating close tracking, analysis, and assessment, as well as the formulation of appropriate risk management policies, such as sourcing forward as a price hedge; developing synergies among various production lines for further integration; achieving greater efficiency to lower production costs; etc.

1.1.2 Risks arising from manufacturing

Petrochemical processing does entail safety and health risks, as well as risks to plant and equipment, from fires, explosions, leaking gas pipelines, emissions, and other unforeseen threats. The Group has always paid great attention these risks and has put in place strict policies and practices that meet international petrochemical industry standards. Facilities undergo regular inspection, while staff have the best equipment available and perform regular emergency drills. In addition, the Group carries comprehensive insurance cover for main assets used in operations.

1.2 Paper and Packaging Business

1.2.1 Risks arising from eucalyptus supply and prices:

Eucalyptus is a major basic raw material. Supply constraints on eucalyptus result from limited tree planting areas and the limited time window of about 5 years when the wood is mature enough for harvesting. This has pushed prices to a higher level than forecasted, causing unavoidable increases in the cost of production. To reduce these risks, the management promotes eucalyptus plantations; undertakes raw materials and alternative sources research and development; makes long-term purchasing plans; and merges similar operations for more effective management of operations and raw materials supplies.

1.2.2 Risks arising from recovered paper supply and prices:

Recovered paper is another basic raw material in this business line. In addition to initiatives comparable to those mentioned in 1.2.1, two additional practices have helped reduce costs: increasing the number of receiving stations for recovered paper and improving supply chain management to better coordinate with production plans with lower cost.

1.3 Cement and Building Products Business

1.3.1 Risks from raw materials price:

The main raw materials in the Cement business are limestone and fuel. Limestone comes from domestic quarries under government concessions. This year the concession covering the Ta Luang plant is under process of extended approval, making it necessary to find alternative sources in the area and incurring higher shipping expenses, thereby, increasing cement production costs. At the same time, the cost of the main fuel (coal) has risen appreciably. These factors have pushed average production costs higher than estimated.

Steps taken by the management to reduce risks such as these include explore new domestic and neighboring sources of supply; long-term purchase contracts; and conducting research and development programs on raw materials and substitutions.

In addition to cement being marketed as a finished product, it is also a main raw material for range of building products. As its cost rises, it has direct impact on the production costs of the Building Products business. To minimize this risk, the management follows a strategy of designing and developing new products that add value and meet the needs of the market.

1.3.2 Risks caused by laws and regulations changes

The Cement business has been affected by new nationwide regulations issued by Department of Industrial Works covering dust, Nitrogen Oxide (NO_x), and Sulfur Dioxide (SO_x) emissions by cement plants with a 2-year implementation deadline. In case that the plants are unable to meet the standards, authority will then order kilns shut down. To reduce this risk and to preserve the surrounding environment, the management takes precaution steps to ensure that all required regulations are met. The best practices operated by plants are according to laws and regulations i.e. indicators measuring on dust, Nitrogen Oxide, and Sulfur Dioxide emissions. Surveys conducted indicate all Group cement plants meet or exceed government standards. The Group has a policy of monitoring all facilities closely and implementing preventive and corrective measures in advance.

1.4 Distribution

1.4.1 Business competition risks

These risks arise from both existing and new competitors who may have some strategic competitive advantages in such areas as types of goods and services; cost of goods and transportation; or investment capital. To lower such risks, to strengthen competitiveness, and to better meet customer needs, the Distribution business has implemented a range of policies that cover management practices and the use of leading-edge software, such as Customer Relationship Management (CRM); Transportation Management System (TMS); and Supply Chain Management (SCM). In addition, new, more comprehensive service systems have been developed.

1.4.2 Credit risks

Extending credit to foreign customers can entail risks, because information about their credit standing is limited, especially in countries where the Group has no offices. To minimize this risk, the Group has a policy of requiring letters of credit or remittance guarantees. In addition, a credit committee has been established to screen credit extensions, control funding, followup on credit collections, and build a customer database to better manage credit.

1.4.3 Risks arising form inappropriate management of distribution channels

Risks arising from inappropriate management of distribution channels may be opportunity losses from sales and services. The Distribution business is managing this risk by enhancing the capabilities of distributors and by providing information useful in developing competitive distribution methods through better technology. The Distribution business has entered a cooperative agreement with Do It Best — a US leading retail distribution network handling construction and home improvement products — to overhaul the Cementhai Home Mart network to better fit changing consumer behavior that has seen a switch to buying from Modern Trade stores and a general increase in consumers purchasing construction and home improvement products themselves.

2. Financial risks

2.1 Interest rate risk:

Changes in interest rates normally have an impact on operations. However, since prevailing interest rates at this time are at a low level and trends indicate any rise will be gradual, the risks from this source in the short run are minimal. In the long run, interest rate levels are uncertain, so the Group manages interest rate movement risks by giving preference to loans at fixed, rather than floating, rates in a ratio of 80:20 of total loans, thereby, minimizing any impact interest rate movements may have on operations. In addition, another method of managing this risk with other financial instruments, such as interest rate swaps that help stabilize rates at appropriate levels.

2.2 Foreign exchange rate risk

The Group reduces foreign exchange rate fluctuation risks by raising funds through domestic debentures and other financial instruments, such as swaps and forwards, that move the risk to Baht, rather than foreign currencies. At the end of the year 2004, the Group's debt denominated in foreign currencies accounts for only 1 percent of total debt and has little vulnerability to foreign exchange rate fluctuations. Furthermore, Group exports generate foreign currency, providing a natural hedge to cover foreign-currency denominated debt.

2.3 Risks arising from providing financial support to Group companies

The Group promotes a policy of Group companies having a financial structure appropriate to their operations. In some cases, Group companies may require loan guarantees against late payments or defaults that might result in lenders requesting The Siam Cement Public Company Limited to cover such obligations. The Company will accept such obligations only with Group companies in which it has management control or equal to its percentage of shareholdings when it does not have management control. The Company minimizes this risk by intervening to the least degree possible.

To ensure proper oversight and timely tracking of these risks, management has established a risk warning system for all Group companies that triggers reports to the president of each business unit, to the audit committee, and to the Board of Directors. In addition, Group companies must submit remedial operational plans that clearly identify those responsible for follow up on quarterly basis.

5. Shareholders and Management

5.1 Major Shareholders

First 10 major shareholders as at December 31, 2004

No.	Shareholders	No. of common shares	% of total shares
1.	Bureau of the Crown Property	360,000,000	30.00
2.	Thai NVDR Co., Ltd.	90,298,077	7.52
3.	State Street Bank and Trust Company	26,337,817	2.19
4.	CPB Equity Co., Ltd.	23,202,000	1.93
5.	HSBC (Singapore) Nominees Pte Ltd.	22,162,974	1.85
6.	Chase Nominees Limited 1	16,740,196	1.40
7.	Office of The Privy Purse	15,473,000	1.29
8.	Randery Burahmakan Co,. Ltd.	14,810,400	1.23
9.	Littledown Nominees Limited	13,813,100	1.15
10.	The Siam Cement Foundation	13,294,300	1.11

5.2 Management Structure

(1) Group's Management Chart (pp. 10-11)

Board of Directors

(As at December 31, 2004)

H.E. Dr. Chaovana Nasylvanta

Age 76

Position in SCC

- Chairman

Education

- 1950 B.E. (Mechanical) (Hons), Chulalongkorn University
- 1951 B.E.(Electrical), Chulalongkorn University
- 1953 Master of Science Degree (Mechanical Engineering), Massachusetts Institute of Technology, U.S.A.
- 1955 Mechanical Engineer Degree, Massachusetts Institute of Technology, U.S.A.
- 1956 Doctor of Science Degree (Mechanical Engineering), Massachusetts Institute of Technology, U.S.A.
- 1984 Honorary Degree, Doctor of Engineering, Chulalongkorn University
- 1986 Honorary Degree, Doctor of Business Administration, Chiang Mai University
- 1987 Honorary Degree, Doctor of Technology, Asian Institute of Technology

Previous Experience

- 1974-1975 Minister of Transport and Communications
- 1974-1975 Chairman, Telephone Organization of Thailand
- 1976-1993 Chairman, Electricity Generating Authority of Thailand
- 1979-1985 Chairman, Petroleum Authority of Thailand
- 1983-1986 Chairman, National Petrochemical Public Company Limited

Other Current Positions

- Since 1975 Privy Councillor
- Since 1988 Director, Bureau of the Crown Property

Air Vice Marshal Kamthon Sindhvananda

Age 78

Positions in SCC

- Director
- Chairman, The Audit Committee

Education

- 1947 B. Eng-EE, Chulalongkorn University
- 1988 Honorary Degree, Doctor of Engineering, King Mongkut's Institute of Technology North Bangkok
- 1988 Honorary Degree, Doctor of Engineering, Kasetsart University
- 1989 Honorary Degree, Doctor of Engineering, Chulalongkorn University
- 1989 Honorary Degree, Doctor of Engineering, Prince of Songkla University
- 1998 Honorary Degree, Doctor of Engineering, Siam University
- 2000 Honorary Degree, Doctor of Philosophy (Public Administration), The National Institute of Development Administration

Seminar

- Chairman 2000 Program, Thai Institute of Directors Association
- Finance for Non-Finance Directors, Thai Institute of Directors Association
- Directors Accreditation Program (DAP) 18/2004, Thai Institute of Directors Association

Previous Experience

- 1973-1975 Member of National Legislative Assembly
- 1978-1980 Founder and Chairman of The Institute of Electrical and Electronics Engineer Inc. Thailand Section
- 1981-1987 Senator
- 1985-1987 Governor, Electricity Generating Authority of Thailand
- 1985-1995 Chairman, The Executive Committee, Suan Luang Rama IX Park Foundation
- 1990-1993 President, The Engineering Institute of Thailand Under H.M. The King's Patronage

Other Current Positions

- Since 1986 Chairman of Advisors to the Board of Directors, Petroleum Institute of Thailand
- Since 1987 Vice Chairman, Sai Jai Thai Foundation Under Royal Patronage
- Since 1987 Privy Councillor
- Since 1989 Chairman, Foundation for Petroleum Institute of Thailand
- Since 1994 Vice Chairman, The Royal Project Foundation
- Since 1995 Vice Chairman, Suan Luang Rama IX Park Foundation
- Since 2003 Chairman and Director, Tapasa Foundation
- Since 2004 Chairman, The Royal Scholarship for Thai Priest Project

Mr. Paron Israsena

Age 77

Positions in SCC

- Director
- Member of The Audit Committee
- Chairman, The Governance and Nomination Committee

Education

- 1950 B. Eng-EE (Hons), Chulalongkorn University
- 1951 B.Eng-ME, Chulalongkorn University
- 1954 SM-ME, Massachusetts Institute of Technology, U.S.A.
- 1986 Honorary Degree, Doctor of Business Administration, Chulalongkorn University
- 1992 Honorary Degree, Doctor of Science, Chiang Mai University
- 1999 Honorary Degree, Doctor of Business Administration, Yonok College
- 2002 Honorary Degree, Doctor of Engineering, Suranaree University of Technology

Seminar
- The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association
- The Audit Committee...The Expectation Increase and The Responsibility Expansion, The Stock Exchange of Thailand
- Directors Accreditation Program (DAP) 4/2003, Thai Institute of Directors Association

Previous Experience
- 1956-1957 Sale - Engineer Kamolsukosol Co., Ltd.
- 1957-1969 Supply & Distribution Manager, Shell Company of Thailand Ltd.
- 1969-1975 Director Audit Office, The Siam Cement Co., Ltd.
- 1976-1978 Vice President, The Siam Cement Co., Ltd.
- 1976-1978 Member of Public Service Reform Committee
- 1978-1980 Managing Director, The Siam Kubota Diesel Co., Ltd.
- 1984 Senior Vice President, The Siam Cement Co., Ltd.
- 1984 Executive Vice President, The Siam Cement Co., Ltd.
- 1985-1995 President and Chief Executive Officer, The Siam Cement Public Company Limited
- 1986-1989 Chairman, The Federation of Thai Industries
- 1987-1999 Senator and Member of National Legislative Assembly
- 1992-1996 Chairman, Committee on Economic & Industry of The Senate
- 2002-2004 Chairman, Thailand Quality Award Committee

Other Current Positions
- Since 1990 Member, Council of Chulalongkorn University
- Since 1992 Chairman, Shin Satellite Public Company Limited
- Since 1993 Chairman, Seamico Securities Public Company Limited
- Since 1994 Director and Chairman of The Audit Committee, Sammakorn Public Company Limited
- Since 1994 Member, Council of Chiang Mai University
- Since 1995 High Caliber Director, Thailand Productivity Institute
- Since 1997 High Caliber Director, The National Economic and Social Development Board
- Since 2000 Member of the Board of Rachsuda Foundation
- Since 2000 Director and Member of The Audit Committee, Padaeng Industry Public Company Limited
- Since 2001 Director, Darunsikkhalai School and Advisor to The University Council, King Mongkut's University of Technology Thonburi
- Since 2001 Director, The Thai Red Cross Society
- Since 2002 Director, The National Competitiveness Development Board
- Since 2003 Member of Education Council
- Since 2003 Member, Thailand Industrial Standard Institute, Ministry of Industry
- Since 2003 Director, The National Science and Technology Development Board
- Since 2003 Director, Knowledge Management and Development Policy Board

Mr. Snoh Unakul

Age 73

Positions in SCC
- Director
- Member of The Governance and Nomination Committee

Education
- 1951 Certificate in Accountancy, Thammasat University
- 1954 B.Com, University of Melbourne, Australia
- 1957 M.A.(Econ), Columbia University, U.S.A.
- 1961 Ph.D.(Econ), Columbia University, U.S.A.
- 1984 Honorary Degree, Doctor of Economics, Chulalongkorn University
- 1985 Honorary Degree, Doctor of Commerce, Thammasat University
- 1988 Honorary Degree, Doctor of Social Science, Srinakharin Wirot University
- 1989 Honorary Degree, Doctor of Economics, Thammasat University
- 1991 Honorary Degree, Doctor of Economics, Bura Pha University
- 1991 Honorary Degree, Doctor of Economics Development, The National Institute of Development Administration
- 1998 Honorary Degree, Doctor of Economics, Khon Kaen University

Seminar
- Advance Director Program "Board's Failure and How to Fix it", Thai Institute of Directors Association

Previous Experience
- 1955-1960 Fiscal Technical Specialist, The Comptroller General's Department
- 1960-1968 Economic Officer, The National Economic Council
- 1968-1973 Director of Economic and Social Planning Division
- 1973-1974 Deputy Permanent Secretary, Ministry of Commerce
- 1974-1975,1980-1989 Secretary -General, The National Economic and Social Development Board
- 1975-1979 Governor of Bank of Thailand
- 1989-1991 Vice Chairman of the Board of Directors and Chairman of the Executive Committee, Bank of Asia Limited
- 1991-1992 Chairman, Council of Bura Pha University
- 1991-1992 Deputy Prime Minister
- 1992-1995 Chairman of the Board of Directors and Chairman of the Executive Committee, The Bank of Asia Public Company Limited
- 1992-2000 Chairman, Premier Group
- 1992-2000 Council Member of Asian Institute of Technology
- 1992-2000 Director, Thai Mutual Fund
- 1992-2000 Director, Thailand Mutual Fund

Other Current Positions
- Since 1984 Chairman, Foundation for Thailand Development Research Institute
- Since 1992 Director, Dole (Thailand) Co., Ltd.
- Since 1993 Vice Chairman, Thai Environment Institute
- Since 1993 Director, Bureau of The Crown Property
- Since 2001 Supervisory Board, CPB Equity Co., Ltd.

Mr. Sivavong Changkasiri

Age 68

Positions in SCC
- Director
- Member of The Audit Committee
- Chairman, The Remuneration Committee

Education
- 1958 S.B. (Mechanical Engineering), Massachusetts Institute of Technology, U.S.A.
- 1960 S.M. (Mechanical Engineering), Massachusetts Institute of Technology, U.S.A.
- 1960 S.M. (Industrial Engineering), Massachusetts Institute of Technology, U.S.A.
- 1998 Honorary Doctorate Degree of Engineering, Chulalongkorn University

Seminar
- The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association
- Directors Certification Program (DCP) 18/2002, Thai Institute of Directors Association

Previous Experience
- 1973-1975,1991-1992 Member, National Legislative Assembly
- 1976-1980 Deputy Director- General, Department of Industrial Promotion
- 1980-1982 Deputy Permanent Secretary, Ministry of Industry
- 1982-1988 Director-General, Department of Mineral Resources
- 1988-1995 Chairman, PTT Exploration and Production Public Company Limited
- 1989-1996 Permanent Secretary, Ministry of Industry
- 1990-1991 Senator
- 1994-1997 Chairman, Petroleum Authority of Thailand
- 1995-1997,1999-2001 Chairman, Electricity Generating Authority of Thailand
- 1995-1997 Chairman, Bank of Asia Public Company Limited
- 1995-1999 Chairman, National Petrochemical Public Company Limited
- 1995-1999 Chairman, Thai Olefins Co.Ltd.
- 1995-2000 Chairman, National Fertilizer Public Company Limited
- 1995-2003 Director, The Siam Pulp and Paper Public Company Limited
- 1996-1997 Advisor to the Board of Directors and the Executive Committee, The Siam Cement Public Company Limited
- 1998-1999 Chairman of the Board of Directors and the Executive Committee, Siam City Bank Public Company Limited
- 1999-2001 Chairman, Krung Thai Bank Public Company Limited
- 2000-2002 Chairman, Ratchaburi Electricity Generating Holding Public Company Limited

Other Current Positions
- Since 1988 Director, Thai Plastic and Chemicals Co., Ltd.
- Since 1989 Chairman, Petroleum Institute of Thailand's Council of Trustees
- Since 1990 Director, Industrial Development Foundation
- Since 1996 Director, Suksapattana Foundation
- Since 1996 Director, Foundation for Petroleum Institute of Thailand
- Since 1996 Thai Co- Chairman, Malaysia Thailand Joint Authority
- Since 1997 Director, Bangkok Mass Transit System Public Company Limited
- Since 2001 Chairman, Unithai Line Public Company Limited
- Since 2003 Chairman, Samaggi Insurance Public Company Limited
- Since 2004 Chairman, CUEL Co., Ltd.

Mr. Sumet Tantivejkul
Age 65

Positions in SCC
- Director
- Member of The Audit Committee
- Member of The Governance and Nomination Committee

Education
- 1966 B.A. (Political Science), Grenoble University, France
- 1969 M.A. (Political Science and International Law), Ph.D. (Political Science), Monpelier University, France
- 1982 Diploma Economic Development EDI, World Bank, Washington D.C., U.S.A.

Seminar
- Bankruptcy and Rehabilitation Process : What Directors and Executive should know? Thai Institute of Directors Association
- The Audit Committee...The Expectation Increase and The Responsibility Expansion, The Stock Exchange of Thailand
- Directors Certification Program (DCP) 30/2003, Thai Institute of Directors Association
- Finance for Non-Finance Directors 5/2003, Thai Institute of Directors Association

Previous Experience
- 1981-1999 Secretary-General, The Royal Development Projects Board
- 1994-1996 Secretary-General, Office of The National Economic and Social Development Board
- 1994-1996 Director, Bank of Thailand
- 1994-2001 Director, Thai Airways International Public Company Limited
- 1996-1997 Director, Krung Thai Bank Public Company Limited
- 1997-1998 Chairman, Telephone Organization of Thailand
- 1997-1998 Advisor to the Board of Directors and the Executive Committee, The Siam Cement Public Company Limited
- 1997-2000 Director, Thai Farmers Bank Public Company Limited

Other Current Positions
- Since 1988 Member and Secretary-General, The Chaipattana Foundation
- Since 1996 President of Phetchaburi Rajabhat University Council
- Since 2001 Director, Council of Bura Pha University.
- Since 2003 Chairman, SCB Asset Management Co., Ltd

Mr. Yos Euarchukiati
Age 62

Positions in SCC
- Director
- Member of the Remuneration Committee

Education
- 1964 B.Sc.(Eng.), University College London, London University, UK.

Seminar
- Chairman 2000 Program 1/2000, Thai Institute of Directors Association
- The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association

Previous Experience
- 1965-1968 Managing Director, Thai Chipboard Co., Ltd.
- 1968-1974 Managing Director, Thai Plastic and Chemicals Co., Ltd.
- 1974-1981 Senior Executive Vice President, Bank of Asia for Industrial & Commercial Co., Ltd.
- 1981-1992 President and Director, Bank of Asia Limited
- 1992-1997 Vice Chairman of the Board of Directors, Bank of Asia Public Company Limited
- 1994-1997 Advisor, Bureau of the Crown Property
- 1997-1998 Advisor to the Board of Directors and the Executive Committee, The Siam Cement Public Company Limited
- 2000-2002 Chairman, Thai Industrial Gases Public Company Limited

Other Current Positions
- Since 1990 Chairman, Thai Plastic and Chemicals Public Company Limited
- Since 1997 Advisor – Financial and Investment, Bureau of the Crown Property
- Since 2000 Director, National Petrochemical Public Company Limited
- Since 2001 Chairman, CPB Equity Co., Ltd.
- Since 2001 Chairman, CPB Property Co., Ltd.

Mr. Pricha Attavipach

Age 66

Positions in SCC

- Director
- Member of The Audit Committee

Education

- 1960 B.Sc.(Industrial Engineering), Chulalongkorn University
- 1964 M.S. (Industrial Engineering & Management), Oklahoma State University, U.S.A.

Seminar

- Directors Certification Program (DCP) 39/2004, Thai Institute of Directors Association
- Finance for Non-Finance Directors, Thai Institute of Directors Association

Previous Experience

- 1980-1983 Deputy Director – General, Department of Industrial Works
- 1983-1986 Chief Engineer, Office of the Permanent Secretary, Ministry of Industry
- 1986-1991 Deputy Permanent Secretary, Ministry of Industry
- 1991-1993 Director – General, Department of Industrial Works
- 1991-2000 Director, National Petrochemical Public Company Limited
- 1993-1996 Director-General, Department of Mineral Resources
- 1993-2001 Director, PTT Exploration and Production Public Company Limited
- 1995-1998 Chairman, Thai LNG Power Co., Ltd.
- 1996-1999 Permanent Secretary, Ministry of Industry
- 1997-1998 Chairman, Electricity Generating Authority of Thailand
- 1997-1998 Director, Siam Tyre Public Company Limited
- 1997-1999 Chairman, Petroleum Authority of Thailand
- 1997-2001 Chairman, TLP Cogeneration Co., Ltd.
- 1998-1999 Advisor to the Board of Directors and the Executive Committee, The Siam Cement Public Company Limited
- 1999 Director, Siam Tyre Public Company Limited
- 1999-2000 Chairman, National Petrochemical Public Company Limited
- 2000-2003 Honorary Advisor, National Petrochemical Public Company Limited

Other Current Positions

- Since 2000 Chairman, Ruamkijaungthong Warehouse Ltd.
- Since 2000 Chairman, Pan-Paper 1992 Co., Ltd.
- Since 2001 Specialist Senior Engineering (Industrial Engineer), Council of Engineers
- Since 2001 Chairman, Chaiyananbangplee Parkland Co., Ltd.
- Since 2002 Law Councillor of Ministry of Labour
- Since 2003 Chairman, SIAM P.P. International Co., Ltd.
- Since 2003 Chairman, Environment Pulp and Paper Co., Ltd.
- Since 2003 Chairman, Tongkah Harbour Public Company Limited
- Since 2004 Chairman, Ekaratpattana Co., Ltd.
- Since 2004 Chairman of the Committee for Consideration of Appeals concerning Factories, Ministry of Industry
- Since 2004 Academic Director of the Safety and Health Vocational Management System, The Engineering Institute of Thailand Under H.M. The King's Patronage (E.I.T)

Mr. Panas Simasathien

Age 72

Positions in SCC

- Director
- Member of The Governance and Nomination Committee

Education

- 1951 Certificate in Accountancy, Thammasat University
- 1954 B.A., Cum Laude, (Business Administration) Claremont Men's College, California, U.S.A.
- 1955 M.S. (Accounting), University of Illinois, U.S.A.
- 1958 Ph.D. (Accounting), University of Illinois, U.S.A.
- 1984 Honorary Doctorate in Commerce, Thammasat University

Seminar

- Directors Certification Program (DCP) 2/2000,Thai Institute of Directors Association
- The Corporate Governance of Family Business : A Path to Sustainable Success, Thai Institute of Directors Association
- Strengthening Corporate Governance Practices in Thailand, Thai Institute of Directors Association
- Effective AGMs for Better Communication with Your Shareholders, Thai Institute of Directors Association
- Developing CG Policy Statement, Thai Institute of Directors Association
- Director Independence and Handling of Conflict of Interests, Thai Institute of Directors Association

Previous Experience

- 1972-1978 Comptroller-General, The Comptroller - General's Department
- 1978-1982 Director-General, Revenue Department
- 1980-1982 Director, Thai Airways International Co., Ltd.
- 1980-1982 Chairman, Government Savings Bank
- 1982-1992 Chairman, Government Lottery Office
- 1982-1992 Chairman, Krung Thai Bank Public Company Limited
- 1982-1992 Permanent Secretary, Ministry of Finance
- 1989-1992 Chairman, Padaeng Industry Public Company Limited
- 1989-1992 Director, Electricity Generating Authority of Thailand
- 1992 Minister of Finance
- 1993-1995 Chairman, Electricity Generating Authority of Thailand
- 1998-2000 Chairman, Financial Restructuring Advisory Committee

Other Current Positions

- Since 1992 Deputy Chairman and Chairman of the Executive Committee, Siam Piwat Co., Ltd.
- Since 1994 Member of The Securities and Exchange Commission
- Since 1997 Deputy Chairman, The National Economic and Social Development Board
- Since 2000 Director, Bureau of the Crown Property
- Since 2001 Chairman, Council of Economic Advisors to the Prime Minister

Mr. Arsa Sarasin

Age 68

Positions in SCC

- Director
- Member of The Governance and Nomination Committee

Education

- 1959 B.A.(Business Administration), Boston University, U.S.A.

Seminar
- Directors Accreditation Program (DAP) 5/2003, Thai Institute of Directors Association

Previous Experience
- 1959 Ministry of Foreign Affairs
- 1975-1977 Director-General, Department of Economic Affairs, Ministry of Foreign Affairs
- 1977-1980 Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of Belgium & Chief of Mission to the European Community
- 1980-1982 Director-General, Department of Political Affairs, Ministry of Foreign Affairs
- 1982-1986 Permanent Secretary, Ministry of Foreign Affairs
- 1986-1988 Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of United States of America
- 1988-1991 President, Padaeng Industry Co., Ltd.
- 1992-1993 Minister of Foreign Affairs
- 1992-1998 Chief Executive Officer, Padaeng Industry Public Company Limited
- 1995-2004 Director, Vinythai Public Company Limited
- 1997 Chairman, The Second Asia-Europe Business Forum (AEBF)

Other Current Positions
- Since 1993 Chairman, Thai Asia Pacific Brewery Co., Ltd
- Since 1998 Chairman, Padaeng Industry Public Company Limited
- Since 1998 Director, Thai Tapioca Development Institute
- Since 1999 Independent Director and Member of The Audit Committee, Charoen Pokphand Foods Public Company Limited
- Since 1999 Chairman, Siam Makro Public Company Limited
- Since 2000 Advisor to the Board of Directors, Bangkok Bank Public Company Limited
- Since 2000 His Majesty's Principal Private Secretary
- Since 2003 Director, Thai Pure Drinks Co., Ltd.
- Since 2004 Chairman of Advisor of the Thai-Lao Association for Friendship

Mr. Boonsithi Chokwatana

Age 67

Positions in SCC
- Director
- Member of The Remuneration Committee

Education
- 1994 Honorary Doctoral Degree in Environmental Engineering, Khon Khen University
- 2001 Honorary Doctoral Degree in Business Administration, Bura Pha University
- 2002 Honorary Doctoral Degree in Business Administration, Thammasat University
- 2004 Honorary Doctoral Degree in Business Administration, The National Institute of Development Administration

Seminar
- Directors Accreditation Program (DAP) 3/2003, Thai Institute of Directors Association

Previous Experience
- 1974-2003 President of Saha Pathana Inter-holding Public Company Limited
- 1993-1994 Academic Committee of the Board of Investment (BOI)
- 1996-2000 Advisor to the Board of Investment (BOI)
- 1998-1999 Advisor to the Deputy Minister of Commerce
- 1999-2002 Economic Committee of Thai Chamber of Commerce
- 2001-2003 Advisor to the Minister of Finance
- 2003 Director, Board of Investment

Other Current Positions
- Since 1975 Chairman of Thanulux Public Company Limited
- Since 1995 Vice Chairman, I.C.C. International Public Company Limited
- Since 1997 Chairman, Saha Pathanapibul Public Company Limited
- Since 1997 Advisor Committee of the Institute of Asia Pacific Studies, Waseda University, Japan
- Since 1999 Committee Member of the MBA Program in Business Administration, Bura Pha University
- Since 2003 Advisor to the Deputy Prime Minister (Dr. Somkid Jatusripitak)
- Since 2003 Director, Saha Pathana Inter-holding Public Company Limited
- Since 2003 Advisor to the Board of Investment (BOI)

Mr. Chumpol NaLamlieng

Age 57

Position
- President

Education
- 1964 B.S. (Mechanical Engineering), University of Washington, U.S.A.
- 1967 M.B.A., Harvard Business School, U.S.A.
- 1992 International Senior Management Program (ISMP), Harvard University, U.S.A

Seminar
- Chairman 2000 Program, Thai Institute of Directors Association

Previous Experience
- 1967-1969 World Bank, International Finance Corporation
- 1969-1972 Thai Investment and Securities Co., Ltd.
- 1974-1992 Vice President – Finance, The Siam Cement Public Company Limited

Other Current Positions
- Since 1993 Chairman, Siam Yamato Steel Co., Ltd.
- Since 1994 Member of Asia Pacific Advisory Committee to Board of Directors of the New York Stock Exchange
- Since 1995 Director, Dole (Thailand) Ltd.
- Since 1996 Chairman, Siam Michelin Group Co., Ltd.
- Since 2003 Chairman, Singapore Telecommunication Ltd.

Shareholdings of directors as at December 31, 2004

Director	The Siam Cement Public Company Limited [1]					Affiliated companies [2]			
	Common shares [3] (SEC Regulations)			Debentures [4] (PLC Act)		Common shares [4] (PLC Act)		Debentures [4] [5] (PLC Act)	
	Total			Total		Total		Total	
	Held personally	Held by spouses and minor children	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year
1. H.E. Dr. Chaovana Nasylvanta	-	-	-	20,000	20,000	-	-	-	-
2. AVM Kamthon Sindhvananda	500	-	500	40,000	11,000	-	-	15,000	-
3. Mr. Paron Israsena	4,000	-	4,000	48,000	10,000	-	-	5,000	-
4. Mr. Snoh Unakul	7,000	-	(93,000)	-	-	-	-	-	-
5. Mr. Sivavong Changkasiri	34,000	-	34,000	-	-	-	-	-	-
6. Mr. Sumet Tantivejkul	4,000	3,000	4,000	6,000	-	-	-	-	-
7. Mr. Yos Euarchukiati	50,000	-	50,000	-	-	-	-	-	-
8. Mr. Pricha Attavipach	-	-	-	-	-	-	-	-	-
9. Mr. Panas Simasathien	40,000	-	20,000	-	-	-	-	-	-
10. Mr. Arsa Sarasin	39,000	40,600	16,600	-	-	-	-	-	-
11. Mr. Boonsithi Chokwatana	12,000	-	12,000	-	-	-	-	-	-
12. Mr. Chumpol NaLamlieng	1,101,000	-	-	-	-	-	-	-	-

Notes:

1. The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up capital of 1,200,000,000 Baht (1,200,000,000 shares with a par value of 1 Baht per share)
2. According to the Public Limited Companies Act, an "affiliated company" means a public limited company with a relationship to a private company or with any public limited company, or with any companies in the following manner:
   a. Any company that has the authority to control the appointment and removal of directors with full management authority or that has majority management authority.
   b. Holds more than 50% of issued shares.
3. According to SEC regulations, common shares of a company including those held by a spouse and minor children.
4. The Public Limited Companies Act requires divulging the common shares and debentures in the Company and in companies in the Group held solely by a Board member as an individual.
5. Debentures of companies in the Group refers to the debentures of the Siam Pulp and Paper Public Company Limited.
   - The Siam Cement Public Company Limited and Siam Pulp and Paper Public Company Limited debentures are 1,000 Baht per unit.

The Attendance of the Directors in Relevant Committee Meetings in 2004 (times)

Directors	Board of Directors Total (12 directors) total 9 times/year	The Audit committee Total (5 members) total 6 times/year	The Governance and Nomination committee Total (5 members) total 4 times/year	The Remuneration committee Total (3 members) total 5 times/year
1. H.E. Dr. Chaovana Nasylvanta	8			
2. AVM Kamthon Sindhvananda	6	6		
3. Mr. Paron Israsena	9	6	4	
4. Mr. Snoh Unakul	8		4	
5. Mr. Sivavong Changkasiri	9	5		5
6. Mr. Sumet Tantivejkul	9	6	3	
7. Mr. Yos Euarchukiati	9			5
8. Mr. Pricha Attavipach	9	6		
9. Mr. Panas Simasathien	8		3	
10. Mr. Arsa Sarasin	9		3	
11. Mr. Boonsithi Chokwatana	8			4
12. Mr. Chumpol NaLamlieng	9			

Notes:

- The seven Independent Directors are number 2, 3, 5, 6, 8, 10 and 11
- The five Audit Committee Members are number 2, 3, 5, 6 and 8
- The five Governance and Nomination Committee Members are number 3, 4, 6, 9 and 10
- The three Remuneration Committee Members are number 5, 7 and 11

Independent Directors' Training
Conducted by Thai Institute of Directors Association (IOD)

SCC Independent Directors (total 7 persons)	Training Courses*	
	Directors Certification Program (DCP)	Directors Accreditation Program (DAP)
1. AVM Kamthon Sindhvananda	-	Class 18/2004
2. Mr. Paron Israsena	-	Class 4/2003
3. Mr. Sivavong Changkasiri	Class 18/2002	-
4. Mr. Sumet Tantivejkul	Class 30/2003	-
5. Mr. Pricha Attavipach	Class 39/2004	-
6. Mr. Arsa Sarasin	-	Class 5/2003
7. Mr. Boonsithi Chokwatana	-	Class 3/2003

The Board of Directors and The Management Committee

Duly Authorized Directors

Two of the five Company directors, namely, Mr. Chaovana Nasylvanta, or Mr. Snoh Unakul, or Mr. Yos Euarchukiati, or Mr. Panas Simasathien, or Mr. Chumpol NaLamlieng jointly signed their names.

Scope of Authority of the Board of Directors and Committees

The Board of Directors of the Company

The number of directors is currently limited to twelve. The Board of Directors consist of seven independent directors, four major shareholders' representatives, and one Company executive to ensure effective and efficient performance. The Board holds at least eight regular scheduled meetings per year. Board members receive the agenda and all supporting documents for each meeting well in advance to allow adequate time for preparation. The Board considers all matters with due regard for the interests of the shareholders and stakeholders. The chairman ensures that there is sufficient time for a thorough discussion of each agenda item with a full exchange of views.

Directors' Term on Board

At the Ordinary General Meeting each year, one third of the total directors must retire from the office. If it is not possible to divide the total number of directors evenly by 3, the number closest to one-third must retire from the office. In choosing those directors who retire, length of service on the board should be considered with those longest serving most eligible to retire. A retiring director is eligible for re-election.

The Board of Directors essentially has the following Authorities:

1. The Board is responsible for establishing corporate vision, the mission statement as well as the policy and strategy to align and sustain the interests of all stakeholders and create long-term shareholders' value.
2. The Board is responsible for reviewing the operating plan and ensuring maximum competitiveness in global level.
3. The Board shall oversee and review the performance of all group companies as well as evaluating the performance of the management committee.
4. The Board maintains proactive risk management systems as well as overseeing and reviewing corporate governance to ensure compliance with internationally accepted practice.
5. The Board must devote their time and resources to attending and performing their duties in an effective and efficient manner. They must avoid having competitive interests and be committed to the Company's best interests.
6. The Board manages and directs the Company's operations in compliance with all laws, the objectives, the Articles of Association and the resolution of shareholders' meetings in good faith and with care to preserve the interests of the Company.
7. The Board conducts the Company's business in line with the Siam Cement Group Corporate Governance as well as the SET Code of Best Practice for Directors of Listed Companies and Guidelines of Securities and Exchange Commission in pursuit of business excellence.
8. The Board is responsible for overseeing and monitoring the performance of each business unit and for the overall performance of SCG. The Board ensures that the Group's operations reporting conform to an agreed standard while establishing a corporate policy for the development of the Company's operations and personnel development.
9. The Board promotes awareness of the importance of business ethics among employees at all levels. It also promotes internal controls and internal auditing to ensure corporate integrity is maintained and to prevent any fraudulent practices.
10. The Board treats all shareholders equally with regard to information and protects those right equitably. Shareholders can actively exercise their rights and access to corporate information with full disclosure and transparency.
11. The Board shall authorize directors, the board of executive directors, sub-committees, individuals or juristic persons to perform jointly or separately any duty in accordance with the objectives and Articles of Association of the Company in return for remuneration as determined by the Board. The Board has the right to change or revoke the authority given to such persons, or remove such persons from duty, and appoint other individuals for replacement, as deemed appropriate. The authorized or appointed persons must perform their duties in accordance with the regulations, orders and policies set by the Board.

The Audit Committee

The Audit Committee of the Company comprises the following members:

1. Air Vice Marshal Kamthon Sindhvananda	Chairman
2. Mr. Paron Israsena	Member
3. Mr. Sivavong Changkasiri	Member
4. Mr. Sumet Tantivejkul	Member
5. Mr. Pricha Attavipach	Member

Scope of authority

The Audit Committee is authorized to fulfill the following duties:

1. Supervise and review that the Company has appropriate system in financial reports in accordance with the legally defined accounting principle with transparency and adequacy.
2. Support the establishment of financial report development in compliance with the international accounting standard.
3. Review and ensure that the Company has appropriate and effective internal control and internal audit systems that comply with international accepted approaches and standards.
4. Supervise and ensure that the Company has in place proactive operation systems to enhance operating effectiveness and efficiency.
5. Review corporate risk management.
6. Review and ensure that the Company is in full compliance with the laws on Securities and the Stock Exchange, and other laws relating to the Company's business.
7. Review the internal audit system on corruption and establish preventive measures.
8. Review the righteousness and effectiveness of the information technology system relating to the internal control system, financial reports and risk management and suggest an up-to-date improvement occasionally.
9. Review disclosure of corporate data in case there is a connected transaction or item that may lead to conflicts of interest to ensure accurateness and completeness.
10. Supervise, review and comment on the operation of the Internal Audit Office and also cooperate with the Company's auditor.
11. Prepare reports on the supervision of activities of the Audit Committee with disclosure in the Company's annual report which is duly signed by the Chairman of the Audit Committee.
12. Consider, select and propose the appointment and remuneration of the Company's auditor.
13. Supervise the evaluation of the Internal Audit Office in compliance with international standards.
14. Consider the budgets and manpower of the Internal Audit Office.
15. Appoint, remove, transfer or terminate the employment of the Director of the Internal Audit Office.
16. Take other actions in compliance with the law or assignments by the Board of Directors. In actions thereof, the Audit Committee is authorized to summon or order management, unit heads, or employees concerned to present opinions, attend meetings or submit the necessary documents.

The Audit Committee performs duties within the authority and responsibility under the order of the Board of Directors. The Board is responsible for the Company's operations and is directly accountable to shareholders, stakeholders and the public.

The Governance and Nomination Committee

The Governance and Nomination Committee comprises the following members:

1. Mr. Paron Israsena	Chairman
2. Mr. Snoh Unakul	Member
3. Mr. Sumet Tantivejkul	Member
4. Mr. Panas Simasathien	Member
5. Mr. Arsa Sarasin	Member

Scope of Authority

1. To make recommendations to the Board of Directors regarding the best practices in corporate governance.
2. To review the Company's corporate governance affairs and compare them with those of the leading international companies. The Committee also recommends plans for further improvement of the Company's corporate governance from time to time.
3. To oversee and monitor the effectiveness of the Company's Board and Management with reference to The Siam Cement Group Corporate Governance. The Committee also gives advice to the Board on corporate governance practices.
4. To develop a succession plan and establish a process for proposing nominees to the Board to replace directors who have reached the end of their terms.
5. To propose new nominees to the Board to fill positions made vacant by directors who complete their terms. The Committee then makes recommendations to the Board for ultimate shareholders' approval.
6. To recommend a plan to the Board for the succession of the Company's President and senior management.
7. To implement a process for assessing the effectiveness of other committees and the Board of Directors and follow up the results.
8. To assess the independence of the Board in fulfilling its responsibilities and to recommend a plan for improvement.

The Remuneration Committee

The Remuneration Committee comprises the following members:

1. Mr. Sivavong Changkasiri	Chairman
2. Mr. Yos Euarchukiati	Member
3. Mr. Boonsithi Chokwatana	Member

Scope of Authority

1. Propose guidelines and methods of payment of remuneration to the Board of Directors, and committees appointed by the Board.
2. Propose policy on management incentives in line with the Company's operating results, and the performance of each management executive, and whenever it deems appropriate, the committee shall consider the hiring of consulting firms to advise on project implementation.
3. Consider the annual remuneration for each member of the management committee and propose it to the Board for approval.
4. To consider, before presenting to the Board of Directors, the budget for the salary increase, change of wage/remuneration and bonus of the senior executives.

Executives (Management Committee)

In addition to the President, the Siam Cement Group Management Committee comprises twelve other executives which include: the Executive Vice President of the Company, Presidents and Executive Vice Presidents responsible for each business unit, namely, petrochemicals, paper and packaging, cement, building products, distribution, property, and the holding company. These twelve executives report directly to the President. The Management Committee is authorized to manage and direct the Group's operations in accordance with policies set by the Board; to take responsibility for the Group's operating results; to control expenses and capital expenditure limits as approved by the Board and as stated in the Annual Operating Plan; to manage personnel in line with the Group's policy; to resolve problems or conflicts that may affect the Group; and to maintain effective communication with the stakeholders.

The Management committee

(As at December 31, 2004)

Mr. Chumpol NaLamlieng

Age 57

Position in SCG

- President, The Siam Cement Public Company Limited

Education

- 1964 B.S. (Mechanical Engineering), University of Washington, U.S.A.
- 1967 M.B.A., Harvard Business School, U.S.A.
- 1992 International Senior Management Program (ISMP), Harvard University, U.S.A.

Seminar

- Chairman 2000 Program, Thai Institute of Directors Association

Previous Experience

- 1967-1969 World Bank, International Finance Corporation
- 1969-1972 Thai Investment and Securities Co., Ltd.
- 1974-1992 Vice President – Finance, The Siam Cement Public Company Limited

Other Current Positions

- Since 1993 Chairman, Siam Yamato Steel Co., Ltd.
- Since 1994 Member of Asia Pacific Advisory Committee to Board of Directors of the New York Stock Exchange
- Since 1995 Director, Dole (Thailand) Ltd.
- Since 1996 Chairman, Siam Michelin Group Co., Ltd.
- Since 2003 Chairman, Singapore Telecommunication Ltd.

Mr. Kan Trakulhoon

Age 49

Position in SCG

- Executive Vice President, The Siam Cement Public Company Limited

Education

- 1977 B.E. (Electrical), First Class Honours, Chulalongkorn University
- 1986 M.S. (Ceramic), The Georgia Institute of Technology, U.S.A.
- 1986 M.S. (Management), The Georgia Institute of Technology, U.S.A.
- 2001 Advanced Management Program (AMP), Harvard University, U.S.A.

Seminar

- Directors Certification Program (DCP) 29/2003, Thai Institute of Directors Association

Previous Experience

- 1996-1997 Deputy Managing Director, Rayong Olefins Co., Ltd.
- 1997-1998 Executive Vice President, PT Trans-Pacific Petrochemical Indotama, Indonesia
- 1999-2001 Managing Director, Thai Ceramic Co., Ltd.
- 1999-2002 President, Cementhai Ceramics Co., Ltd.
- 2003-2004 Vice President, The Siam Cement Public Company Limited

Other Current Positions

- Since 2002 Director, Thai British Security Printing Public Company Limited
- Since 2003 Director, Phoenix Pulp and Paper Public Company Limited
- Since 2003 Director, Thai Cane Paper Public Company Limited

Mr. Apiporn Pasawat

Age 56

Position in SCG

- President, Cementhai Chemicals Co., Ltd.

Education

- 1971 B.S. (Chemical Engineering), Chulalongkorn University
- 1972 M.S. (Chemical Engineering), University of Wisconsin, U.S.A.
- 1973 M.B.A., University of Wisconsin, U.S.A.
- 1996 Advanced Management Program (AMP), Harvard University, U.S.A.

Previous Experience

- 1995-2000 Vice President, The Siam Cement Public Company Limited

Other Current Positions

- Since 1995 Director, National Petrochemical Public Company Limited
- Since 1995 Director and Executive Director, Thai Plastic and Chemicals Public Company Limited
- Since 1995 Director, The Aromatics (Thailand) Public Company Limited
- Since 1996 Director, Bangkok Synthetics Co., Ltd.
- Since 1996 Director, BST Elastomers Co., Ltd.
- Since 1999 Member to PTIT Council of Trustees' Meeting
- Since 1999 Member of The Executive Board of Directors, Vajiravudh College
- Since 2002 Member of The Executive Board of The Petroleum and Petrochemical College, Chulalongkorn University

Mr. Cholanat Yanaranop

Age 45

Position in SCG

- Executive Vice President, Cementhai Chemical Co., Ltd.

Education

- 1982 Bachelor of Environmental Chemical Engineering, Salford University, Manchester,UK.
- 1984 Master of Chemical Engineering, Imperial College, London, UK.
- 2004 Advanced Management Program (AMP), Harvard University, U.S.A.

Previous Experience

- 1985-1987 Engineer, The Siam Cement Co., Ltd.
- 1987-1991 Engineer, Thai Polyethylene Co., Ltd.
- 1991-1992 Research & Engineering Dept. Manager., Thai Polyethylene Co., Ltd.
- 1992-1993 Production Dept. Manager-HDPE Plant. Thai Polyethylene Co., Ltd.
- 1993-1995 HDPE Production Dept. Manager, Thai Polyethylene Co., Ltd.
- 1995 Technical & Project Div. Manager, Thai Polyethylene Co., Ltd.
- 1995-2004 Managing Director, Thai Polyethylene Co., Ltd.
- 1995-2004 Managing Director, Thai Polypropylene Co., Ltd.
- 1999-2001 Managing Director, Siam Polyolefins Co., Ltd.
- 2001-2004 Managing Director, CCC Chemical Commerce Co., Ltd.

Other Current Position

- Since 2001 Managing Director, CCC Polyolefins Co., Ltd.

Mr. Somboon Chuchawal

Age 59

Position in SCG

- President, The Siam Pulp and Paper Public Company Limited

Education

- 1968 B.E. (Civil Engineering), Second Class Honours, Chulalongkorn University
- 1970 M.S. (Logistics Engineering), Asian Institute of Technology
- 1991 Advanced Management Program (AMP), Harvard University, U.S.A.

Seminar

- Directors Accreditation Program (DAP) 6/2003, Thai Institute of Directors Association

Previous Experience

- 1988-1995 Managing Director, Thai Union Paper Public Company Limited
- 1996-1997 Managing Director, Siam Kraft Industry Co., Ltd.
- 1996-2001 Managing Director, Thai Paper Co., Ltd.
- 1996-2001 Managing Director, Siam Cellulose Co., Ltd.

Other Current Positions

- Since 2002 Director, Phoenix Pulp and Paper Public Company Limited
- Since 2002 Director, Note Printing Works, Bank of Thailand
- Since 2003 Chairman, Thai British Security Printing Public Company Limited
- Since 2003 Chairman of the Board of Directors and Chairman of the Executive Board of Directors, Thai Cane Paper Public Company Limited

Mr. Chaovalit Ekabut

Age 46

Position in SCG

- Executive Vice President, The Siam Pulp and Paper Public Company Limited

Education

- 1980 B.E. (Mechanical) First Class Honours, Chulalongkorn University
- 1982 M.E.(Industrial Engineering and Management), Asian Institute of Technology
- 2004 Advanced Management Program (AMP), Harvard University, U.S.A.

Seminar

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

Previous Experience

- 1997-1999 Business Development and Project Division Manager, The Siam Cement Public Company Limited
- 1999-2002 Managing Director, Thai CRT Co., Ltd.
- 1999-2002 Managing Director, CRT Display Technology Co., Ltd.
- 2002-2004 Managing Director, Thai Paper Co., Ltd.
- 2002-2004 Managing Director, Thai Union Paper Public Company Limited

Other Current Positions

- Since 2002 Managing Director, Siam Cellulose Co., Ltd.
- Since 2003 Director, Phoenix Pulp and Paper Public Company Limited
- Since 2004 Director, Thai Cane Paper Public Company Limited

Mr. Pramote Techasupatkul

Age 52

Position in SCG

- President, Siam Cement Industry Co., Ltd.

Education

- 1975 B.E. (Industrial), Chulalongkorn University
- 2003 Advanced Management Program (AMP), Harvard University, U.S.A.

Previous Experience

- 1999-2000 President, Cementhai Roofing and Concrete Products Co., Ltd.
- 2001-2002 Vice President, The Siam Cement Public Company Limited
- 2002-2003 Executive Vice President, Siam Cement Industry Co., Ltd.

Other Current Positions -

Mr. Kajohndet Sangsuban

Age 51

Position in SCG

- President, Cementhai Building Products Co., Ltd.

Education

- 1975 B.E. (Civil), Chulalongkorn University
- 2002 Advanced Management Program (AMP), Harvard University, U.S.A.

Previous Experience

- 1996-2001 Managing Director, The Siam Gypsum Industry Co., Ltd.

Other Current Positions

- Since 1999 Managing Director, Cementhai Gypsum Co., Ltd.
- Since 2003 Director, Millennium Steel Public Company Limited

Mr. Pichit Maipoom

Age 48

Position in SCG

- Executive Vice President, Cementhai Building Products Co., Ltd.

Education

- 1981 B.E. (Mechanical Engineering), King Mongkut's Institute of Technology North Bangkok
- 1986 M.E. (Industrial and Management), Asian Institute of Technology

Previous Experience

- 1996-1999 Plant Manager, The Siam Refractory Industry Co., Ltd.
- 1999-2001 Production Division Manager, Thai Ceramic Co., Ltd.

Other Current Positions

- Since 2001 Managing Director, Thai Ceramic Co., Ltd.
- Since 2004 Chairman, Ceramic Industry Club of Thailand, The Federation of Thailand Industries

Mr. Dusit Nontanakorn

Age 57

Position in SCG

- President, Cementhai Distribution Co., Ltd.

Education

- 1968 B.E., Youngstown State University, Ohio, U.S.A.
- 1969 M.E., Ohio State University, U.S.A.
- 1976 M.B.A., University of California, Los Angeles, U.S.A.
- 1994 Advanced Management Program (AMP), Harvard University, U.S.A.

Seminars

- Directors Certification Program (DCP) 24/2002,Thai Institute of Directors Association
- Chairman 2000 Program, Thai Institute of Directors Association

Previous Experience

- 1995-2000 Vice President, The Siam Cement Public Company Limited
- 2003-2004 Director, Audit Committee Member and Nomination & Remuneration Committee Member, The Industrial Finance Corporation of Thailand

Other Current Positions

- Since 1998 Director and Member of the Executive Board, Board of Trade of Thailand and Thai Chamber of Commerce
- Since 1999 Member of the Executive Board of Directors, Vajiravudh College
- Since 2002 Chairman, Thailand Management Association
- Since 2003 Director, Board of Investment
- Since 2003 Vice - Chairman, International Chamber of Commerce of Thailand

Mr. Chalaluck Bunnag

Age 57

Position in SCG

- President, Cementhai Holding Co., Ltd.

Education

- 1968 B.E. (Civil), Chulalongkorn University
- 1970 M.S. (Civil Engineering), Oklahoma State University, U.S.A.
- 1978 M.S. (Industrial Administration), Carnegie-Mellon University, U.S.A.

Previous Experience

- 1995-2001 Vice President, The Siam Cement Public Company Limited

Other Current Position

- Since 2002 Director, Millennium Steel Public Company Limited

Mr. Damri Tunshevavong

Age 51

Position in SCG

- Executive Vice President, Cementhai Holding Co., Ltd.

Education

- 1976 B.E. (Electrical), Chulalongkorn University
- 2004 Advanced Management Program (AMP), Harvard University, U.S.A.

Seminar

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

Previous Experience

- 1996-1998 Tha Luang Cement Plant Manager, The Siam Cement Public Company Limited

Other Current Positions

- Since 1999 Managing Director, Siam Yamato Steel Co., Ltd.
- Since 2004 Director, The Siam United Steel (1995) Co., Ltd.
- Since 2004 Director, Thai CRT Co., Ltd.
- Since 2004 Director, The Siam Nawaloha Foundry Co., Ltd.

Mr. Aviruth Wongbuddhapitak

Age 56

Position in SCG

• President, Cementhai Property (2001) Public Company Limited

Education

• 1969 B.A. (Accounting), Chulalongkorn University
• 1975 M.B.A., New York University, U.S.A.
• 1996 International Senior Management Program (ISMP), Harvard University, U.S.A.

Seminars

• Directors Certification Program (DCP) 8/2001, Thai Institute of Directors Association
• The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association

Previous Experience

• 1981-1990 Managing Director, Thai Ceramic Co., Ltd.
• 1990-1994 President, Tile Cera, Inc, U.S.A.
• 1995-2002 Vice President, The Siam Cement Public Company Limited
• 1998-2002 Director, Thai Industrial Gases Public Company Limited
• 2002-2003 Director, Phoenix Pulp and Paper Public Company Limited

Other Current Positions

• Since 1995 Director, The Deves Insurance Public Company Limited
• Since 1998 Director, Thai Plastic and Chemicals Public Company Limited
• Since 1998 Director, Siam Pulp and Paper Public Company Limited
• Since 2003 Chairman of Executive Committee, The Deves Insurance Public Company Limited
• Since 2004 Executive Committee, Thai Plastic and Chemicals Public Company Limited

Chief Officers in Finance and Accounting

(As at December 31, 2004)

Mr. Padungdej Indralak

Age 50

Position in SCG

• Corporate Treasurer

Education

• 1975 B.A. (Monetary Economics and Public Finance), Chulalongkorn University
• 1978 M.A. in South-East Asian Studies, University of Kent, Canterbury, England

Previous Experience

• 1993-1995 Finance Department Manager, The Siam Cement Public Company Limited

Mr. Lucksananoi Punkrasamee

Age 52

Position in SCG

• Corporate Accounting Director

Education

• 1973 B.A. (Accounting), Chulalongkorn University
• 1986 M.B.A., Chulalongkorn University

Previous Experience

• 2001-2003 Corporate Accounting and E - Business Director, Cementhai Chemicals Co., Ltd.

(2) Election of Executives and Directors

The Governance and Nomination Committee is responsible for nominating candidates to replace directors whose terms are expiring or who are unable to complete their terms. The Committee then makes recommendations to the Board for ultimate shareholder approval. Candidates come from a diversity of backgrounds and experience. Personal qualities sought include leadership, vision, ethical integrity, clean work records, and independence of opinions.

Rules and procedures for the election of directors are as follows:

1. The Governance and Nomination Committee proposes the names of persons to replace directors whose terms are expiring to the Board for consideration prior to the ordinary general shareholders' meeting for election during the meeting. All shareholders have an equal right to propose other candidates, since the authority to choose directors rests with the shareholders.
2. In case the number of candidates nominated for directors does not exceed the number of directors required for that election, the meeting shall elect all of them as directors.
3. In case the number of candidates nominated for directors exceeds the number of directors required for that election, it shall be decided by vote at the shareholder meeting. The shareholders may elect the candidates nominated for director, but not exceeding the number of directors required for that election and the directors shall be individually elected. Each shareholder or proxy shall have one vote for each share he holds or represents for the election of each director. The candidates shall be ranked in descending order from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the remaining appointment shall be made by the chairman of the meeting who shall cast the deciding vote.

Neither the President, nor any of the seven independent directors can be related to any major shareholders.

Selecting senior executive replacements

The senior executive selection process for the Siam Cement Group starts with talented and ethical people. The Group seeks young talent with the potential to develop into senior management. Selection includes a number of stages, each with an assessment of such considerations as integrity, leadership qualities, and management capabilities. The outstanding employees who demonstrate high potential will each have an individualized development plan that includes challenging job assignments and job rotation throughout the organization to ensure they gain a broad knowledge and understanding as a result they are properly prepared to replace the positions at all level that may become vacant. The Board of Director will select employees who show the greatest potential and have the appropriate credentials for the placement in senior executive positions.

(3) Board Member and Executive Remuneration in 2004

1. Director Remuneration

In the eleventh ordinary general meeting of shareholders held on March 24, 2004, a resolution passed concerning the remuneration and bonus of directors. Monthly remuneration for all directors was set at 1,800,000 Baht (previously set 900,000 Baht per month) and shall be distributed amongst the directors in such manner they may themselves consider appropriately. Regarding bonuses, permission was granted that the board itself would determine the appropriate amount, but that amount cannot exceed 0.5 percent of total dividends paid to shareholders (previously set at 1 percent of total dividends) and shall be distributed amongst the directors in such manner they may themselves consider appropriately. This will be in effect from the day the resolution was passed by a vote of the shareholders onwards until the shareholders' meeting determined otherwise.

The Apportionment of Board Remuneration and Bonuses

Monthly Remuneration

The Board of Directors passed a resolution to pay the chairman a 1.5 share, or 216,000 Baht per month, and the other eleven board members 1 share, or 144,000 Baht per month.

Director Bonuses

The Board of Directors passed a resolution to pay the chairman a bonus of 1.5 share and the other eleven board members bonuses of 1 share of total bonuses.

2. Remuneration for the Board Committees

The Board of Directors passed a resolution to remunerate members of the Board Committees on the basis of fixed fee and attendance fee, as follows:

Audit Committee

	Annual fixed fee (Baht)	Attendance fee (Baht)
Chairman	96,000	24,000
Director	64,000	16,000

The Remuneration Committee, and the Governance and Nomination Committees

	Annual fixed fee (Baht)	Attendance fee (Baht)
Chairman	72,000	18,000
Director	48,000	12,000

The chairman of the Board Comittees' remuneration is 1.5 share while members of the Committee get 1 share.

The remuneration paid to the 12 directors for company's directorship, committees, and bonuses for 2004 totalled 74,854,262 Baht, which details as follows:

Directors	Position	Remuneration for 2004 (Baht)	Bonus for 2004 (Baht)
1. H.E. Dr. Chaovana Nasylvanta	Chairman	2,295,871	6,480,000
2. AVM Kamthon Sindhvananda	Director	1,530,581	4,320,000
	Chairman of the Audit Committee	240,000	
3. Mr. Paron Israsena	Director	1,530,581	4,320,000
	Member of the Audit Committee	160,000	
	Chairman of the Governance and Nomination Committee	144,000	
4. Mr. Snoh Unakul	Director	1,530,581	4,320,000
	Member of the Governance and Nomination Committee	96,000	
5. Mr. Sivavong Changkasiri	Director	1,530,581	4,320,000
	Member of the Audit Committee	144,000	
	Chairman of the Remuneration Committee	162,000	
6. Mr. Sumet Tantivejkul	Director	1,530,581	4,320,000
	Member of the Audit Committee	160,000	
	Member of the Governance and Nomination Committee	84,000	
7. Mr. Yos Euarchukiati	Director	1,530,581	4,320,000
	Member of the Remuneration Committee	108,000	
8. Mr. Pricha Attavipach	Director	1,530,581	4,320,000
	Member of the Audit Committee	160,000	
9. Mr. Panas Simasathien	Director	1,530,581	4,320,000
	Member of the Governance and Nomination Committee	84,000	
10. Mr. Arsa Sarasin	Director	1,530,581	4,320,000
	Member of the Governance and Nomination Committee	84,000	
11. Mr. Boonsithi Chokwatana	Director	1,530,581	4,320,000
	Member of the Remuneration Committee	96,000	
12. Mr. Chumpol NaLamlieng	President	1,530,581	4,320,000
	Total	**20,854,262**	**54,000,000**

3. Executive Remuneration

The total remuneration for the 13 executives (the Management Committee) in the form of salaries and other compensation such as bonuses, provident fund contribution, and variable pay amounted to 193,110,600 Baht, apportioned as 50 percent based salary and 50 percent other compensation, an apportionment consistent with practices of international leading companies.

(4) Supervision

The Board of Directors pledged its commitment to operate in tune with the principles of good corporate governance as prescribed by the Stock Exchange of Thailand. Moreover, the Company has embraced the international best practice. (For details, see page 138-147)

The Management Team is authorized to oversee and monitor the Company's operations and performances at company, strategic business unit, and Group levels. The Management meet and prepare a report according to the specified format on a monthly basis. They are under consistent supervision of the Board of Directors to ensure the Company's operations are followed up closely and proper corrective actions are taken to improve the Company's performance.

(5) Controlling the usage of internal data

The Company has defined as a Code of Ethics of the Siam Cement Group that "no employees shall exploit any company's information for the interest of self or others despite the fact that the Siam Cement Group may lose no benefits." The penalties for executives or employees exploiting the Company's internal data for their own interests or disclosing information to the public are clearly stated in the Company's approval authority.

The Company has designated that only the directly involved persons can access to specific information. Moreover, the Company has restricted on-line access to information which is classified as confidential or which may affect the Company's operations, with a system of access control rights and passwords. More over, the Company has set the policy on protecting the usage of internal information (for details, see page 146)

(6) Internal control (pp.144-145)

6. Connected Transactions

1. Connected transactions with subsidiaries and associated.
   Data for the Siam Cement Group subsidiaries and associated can be found on page 100-105. Transactions between the Group companies are based on traditional business practice to optimize benefits to each company, based on a policy of market-mediated trading with prices being comparable to prevailing market rates or rates in similar industries with appropriate negotiation. Connected transactions cover the following kinds of transactions:
   1.1 Trading in products and services among entities.
   1.2 Borrowing among entities via promissory notes.
   1.3 Trading real estate among entities.
   1.4 Intellectual property licensing fee agreements within the Group.
   1.5 Management fee agreements.
   1.6 Loan guarantees.

   These transactions are reported in the notes to the consolidated financial statements 1, 4, 21, and 25 and in the notes to the financial statements of the Siam Cement Public Company Limited 1, 4, 20, 22.

2. Report of connected transactions among persons who have a significant influence, key executives, or members of their families.
   - None.
3. Report of connected transactions involving persons who have a significant influence, key executives, or members of their families.
   - None.

Permission to connected transactions

Each company has defined a clear authority, which is approved by the Board of Directors of the Company. This authority is reviewed and renewed on a regular basis, to monitor inter-company activities using an internal system adequate to prevent transgressions or abuses. In addition, the Group has established a performance assessment system at the company and business unit levels, as well as at the Group level, that keeps all levels cognizant of what is happening and serves as a strict oversight tool for monitoring transactions to ensure they accurately reflect true markets conditions.

Future connected transactions

Connected transactions in the future will continue to be based on traditional business practices and will follow the policy of the market controlling prices in negotiated transactions, as in the past. No special benefits will accrue either to companies or individuals from connected transactions.

Report of the connected transactions in 2004 by types

1. Transaction regarding of Financial assistance
   1.1 Nine transactions between the Company and subsidiaries in the amount of 3,349 million Baht.
   1.2 Five transactions between subsidiaries and other subsidiaries in the amount of 556 million Baht.
   1.3 Transaction between subsidiary and associated company in the amount of 138 million Baht.
   1.4 Transaction between the Company and other company in the amount of 240 million Baht.
2. Transaction relating to assets
   2.1 Four transactions between subsidiaries and other subsidiaries for a value of 1,589 million Baht.
   2.2 Transaction between subsidiary and associated company for a value of 510 million Baht.
3. Normal business or supporting normal business transaction
   3.1 Transaction between subsidiary and associated company valued at 120 million Baht.
   3.2 Transaction between subsidiary and other company valued at 996 million Baht.

All of the above 23 transactions occurring in 2004, although connected, were exempted from disclosure, as required of listed company for the following reasons:

1. It is a transaction between the Company/subsidiary with subsidiary that having other connected persons that holding no more than 10 percent of total shares of the subsidiary, as in the case of 1.1, 1.2, and 2.1.
2. The value of the transaction does not exceed 0.03 percent of value of the Company net tangible assets, as in the case of 1.1, 1.2, and 2.1.
3. It is a transaction between subsidiaries and other juristic persons when the Company/subsidiaries have sent connected personnel to oversee the other juristic person in the status of a shareholder in the case of 1.3, 1.4, 2.2, 3.1, and 3.2.

7. Information Dissemination Channels

SCG places great importance to transparency and full disclosure of significant financial, operational, and other relevant information that is accurate, complete, and timely. In addition to fulfilling legal and SET reporting requirements, the Group has established a broad infrastructure of dissemination channels to reach interested parties, including the following:

- A Group investor relations office
- Press Conferences on a regular quarterly basis to announce operating results and Press Briefing to announce significant developments.
- Quarterly conference for investors and analysts.
- A website: www.siamcement.com.
- Systematic distribution to the media of captioned photographs, press releases, and background documents.
- Periodical publications, such as the annual report, shareholder newsletters, customer newsletters, and corporate profiles.
- Meetings with investors and other stakeholders in Thailand and overseas.
- Plant visits for shareholders, investors, analysts, and the media.

8. The Application of Information and Communications Technology

SCG continually updates information and communications technology to enhance operating capabilities, increase competitiveness, support growth, and maintain efficient business communication.

The Group automated human resources information via eHR to increase management efficiency and to improve service to employees, while also lowering expenses. In addition, the Group improved and upgraded the SAP system to accommodate future growth and to conveniently integrate with the Internet. Siam Cement has established an SAP network that encompasses accounting, finance, purchasing, inventory management, sales and distribution, and production management to help ensure information accuracy, completeness, and timeliness.

The Group also uses Supply Chain Management (SCM) in the core businesses, such as Petrochemicals, Cement, Building Products, and Distribution. This system manages every stage of the operational process both internal and external, such as with raw materials suppliers, dealers, and customers. SCM covers customer demand planning; sourcing raw materials; production; purchasing; storage; delivery; and customer service support. SCM helps achieve optimum resource management, provide greater responsiveness to customer needs, and possible lowest costs.

SCG has initiated a Customer Relationship Management (CRM) program in our Petrochemicals and Distribution businesses to improve capabilities in responding to customer needs reliably, quickly, and according to the specific requirements of each. Additional conveniences to customers are the e-Payment system for remitting online by Distribution business, and the Counter Service payments by the Concrete Products and Aggregate Co., Ltd..

9. Risk Management Policies

The Siam Cement Group had an unofficial risk management policy for a long time prior to 2002 when a Group-wide, systematic risk management policy was instituted. That year, the Board of Directors established a Risk Management Committee made up of senior management from various levels: Group, business units, and companies. Principles and practices were established for the entire Group to create the capability for competent, timely responses to changing circumstances.

Risk management policies

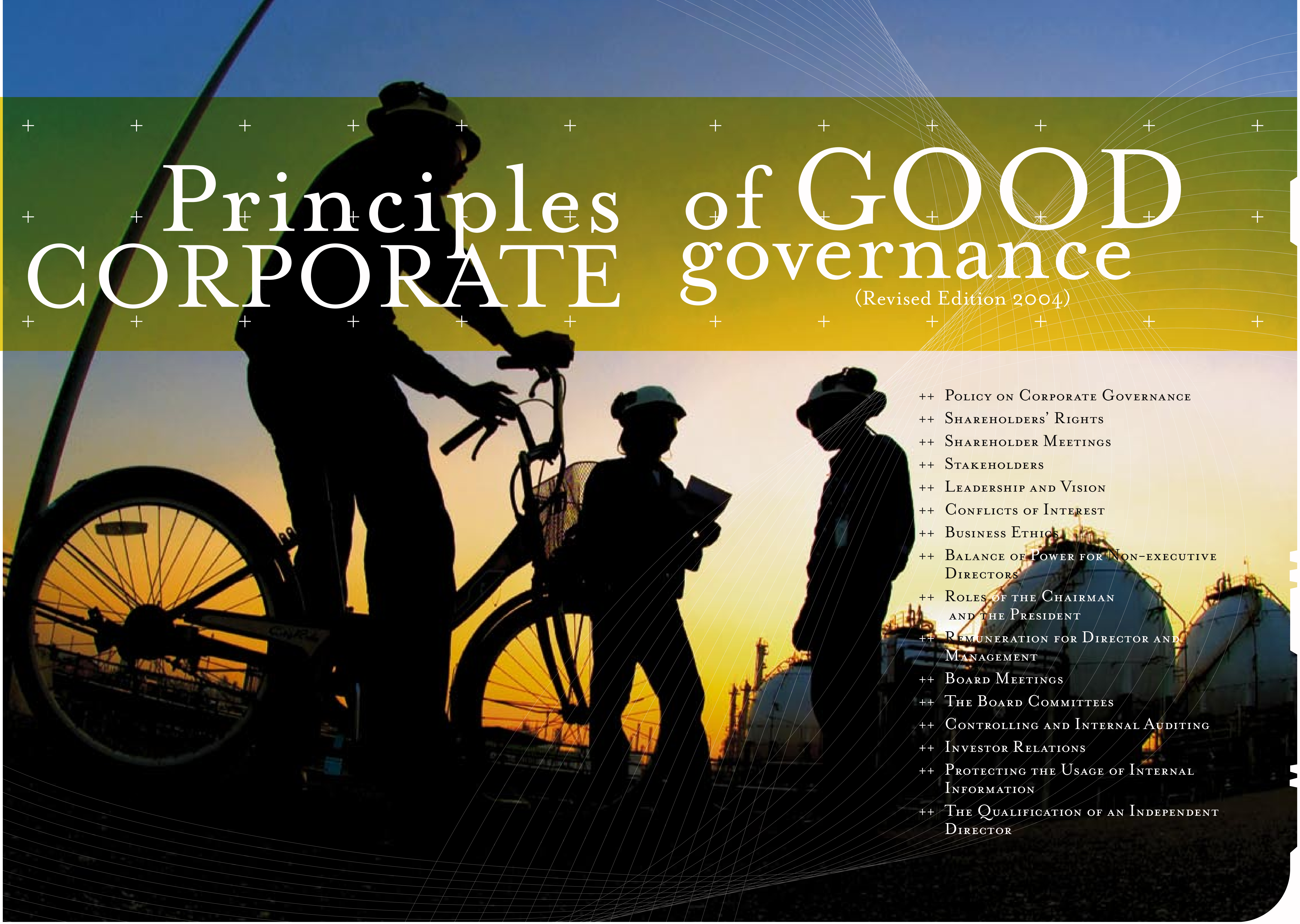
- The Board of Directors, managements, staff, and every office are responsible for risk: management, assessment, followup, and ensuring a proper structure and procedures exist for efficient management risk.
- Group business units must have comprehensive, consistent, and systematic procedures for risk management with regular review, assessment, and followup at least once a year to cope with the changing environment.
- Incorporate risk management assessment practices in medium-term and annual action plans covering the entire organization and taking into account both internal and external risk factors with provision for managing risk and proper early warning signals.
- Establish a risk management committee in each business unit to set policies, provide direction, and oversee the risk management system to ensure risk stays at a tolerable level and to provide staff with communication and training to ensure they understand risk and see the importance of managing it effectively.
- The Audit Committee has the role of reviewing risk management and reporting its assessment quarterly to the Board.
- Build a culture of understanding and awareness of risk by establishing a knowledge base accessible to staff at all levels to study, research, and exchange ideas and experience about risk, thereby, fostering continuing development and improvements of risk management procedures that ensure an efficient vehicle exists for strategic management.

10. Analysis on Financial Position and Operating Results

Due to improved operating results for every business, especially for petrochemicals with appreciably higher product prices, net total sales in 2004 rose by 29 percent over 2003 to 192,395 million Baht.

In addition to an improved operating performance for every business, interest expenses were lower and operating results for associated companies were improved, resulting in an operating profit before extra items of 33,707 million Baht, representing an increase of 89 percent over the previous year and yielding a net profit of 36,483 million Baht, an 83 percent rise over 2003.

The consolidated total assets of the Siam Cement Public Company Limited and subsidiaries in 2004 totalled 265,682 million Baht, up 6 percent over the previous year. The largest assets were property, plants and equipment-at cost-net, asset revaluation surplus, and investment in shares and long-term loans, which accounted for 28, 27, and 19 percent, respectively.



Principles of GOOD CORPORATE governance

(Revised Edition 2004)

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Policy on Corporate Governance

Since its founding, the Siam Cement Group has conducted business in a fair and responsible manner, guided by the SCG Code of Ethics that have evolved with the changing economic and social environments to produce balanced, lasting benefits.

The Board of Directors is committed to the proper implementation of the SCG Corporate Governance that has been of demonstrable value to the organization. The Group's adherence to these principles earns credibility, thereby, increasing shareholder value by clearly specifying the Board of Directors' composition, structure, scope of responsibilities, and independence roles; transparency and information disclosure; and risk management; etc.

In 2002, the Board established a Governance and Nomination Committee to oversee Group corporate governance matters with the mandate to ensure that the Group's corporate governance practices are consistently in line with the international "best practices", as implemented by leading global companies recognized internationally for their good corporate governance and as prescribed by leading stock exchanges in the world. Moreover, the corporate governance is one of the main agenda in the Company Board meeting.

The Board maintains its important role for governance by setting operational policies, plans, and strategies and by being accountable for achieving targets with the maximum efficiency. The Governance and Nomination Committee helps ensure the Board has directors of the quality needed by clearly delineating the appropriate credentials. The Board has supported the establishment of the requirement whereby that the Board must evaluate its own performance as the Governance and Nomination Committee's suggestions for improvement across the whole spectrum of the Board's activities.

Shareholders' Rights

The Company respects the rights of all shareholders equally and provides for these rights in the following ways:

1. To ensure transparency and shareholder access to information, the Company fully discloses the operational structure and all investments in subsidiaries and associated companies.

2. To protect against the misuse of internal information, the Company imposes a blackout period on the Board, management, employees, and their spouses and minor children. (For details, see page 146.)

3. Disseminate information of interest to shareholders via the Stock Exchange of Thailand (SET) website and the Group's own website: www.siamcement.com.

4. Expanded communications channels for shareholder access to meeting notices and meeting documents more quickly and at all times via the Group website, thereby, giving shareholders a better opportunity to fully review the documents prior to meetings.

5. Extended to shareholders the right to attend shareholder meetings, even after a meeting has started and to vote on any resolutions under consideration or not yet considered, unless decided otherwise at the meeting.

6. Facilitated direct communication between minor shareholders and independent directors via e-mail concerning shareholder rights. In addition, shareholders can authorize any independent director as their proxy for shareholder meetings. Independent directors have undergone director training run by the Thai Institute of Directors (IOD) using a curriculum approved by the Securities and Exchange Commission (SEC).

Shareholder Meetings

The Company convenes the ordinary general shareholders' meeting within three months of the end of the financial year. In 2004, the eleventh ordinary meeting of shareholders was held at Company headquarters on Wednesday, 24 March, with notice of the meeting sent not less than 14 days prior along with a detailed agenda, a proxy form, and documents relating to agenda items, including expressions of the Board's opinions. This is the earliest possible timing under the laws and relevant procedures of the Thailand Securities Depositary Co., Ltd, which is the registrar of the Company.

For 2005, the twelfth ordinary general shareholder meeting will be held on Wednesday, 23 March, at 14:00 at Company headquarters. Shareholders will have access to the meeting notice; the agenda; documents relating to agenda items; the annual report; and financial statements via the Company's website by early March. Shareholders can download all this information, plus a proxy form in which the Company provides the names of independent directors who can be appointed a proxy in the annual general meeting of shareholders.

Before the meeting commences, the chairman of the meeting will explain voting procedures to shareholders and clarify shareholder rights. The meeting will proceed according to the agenda provided with the meeting notice and shareholders will be given the opportunity to freely express their opinions and ask any questions under each agenda item. Five or more shareholders can jointly propose a resolution for voting by secret ballot. Registration for the meeting will be opened an hour and a half prior to the commencement of the meeting.

Shareholders representing at least one-fifth of the shares sold, or at least 25 shareholders with at least one-tenth of the share sold can jointly submit a request in writing, with adequate reasons, for the Board to hold an extraordinary meeting of shareholders anytime. The Board must organize a shareholders' meeting within one month after the receipt of the written request.

Stakeholders

The Group conducts business with all stakeholders in a responsible way by ensuring all parties benefit equitably. The Board has established a reliable, consistent, and rigorous management system to deal with stakeholders encompassing shareholders, employees, customers, local communities, and business associates based on the SCG Code of Ethics published in the employees' handbook.

For a very long time, the Group has supported a range of activities that benefit neighboring communities and society as a whole in such important areas as the environment, education, sports, community projects, and projects for the broader public benefit. Examples of such projects include the Thailand Rescue Robot Championships; a comprehensive badminton sponsorship program for local, national and international competitions; the Do It Clean waste management program; and financial assistance to various foundations and charities nationwide. In addition, for the six southern provinces devastated by the tsunami disaster in December 2004, SCG has provided both urgent and long-term assistance to help those stricken by the devastation to recover and rebuild, getting their lives back to normal. The long-term plan focuses on restoration of occupation, communities, and education. The rehabilitation efforts will be carried out with the emphasis on immediacy and equality to ensure the long-term sustainability of the communities.

The Group invests heavily in environmental protection, preservation, and restoration with a clear set of guidelines for Group companies with system for regular follow-up and assessment. Since 2001, information on the Group's environmental, social, and safety activities has been available in the annual sustainability report, which can be viewed and downloaded from the Group's website.

The year 2004 was a year of significant developments in human resources management for the Group with the implementation of eHR by PeopleSoft. Management and staff can access relevant data quickly and conveniently from anywhere at anytime through an intranet network.

In addition to this initiative, the Group introduced a program to change the corporate culture into innovative organization through courses and new training and development programs. A part of the process is the refurbishment of workplace environment for greater convenience, a more modern look, better information exchange, and an atmosphere that stimulates creative thinking and life-long learning.

The Group compensates staff fairly, using a performance-based pay to motivate employees to achieve greater efficiency. In addition to total compensation employees received extra cash payment "variable pay" determined by individual performance and the performance of the business unit. In 2004, the total remuneration within the Group was at the upper end and consistent with practices of international leading companies. The proportion earned as based salary for employees in general was about 70 percent, while the proportion earned in other compensation was about 30 percent. For Executives, the proportion was 50 percent as based salary and 50 percent as other compensation.

Leadership and Vision

The Board plays the important role of defining the Group's vision and, along with senior management, of developing short-term and long-term plans covering financial policies, risk management, and the overall picture of the organization. Other important roles include oversight, auditing, and assessing the Group's performance to ensure the maximum possible value to shareholders.

The Board works closely with senior management in determining operational directions and takes the initiative in such critical matters as human resources development and fostering a new corporate culture.

Important to the continuing development of the Group is for Board members and senior management to undergo advanced training courses and seminars, and to gain knowledge and experience from discussions with their counterparts in other organizations.

Conflicts of Interest

The Group follows SET's and SEC's conflict of interest regulations strictly, paying careful attention to potential conflicts of interest in a fair and transparent way. If an issue arises, it gets full attention and full disclosure in a timely manner to protect the interests of the Group.

Group policy controls access to internal or inside information and under threat of punishment prohibits its disclosure or use by management or staff for personal benefit. As an added measure to further protect shareholder rights and prevent conflicts of interest, the Group imposes a blackout period during which trading of the Company shares by directors, management and relevant employees is prohibited.

The Group's shareholder structure is clear and transparent. There are no cross-holdings of major shareholders to create a conflict of interest. Moreover, roles and responsibilities are clearly divided between the Board, management, and shareholders with no overlap. To protect shareholder interests, if any member of the Board or of the management has any stake in a matter under consideration, that person is excluded from participating in the pertinent consideration and decision-making process.

The Group's shareholder structure is published in the annual report, as are Board member common share and debenture holdings in the Company and Group companies.

Business Ethics

The Board considers the SCG Code of Ethics followed since its founding to be of critical importance and requires all staff adhere to them with senior management serving as examples. Ethical principles have played an important role in the Group's continuing growth and stability by engendering credibility and trust in the business community. In 1987, the Group published a code of ethics and, then, issued a latest updated version in 2004 to more accurately reflect economic and social changes. Every employee has been delivered a copy of the booklet which is also available on the Group's website.

Balance of Power for Non-executive Directors

The Company Board has 12 members, only one of whom is from management: the president. More than half are independent directors. The Board has defined the qualifications of an independent director based on recommendations from the Governance and Nomination Committee that are consistent with international practices and are more strict than those defined by the SEC and the SET. (See "The qualification of an independent director" later in this section on page 146-147.) This approach inspires confidence that the Company's Board will perform its duties in an independent manner, helping ensure effective decision-making.

The Group selects directors with solid credentials who have diverse expertise, leadership qualities, a broad perspective, integrity, ethics, a transparent work record, independence of thought, and a willingness to express opinions. In addition, to promote the effectiveness of members, the Board defines director roles and responsibilities clearly.

Roles of the Chairman and the President

The Chairman is the leader of the Board of Directors in setting policies, in defining the missions of senior management, and in evaluating their performance. The role of the President is to provide leadership for the management team and to ensure successful operational results. These two roles are separated clearly to provide a healthy balance between the two kinds of authorities.

Remuneration for Director and Management

With the approval of shareholders in the ordinary general shareholder meeting, the Company sets remuneration for the Board at rates comparable to other top companies in the same industry. Remuneration for the management is set by the Board, based on their responsibilities, performance, and the operational results of the Company.

In addition to basic salary, the Company has a policy of paying bonuses to Board members according to guidelines approved in the shareholders' meeting. The management's variable pay uses operating results as the basis to align their interest with the Company's benefits. This method correlates remuneration with employee performance and with how well the Company has done. (On the other hand, payment in the form of shares in the company, or ESOP, may be influenced by share prices on the SET or by investor trading activity, rather than by Company operating results.)

Details about total monthly Board member remuneration, annual bonuses, as approved by shareholders' meeting, and remuneration for the committees are reported on page 132-133 of the annual report.

Board Meetings

The Company's Board considers member Board meeting attendance extremely important to ensure that members are properly informed and take part in decision-making concerning Company business operations. There are at least 8 regular meetings per year with a specific agenda provided ahead of time for each. Special meetings are convened to consider matters of importance or urgency.

In 2004, nine Board meetings were held, providing the agenda and relevant documents well ahead of time to allow sufficient time for proper review. Consideration of each agenda item took into account the benefits to the organization and the rights and benefits of stakeholders. When considering each item, Board members were given the opportunity to express their opinions with the chairman allowing an appropriate amount of time for consideration. Decisions are based on a majority vote of members attending with each member having one vote, except when a member is excluded from voting, because of a personal stake in the matter under consideration. In cases of a tie, the chairman has a casting vote.

Management usually attends Board meetings to provide necessary information and to be informed of policies subject to their implementation, except in some agenda that only the Board attends for its independence in consideration.

In addition, the secretary to the Board of Directors has educational background and working experience in law, which can support the directors in term of information regarding law and regulations.

The Board Committees

The Company's Board has established committees with specific areas of responsibility. Each committee has a clearly-defined set of objectives, scope of work, and specific responsibilities and reports to the Board within prescribed period. They are the Audit Committee, the Governance and Nomination Committee, and the Remuneration Committee. The Board may establish other committees for specific purposes as necessary and as appropriate to circumstances.

Details concerning these committees are available on page 123-124.

Controlling and Internal Auditing

The Board has recognized the importance of an reliable internal controls system for a very long time and continually seeks to enhance its effectiveness to prevent potential damage to Group businesses, whether finances, investments, or operations. This system enables management to oversee and direct operations efficiently and in accordance with good governance principles, thereby, protecting Group assets and benefits of the organization, shareholders, and stakeholders.

Comprised entirely of independent directors, the Audit Committee oversees and reviews the appropriateness of the internal controls system. With the internal audit office that follows international audit standards and regularly reports directly to the Audit Committee. Details as follows:

1. The Group has established an internal controls system according to international standards, as follows:

1.1 The organizational environment

To promote awareness, understanding, and observance of the internal controls system by all concerned parties, the Group has published handbooks on SCG Code of Ethics and SCG Corporate Governance. In addition, the Group has published a handbook describing policies, operational authority, and business practices covering all aspects of operations that clarifies responsibilities and authority. The organizational structure is designed to fit the overall work plan, including hiring and developing quality staff on a continuing basis to equip them to handle changing business conditions.

1.2 Assessing risk management

The systematic assessment of risk management makes it possible to anticipate risks and convert crisis into opportunities, or minimize any negative. Thus, risk assessment is a tool that the Group uses to measure the efficiency and productivity of operations and to adjust the internal controls system to fit risks factors that may arise.

1.3 Control activities

The Group has established efficient control practices appropriate to business operations, such as dividing roles to provide check and balance; delegating authority to employees in line with their responsibilities; establishing procedures for managing and maintaining organizational assets; implementing an accurate and timely reporting system; etc. All these control activities are computerized to facilitate monitoring in every stage.

1.4 The information and communications system

Because of the importance of the information and communications system to ensure a quality internal controls system, the Group uses a highly-efficient, modern system with specialized software that fits particular functions. For example, for planning and resource management: SAP's Enterprise Resources Planning; for managing relationships with business associates from producers through to customers: Supply Chain Management; for fast, accurate, and customer-specific responsiveness: Customer Relationship Management; and human resources management: eHR. All of these systems are backed up and secured.

2. Internal audit

The Group maintains an internal audit system that meets international standards and conforms to good governance practices to help ensure the internal controls system functions consistently and reliably with adjustments made, according to changing circumstances.

2.1 Independence

The Board has appointed 5 independent directors to the Audit Committee to oversee the internal controls system and ensure strict adherence to procedures and to principles of good governance. To engender confidence in the transparency of the process, they operate with complete independence and their purview extends to all aspects of management. An important component is a dedicated internal audit office that reports directly to the Audit Committee.

2.2 Audit standard

The Group has prescribed a set of auditing procedures and principles that conform to international standards and published them in a handbook serve as a reference. A work unit is responsible for the continuing development of the auditing process with an emphasis on prevention. The process includes:

- A Control self assessment system to help ensure units are conforming to procedures, identifying issues, analyzing the causes of such issues, and correcting them expeditiously.
- A risk management assessment process to reduce risks by creating risk warning indicators and a reliable follow-up procedure.
- A Best Practices system which focuses on the conformity with Best Practice and gathers information regularly from auditing units that can improve auditing performance.
- A follow-up system that ensures suggestions received are implemented in a timely fashion to get problems solved expeditiously.

Group audit practices follow the SCG Corporate Governance and SET regulations, including a review of connected transactions and conflicts of interest with disclosure of the results.

2.3 Auditing performance quality assessment

The audit process undergoes regular assessment with the audit unit in each department assessing their own performance, as well as the units who are audited also review the performance of the audit unit independently and recommending improvements. The Audit Committee performs an annual assessment of their performance.

Investor Relations

The Group gives high priority to investor relations and has an established investor relations office that is directly responsible for improving disclosure and disseminating accurate, complete information of interest to investors on an equitable and timely basis. The office responds to inquiries from interested parties within 24 hours.

The Group has a policy of providing information to investors on an equal basis, in a timely fashion, and in sufficient details for making informed decisions. For example, the Group makes available the same information used by senior management in presentations to investors, by domestic and international roadshows; and by organizing quarterly analyst conferences. Information from these events is made available immediately on the Group website to ensure equal access to information for investors unable to attend events. Reporting significant information sent to the SET is also placed on the website at the same time.

Another method the Company uses to inform the varied types of shareholders among whom are foreign investors, especially institutional investors, is to provide an explanation of key financial information with a comparison to US accounting standard.

The Group arranges regular meetings of senior executives with investors. In 2004, these activities included ten international roadshows; six domestic investor meetings; three SET mobile events; and several meetings with senior executives. In addition, visits to four businesses' plants were organized: Petrochemicals; Paper and Packaging; Cement; and Building Products.

The Company participated in events for investor relations professionals organized by the SET for exchanging ideas; getting updated; training; and counseling with the purpose of making SET competitive with foreign stock exchanges.

Protecting the Usage of Internal Information

In addition to strictly enforce laws and company regulations regarding internal information e.g. the Securities and Stock Exchange Act of 1992, the Group also imposes a blackout period before financial information is released during which directors and employees are prohibited from trading Company shares for a period of two weeks prior to the release of quarterly and annual financial information and for 24 hours after the release of such information.

In addition, directors, management, and employees working with company significant information (including their spouses and minor children) who have knowledge of information prior to its release to the public that could have an impact on Company share prices are prohibited from trading Company shares for a period of 24 hours, starting from the time the information is released to the public.

The Qualification of an Independent Director

An independent director must be independent of major shareholders, management, and other related parties, and must have the following qualifications:

1. Hold no more than 1 percent of the total outstanding voting shares of the Company, an affiliated company, a subsidiary, or an associated company, or in any juridical person with a conflict of interest, including shares held by a spouse or minor children.
2. No role in management, nor be an employee nor an adviser on retainer, a supervisor, nor a service provider, such as an auditor, lawyer, etc., to the Company, an affiliated company, a subsidiary, or an associated company, or any juridical person with a conflict of interest, nor any benefit from or obligations to these entities for at least 18 months after any relationship ceases.
3. No business relationship with the Company, an affiliated company, a subsidiary, or an associated company, or with any juridical person with a conflict of interest that would impair or impede the independence of her/his judgment, such as the following:
   - 3.1 Received no benefit directly or indirectly from trade or services with the Company, an affiliated company, a subsidiary, or an associated company of a value exceeding 1 percent of the total annual income of any such company or of more than 10 percent of her/his own company in which she/he has management authority for a period of at least one financial year.
   - 3.2 Received no benefit directly or indirectly from, borrowing from or lending to the Company, an affiliated company, a subsidiary, or an associated company, of a value exceeding 1 percent of the Company total assets.
4. No connection by consanguinity or marriage or legal registration with any person who may have a conflict of interest, whether parents, spouse, children, or close relatives.
5. Can look after the interests of all shareholders equally.
6. Can prevent conflicts of interest.
7. Can attend Board meetings and make independent decisions.
8. Is not a person whom the SET has determined is inappropriate to serve as an executive, according to SET regulations.
9. Has never been convicted of violating security or stock exchange laws, nor laws governing the investment business, securities brokering, or credit fonciers, or commercial banking laws, or life or non-life insurance laws, or moneylaundering laws, or any other laws of a similar nature, whether Thai or foreign, and is guilty of wrongful acts relating to trading in shares or the perpetration of deceptions, embezzlement, or corruption.
10. No other impediments or impairments to expressing independent opinions concerning the operations of the Company.


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