The Siam Cement Public Company Limited

Annual Report 2007

VIETNAM
16°North_106°East

THAILAND
15°North_100°East

CAMBODIA
13°North_105°East

THE PHILIPPINES
13°North_122°East

INDONESIA
5°South_120°East

DRAWING THE FUTURE

SCG
SIAM CEMENT GROUP

VIETNAM
PHILIPPINES
THAILAND
CAMBODIA
INDONESIA

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Siam Cement Group (SCG)

One of Thailand's leading conglomerates, SCG has conducted business in tune with corporate governance and sustainable development. The Group encourages innovation in products, services, work processes, and business models to create higher value for the consumer. To sustain leadership in Thailand, move forward to become the leader in ASEAN, and enhance competitiveness in the global market, SCG has persistently invested in organizational and employee development. SCG was established in 1913 following a Royal Decree of His Majesty King Rama VI to produce cement, main building material for infrastructure projects that contributes to the progress of the country. The Group has diversified to 5 core businesses which are SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, and SCG Distribution.

Investor Information

The Siam Cement Public Company Limited

Stock code:	SCC (Listed on the Stock Exchange of Thailand - SET)
Website:	www.scg.co.th
Address:	1 Siam Cement Road, Bangsue, Bangkok 10800
Year of establishment:	1913
Year of being listed in SET:	1975
Registered capital:	Baht 1,600 million
Paid - up capital:	Baht 1,200 million Comprise of 1,200 million ordinary shares, Baht 1 par value.
Shareholders:	The Crown Property Bureau holds approximately 30 percent shares while the remaining shares are held by other institutional and individual shareholders.

Contacts:

Corporate Headquarters
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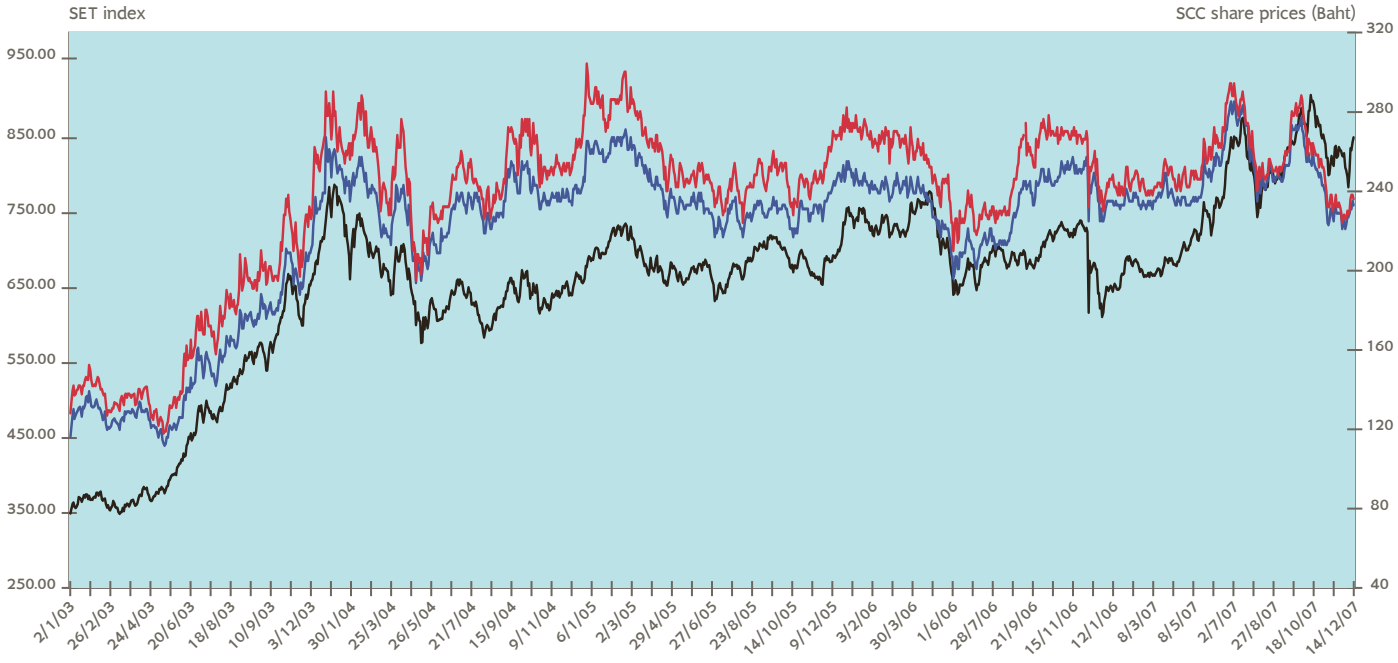
Corporate Secretary Office
Tel: 66-2586-3012
e-mail: corporate@scg.co.th

Investor Relations Department
Tel: 66-2586-3309
e-mail: invest@scg.co.th

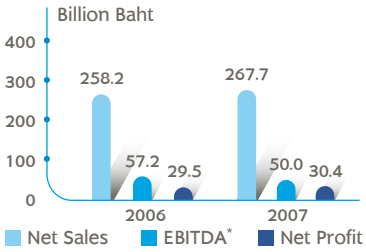
Corporate Communications Office
Tel: 66-2586-3770
e-mail: corpcomm@scg.co.th

5 Years Share Prices (2003-2007) Compared to SET Index



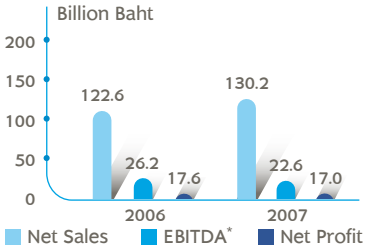
Adjusted for par split from Baht 10 per share (120 million shares) to Baht 1 per share (1.2 billion shares) on April 2003.

Summary of Operating Results



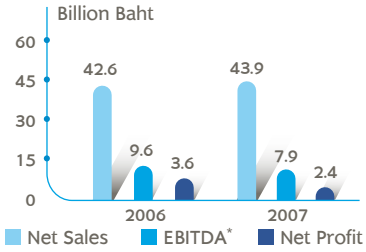
Siam Cement Group (SCG)

Consolidated net sales were Baht 267,737 million, increasing by 4 percent from last year. The consolidated EBITDA was Baht 50,008 million, down from last year due to the slowdown of domestic economy, higher energy price, and Baht appreciation. The consolidated net profit was Baht 30,352 million.



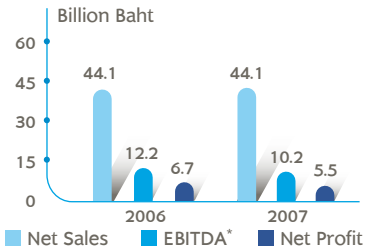
SCG Chemicals

Net sales were Baht 130,223 million, increasing by 6 percent from last year. The EBITDA was Baht 22,611 million, down from last year due to lower dividends from associates and a higher production cost. Meanwhile, the cost of raw material (Naphtha) increased because of the higher crude oil price. The net profit was Baht 16,982 million. The business plans to invest continuously in the region, including Vietnam, Indonesia, China and Iran.



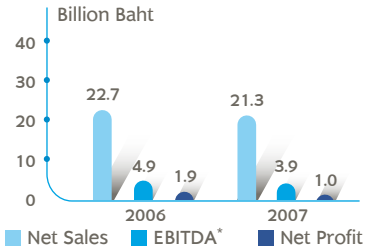
SCG Paper

Net sales were Baht 43,890 million, increasing by 3 percent from last year due to a higher sales volume and the expansion of packaging paper production. The EBITDA was Baht 7,943 million, down from last year as a result from increased energy and raw material costs. The net profit was Baht 2,353 million. The business has set up a packaging paper plant in Vietnam and is studying the possibility of increasing investments in ASEAN. Also, it aims to increase competitiveness by reducing production costs.



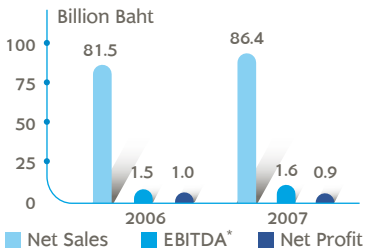
SCG Cement

Net sales were Baht 44,087 million, close to last year's figure. The EBITDA was Baht 10,198 million, down from last year due to a lower sales volume, a higher energy cost and Baht appreciation. The net profit was Baht 5,463 million. The construction of a cement plant in Cambodia was completed and ready to start its production and distribution in 2008. The business is also studying the possibility of setting up more cement plants in other countries.



SCG Building Materials

Net sales were Baht 21,281 million, decreasing by 6 percent from last year. The EBITDA was Baht 3,928 million, lower than last year due to a reduced growth of the housing market, a higher energy cost and Baht appreciation. The net profit was Baht 950 million. The business still focuses on developing its products and services to respond to consumer needs.



SCG Distribution

Net sales were Baht 86,440 million increasing by 6 percent from last year. The EBITDA was Baht 1,576 million, increased from last year due to sales from logistic and international trading business. The business was affected by a slowdown in the construction market and a higher energy cost. The net profit was Baht 939 million. The business plans to have more local dealers and overseas sales offices and develop a suitable work system and transportation network for ASEAN customers.

* Includes dividends from associates

Financial Overview

The Siam Cement Public Company Limited and Its Subsidiaries

	2007	2006	2005	2004	2003
Statements of Income (Million Baht)					
• Net sales	**267,737**	258,175	218,265	192,395	148,865
• Costs and expenses	**247,719**	231,337	191,793	160,422	135,470
• Profit before income tax, interest expense and financial charges, depreciation and amortization and includes dividends from associates (EBITDA)	**50,008**	57,151	53,507	54,626	37,188
• Net profit without non-recurring items *	**25,841**	30,157	30,713	33,707	17,806
• Net profit	**30,352**	29,451	32,236	36,483	19,954
Balance Sheets ** (Million Baht)					
• Assets	**248,256**	226,264	199,370	191,081	176,566
• Liabilities	**139,717**	132,699	128,677	126,188	134,419
• Shareholders' equity and minority interest	**108,539**	93,565	70,693	64,893	42,147
• Shareholders' equity	**86,131**	75,023	63,947	57,095	35,179
Financial Ratio					
• Total number of shares issued (Million Shares) ***	**1,200**	1,200	1,200	1,200	1,200
• Book value per share (Baht)	**71.8**	62.5	53.3	47.6	29.3
• Earnings per share (Baht)	**25.3**	24.5	26.9	30.4	16.6
• Proposed dividends per share (Baht)	**15.0**	15.0	15.0	15.0	6.0
• Dividends payout ratio on net profit without non-recurring items (%)	**69.7**	59.7	58.6	53.4	40.4
• Dividends payout ratio on net profit (%)	**59.3**	61.2	55.8	49.3	36.1
• Return on net sales (%)	**11.3**	11.4	14.8	19.0	13.4
• Return on equity (%)	**37.7**	42.4	53.3	79.1	85.0
• Return on assets (%)	**12.8**	13.8	16.5	19.8	11.6
• EBITDA on total assets (%)	**21.1**	26.7	27.4	29.7	21.6
• Liabilities to equity ratio (Times)	**1.3**	1.4	1.8	1.9	3.2
• Price earnings ratio (Times) ****	**9.2**	9.9	9.1	8.0	15.3
• Net debt to EBITDA ratio (Times)	**2.0**	1.8	1.9	1.8	3.1

* Represents profit before gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others - net of income tax expense.

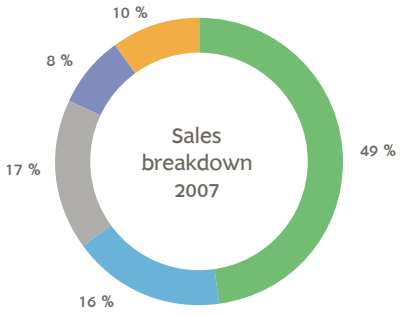
** 1) The figures for year 2003-2004 are restated by excluding assets revaluation for comparative purpose.
2) The figures for year 2006 are restated for comparative purpose with 2007, due to the change of definition of minority interest in the Thai Accounting Standard No. 44.

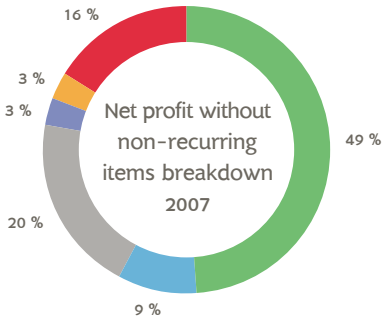
*** In 2003, the par value of common share was changed from Baht 10 per share to Baht 1 per share.

**** Price is the year ended price at which a security is traded in the local board of SET.

Operating Results

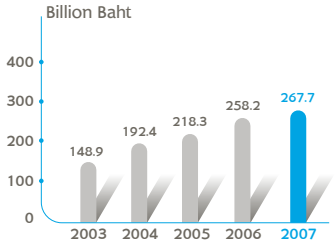
The Siam Cement Public Company Limited and Its Subsidiaries



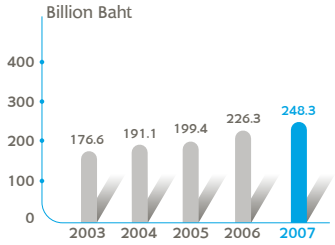


SCG Chemicals · SCG Paper · SCG Cement · SCG Building Materials · SCG Distribution · Others

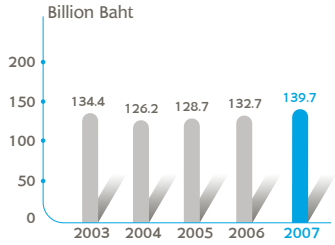
Net sales
Billion Baht



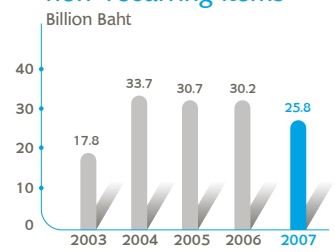
Assets
Billion Baht



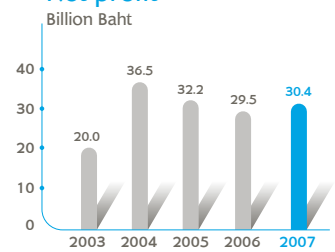
Liabilities
Billion Baht



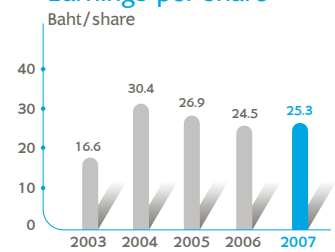
Net profit without non-recurring items
Billion Baht



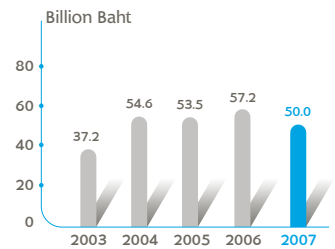
Net profit
Billion Baht



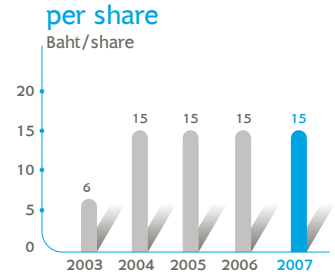
Earnings per share
Baht/share



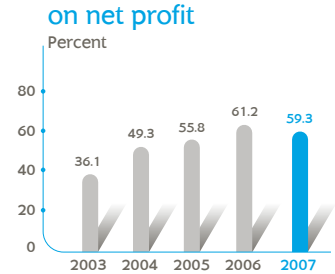
EBITDA
Billion Baht



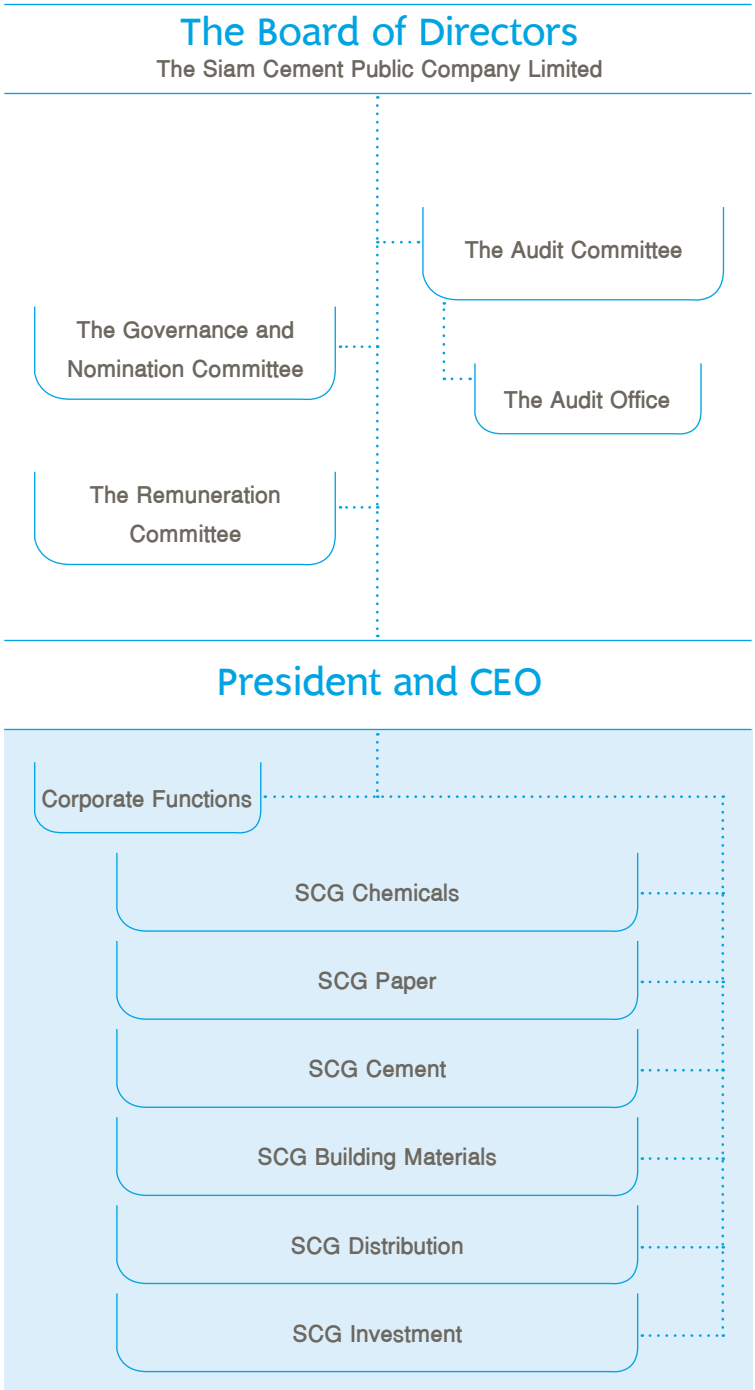
Proposed dividends per share
Baht/share



Dividends payout ratio on net profit
Percent



Business Structure



The Board of Directors

The Siam Cement Public Company Limited

Chirayu Isarangkun Na Ayuthaya
Chairman

Kamthon Sindhvananda
Director

Snoh Unakul
Director

Sivavong Changkasiri
Director

Sumet Tantivejkul
Director

Pricha Attavipach
Director

Panas Simasathien
Director

Yos Euarchukiati
Director

Arsa Sarasin
Director

Chumpol NaLamlieng
Director

Tarrin Nimmanahaeminda
Director

Kan Trakulhoon
Director
President & CEO

Worapol Jennapar
Secretary to the Board
Corporate Secretary

Top Executives of Siam Cement Group (SCG)

1.	Kan Trakulhoon	President & CEO	Siam Cement Group (SCG)
2.	Roongrote Rangsiyopash	Vice President & CFO	Siam Cement Group (SCG)
3.	Cholanat Yanaranop	President	SCG Chemicals
4.	Chaovalit Ekabut	President	SCG Paper
5.	Pramote Techasupatkul	President	SCG Cement
6.	Pichit Maipoom	President	SCG Building Materials
7.	Kajohndet Sangsuban	President	SCG Distribution
8.	Damri Tunshevavong	President	SCG Investment

Message from the Board of Directors

The Thai economy in 2007 faced a number of challenges arising from the global economic slowdown, political uncertainties, rising oil prices and transportation costs, and decreasing export incomes as a result of continual Baht appreciation. Nevertheless, the collaboration of SCG's employees at all levels combined with its prudent planning and risk management enabled SCG to overcome the tense times and achieve a comparable result to the previous year.

Overall, SCG reported total revenues of Baht 267,737 million, an increase of 4 percent from 2006, with a net profit without non-recurring items of Baht 25,841 million and a net profit of Baht 30,352 million. Taking into account the operating performance, the solid financial status of the Group, the prevailing global economic environment, and SCG's future investment projects, the Board resolved to propose to the shareholders at the ordinary general meeting scheduled for March 26, 2008, the full-year dividends of Baht 15 per share, representing 59 percent of the net profit. The interim dividends of Baht 7.50 per share were paid on August 22, 2007, and the final dividends of Baht 7.50 per share will be paid on April 23, 2008.

Expanding Investment to Pave the Way for ASEAN Business Leader

To realize the vision for SCG to become a leading ASEAN conglomerate by 2015, the Group continues to expand its investments in the region. Major progressions include a cement plant in Cambodia, which has been up and running since early 2008 and a packaging paper plant in Vietnam scheduled for completion in 2009. SCG is also considering investment opportunities into a petrochemical industry in Vietnam and further investment in cement plants in ASEAN.

Employees: Driving Force for Success

SCG firmly believes in the value and potential of all its employees in every country where it operates. The Group dedicates to developing employees through training and providing scholarships for further studies at the top leading universities, both domestic and overseas, in the fields of engineering, business administration, intellectual property, science and technology, so they can be the Group's future driving force.

SCG takes aim at recruiting more employees with Ph.D. in science and technology fields as well as local employees in the countries where it operates. To that effect, the Group strives to foster strong relationships with various universities and create a good SCG brand image in the mind of students. To develop the potential of youth, a number of successfully proven CSR programs in Thailand have been implemented in other countries. Chief among them is the provision of scholarships to high school and university students.

Creating Innovations to Add Value to Products and Services

SCG has continued to increase investment in research and development. In addition to devising a technology development plan, the Group promoted a synergy and cooperation across its business units, resulting in technology exchange and efficient use of resources to create high value products and services that satisfy customer needs.

Commit to Environmental Conservation

SCG believes that a company should seek to reach a sustainable balance among business, community, society and environment. Environmental conservation has thus always been one of the most important priorities for SCG. Its efforts encompass the global warming through the reduction of greenhouse gas emissions and creating environmental consciousness among employees. Moreover, the Group has implemented the "SCG Conserving Water for Tomorrow" project to promote awareness of the importance of water resources and help solve problems regarding water imbalance and waste water in order to restore equilibrium to the environment. As part of the efforts, SCG supports the construction of 10,000 check dams by 2009.

Energy Conservation Campaign

To cope with the rising energy cost, SCG has employed several measures to ensure long term energy conservation. With an investment of Baht 5,850 million, a waste-heat recovery boiler for power generation will be installed at every cement plant. The unit at the first installed site is to begin operations in the first quarter of 2008 whilst the rest are slated for completion in 2009. The efforts are expected to reduce greenhouse gases and enable SCG to achieve enormous energy savings.

Furthermore, the Group increased the usage of biomass fuels and industrial waste to ensure resource efficiency. To maximize transportation and energy efficiency, a continuous transportation management has been deployed and trucks capable of carrying multi-type loads are developed. In the meantime, the Group has also promoted energy conservation in its office buildings and plants.

Applying the Sufficiency Economy Philosophy to Maintain Sustainable Growth

SCG is convinced that H.M. the King's philosophy of sufficiency economy is a well-balanced approach to business operations with concern for its own potential and socio-economic conditions, enabling SCG to achieve long term stability. The Group has successfully applied the approach, embodying moderation, rationality, self-immunity, knowledge, and morality, to its operations. The practice won SCG H.M. the King's trophy from the Best Practice of the Philosophy of Sufficiency Economy competition for the large enterprises category, organized by the Office of the Royal Development Projects Board, for the successful application of the sufficiency economy philosophy and acting as a role model for the others.

The Board of SCG wishes to express appreciation to all shareholders, joint venture partners, customers, staff, both domestic and international financial institutions for the continued support. The Board ensures for your confidence that we will conduct business in accordance with the code of conduct and good corporate governance to enable maximum results for all concerned parties. We will continue to develop and strengthen the Group's capabilities to realize our vision of becoming an industry leader in the ASEAN region by 2015.

Bangkok January 23, 2008

Chirayu Isarangkun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

Operating Results

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SCG Chemicals

Operating Results

The year 2007 saw 10 percent increase in plastic resin prices and 19 percent increase in feedstock (Naphtha) prices to USD 693 per ton on average due to rising crude oil prices, political tension in the Middle East and US dollar depreciation. The product-to-feedstock margin remained relatively the same as the previous year.

Total sales of SCG Chemicals amounted to Baht 130,223 million, rose by 6 percent from the previous year with export sales accounting for 35 percent of total sales. EBITDA amounted to Baht 22,611 million, a decrease of 14 percent due to lower dividends from associates and higher production costs.

Equity income from associates dropped by 32 percent to Baht 5,980 million compared to last year's which included one-time gain from investment in Bangkok Synthetics Co., Ltd., a change from other company to associate. The decline also resulted from loss in PTA business due to excess global supply and Baht appreciation. SCG Chemicals reported net profit without non-recurring items of Baht 13,741 million in 2007, 22 percent decreased year-on-year.

Organizational Development

Business Development

- Joint venture with Dow Chemical to establish the second LLDPE plant with an annual production capacity of 350,000 tons. The plant, with an investment of Baht 10,400 million, will commence operation in the first half of 2010.
- Expanded the production capacity of Thai MMA Co., Ltd. with a total investment of Baht 10,000 million in two projects. The first project is the second MMA (Methyl Methacrylate) plant with an annual capacity of 90,000 tons and is scheduled to begin operation in the second quarter of 2010. The second project is a continuous cast plant with an annual capacity of 20,000 tons and is expected to start operation in the fourth quarter of 2009.
- Increased annual production capacity of PP compound of Grand Siam Composites Co., Ltd. from 66,000 tons to 86,000 tons in July 2007 with a capital investment of Baht 190 million.
- Expanded annual production capacity of Mitsui Advance Composites (Zhongshan) in China from 15,000 tons to 25,000 tons in March 2007 with an investment of Baht 171 million.
- Invested in the second production line of PVC resin of TPC Vina Plastic and Chemicals Corporation in Vietnam with annual capacity of 90,000 tons in order to accommodate the growing demand in Vietnam. Some machinery will be transferred from the Samut Prakarn plant. With an investment of Baht 1,300 million, the project is scheduled for completion at year end 2008.

Human Resources Development

- Developed functional competency programs for the R&D as well as market research units to provide a basis for employee development and training with the focus on technology specific to the business' requirements.
- Organized the 'Idea Time' activity to enable employees to learn to develop their creativity so they can generate new creative ideas and enhance management efficiency.
- Provided training for employees who are assigned to work in regional countries in response to the Go Regional policy. Former SCG expats were invited to share their knowledge and working overseas experience.
- Developed coaching skills for SCG Chemicals' executives to create a congenial working environment and corporate-wide coaching culture.
- Developed operator-level employees based on constructionism approach which focuses on the learning process. The programs included the New Technician Development Program and the Mini C-ChEPS (Mini Constructionism-Chemical Engineering Practice School) Program.

"Due to a rapid change in chemical industry and fierce competition in global market, We are striving to create a culture that encourages our employees in every country to be versatile, energetic, eager to learn, and committed to continually develop themselves all the time so that we can achieve the success as set in the vision."

Sakchai Patiparnpreechavud
Investment Project Manager of the President's Office,
SCG Chemicals Co., Ltd.

Innovation Development

- Developed plastic resins for lightweight bottle manufacturing demand less use of resins in production with same excellent strength and properties. This helps reduce transportation loads and energy consumption.
- Developed pipes that feature a rugged external surface to increase flexibility. The products lower transportation costs for customers and help saving energy.

Business Strategy

SCG Chemicals focuses on increasing sales of high value added (HVA) products that offer high margins and less price volatility. In addition to investing heavily in research and development to drive new products, SCG Chemicals entered into joint venture deals with world-class companies to access to technology and HVA products. This allowed the business to better meet the demand of customers in the region and boosted its overall competitiveness.

Furthermore, Total Productivity Management (TPM) and Total Quality Management (TQM) have been adopted to improve production and distribution efficiency. These practices help reducing costs and controlling the quality of the production process. To accommodate future growth, SCG Chemicals expanded its investment and production base to Vietnam, Indonesia, China, and Iran.

SCG Chemicals
Consolidated Financial Information

(Million Baht)

	2007	2006	2005	2004	2003
Information from Balance Sheets *					
• Current assets	36,009	29,849	19,408	20,360	11,167
• Assets	123,205	109,391	78,656	75,186	67,254
• Liabilities	59,824	52,775	38,788	36,622	40,710
• Shareholders' equity and minority interest	63,381	56,616	39,868	38,564	26,544
Information from Statements of Income					
• Net sales	130,223	122,645	86,084	75,185	50,767
• Costs and expenses	118,533	107,801	74,477	58,199	47,529
• Net profit without non-recurring items **	13,741	17,545	16,263	17,973	7,705
• Net profit	16,982	17,574	16,656	20,523	7,777
EBITDA *	22,611	26,199	19,653	23,642	9,851

* 1) The figures for year 2003-2004 are restated by excluding assets revaluation for comparative purpose.
2) The figures for year 2006 are restated for comparative purpose with 2007, due to the change of definition of minority interest in the Thai Accounting Standard No. 44.

** Represents profit before gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others-net of income tax expense.

*** Represents profit before income tax, interest expense and financial charges, depreciation and amortization and includes dividends from associates.

SCG Paper

Operating Results

In 2007, domestic demand for paper faced downward pressure, while there is a significant rise in pulp and wastepaper prices predominantly driven by high world prices. In addition, the domestic paper industry was affected by a hike in oil prices and transportation costs. The industry also witnessed intense competition in export markets and decreased competitive advantage due to the continual appreciation of the Baht.

Total sales for SCG Paper amounted to Baht 43,890 million, an increase of 3 percent from increasing sales volumes and production expansion of packaging paper. EBITDA dropped to Baht 7,943 million, a decrease of 18 percent from increasing production costs. This resulted in the net profit without non-recurring items of Baht 2,353 million, a 34 percent decreased from the previous year.

- **Pulp and Printing & Writing Paper:** Sales volume grew 2 percent compared to the previous year. Export sales represented 19 percent of total sales volume. The major export markets were ASEAN countries such as Vietnam and Malaysia. Realized prices of printing & writing paper fell slightly as a result of high competition and Baht appreciation.
- **Packaging Paper and Corrugated Containers:** Total sales volume rose 6 percent from the previous year with export sales accounting for 24 percent of total sales volume. The major export markets were ASEAN countries such as Vietnam and Malaysia. Realized product prices remained relatively unchanged from the previous year while pulp and wastepaper prices grew up as a result of tight supplies for raw materials in China.

Organizational Development

Business Development

- Established a box plant in Rayong province, Thailand, to produce sheetboard and corrugated containers with an annual capacity of 62,000 tons and 28,400 tons respectively. Commercial operation is expected in mid-2008.
- Acquired box plants in Malaysia and Singapore with a combined sheetboard capacity of 50,000 tons annually.
- Founded InfoZafe Co., Ltd. dedicated to providing a shredding service with an emphasis on security regarding the privacy of information in compliance with international standards. Examples include documents of banks, financial institutions, and insurance companies that need to be destroyed after expiration of the retention period.

Human Resources Development

- Established communities of practice of employees with common job responsibility and also developed integrated learning for engineers (CLP-Engineer). The goals are to drive innovation and create new bodies of knowledge within the organization.
- Developed e-Learning modules for staff involved with production technology to accommodate their self-learning.
- Devised a personnel development plan to cater for future business growth and cross-cultural expansion.

Innovation Development

- OSP EMB, a high-grade patterned bond paper was developed in response to the demand of the Ministry of Education to prevent forgery or unauthorized alteration of grades on students' report cards.
- Offset Pro paper ensures print quality with premium output.
- Brown and white anti-skid paper is for use as packaging for drinks instead of imports.
- A scented carton adds an exciting touch to packaging.
- A paper splint is used in the treatment of fractured arms or legs. Low-price, safe, and clean, this innovative product substitutes costly imports.
- e-Ordering System enables customers to place their orders electronically, thus providing improved speed and accuracy.
- Supply Chain Management has been implemented to connect the on-line ordering system with production planning and service. This allows accurate and timely product delivery and real-time tracking of the order's status.

"As I'm in charge of sales of the Vina Kraft Paper in Vietnam, I believe the 'Go Regional' policy is an important strategy in order to push SCG to earn higher recognition and acceptance from overseas markets. It's also our success enhancement in the region."

Suwat Phadungsinlapasathaporn
Sales Manager-Vietnam Office, Overseas Packaging Paper,
SCG Paper Public Company Limited

Business Strategy

SCG Paper strives to retain its leadership position in the domestic market and enhance competitiveness. To accomplish these goals, SCG Paper continually invested in projects to reduce energy and production costs, to boost production efficiency, and to drive innovation, adding value to products and services. These efforts also extended to fostering good relationships with customers to better understand their needs. This allowed for the development of its products that better meet market demand.

The business expanded investment to the ASEAN region to accommodate future growth such as Vietnam that has a rapid economic growth, resulting in a growing demand for paper and corrugated containers.

SCG Paper
Consolidated Financial Information

(Million Baht)

	2007	2006	2005	2004	2003
Information from Balance Sheets *					
• Current assets	14,334	13,162	12,393	13,668	11,933
• Assets	46,454	40,734	38,575	39,128	32,813
• Liabilities	20,372	16,868	14,025	18,295	15,780
• Shareholders' equity and minority interest	26,082	23,866	24,550	20,833	17,033
Information from Statements of Income					
• Net sales	43,890	42,645	40,306	38,265	33,564
• Costs and expenses	40,514	37,649	35,265	32,470	28,016
• Net profit without non-recurring items **	2,353	3,574	3,689	4,125	4,231
• Net profit	2,353	3,574	3,689	4,122	4,424
EBITDA *	7,943	9,634	9,496	9,840	9,819

* The figures for year 2003-2004 are restated by excluding assets revaluation for comparative purpose.

** Represents profit before gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others - net of income tax expense.

*** Represents profit before income tax, interest expense and financial charges, depreciation and amortization and includes dividends from associates.

SCG Cement

Operating Results

In 2007, the total cement demands dropped 6 percent from the previous year as a result of the slowdown in the residential construction sector and investment projects by the government. The excess capacity prompted major manufacturers to push export to stabilize their factory utilization rates.

Total sales for SCG Cement amounted to Baht 44,087 million, which remained comparable to that of the previous year. EBITDA dropped 16 percent to Baht 10,198 million while the net profit without non-recurring items fell 18 percent to Baht 5,467 million, attributed to a decline in domestic sales, rising energy costs, and Baht appreciation.

- **Grey Cement:** Total sales dropped 6 percent on a 6 percent decrease in domestic sales volume while export sales volume grew 16 percent.
- **Ready-mixed Concrete:** Total sales dropped 7 percent on 5 percent decline in domestic sales volume. In 2007, ten more franchisees were enlisted.
- **Concrete Product:** Total sales increased 1 percent on 5 percent growth in domestic sales volume. In 2007, seven more franchisees were enlisted.
- **White Cement:** Total sales rose 20 percent on domestic sales and export sales volume, which grew 5 percent and 32 percent, respectively.
- **Mortar:** Total sales increased 17 percent on domestic sales and export sales volume, which rose 16 percent and 97 percent, respectively.
- **Refractory:** Total sales remain relatively unchanged from the previous year, both for domestic and export sales volume.

Organizational Development

Business Development

- Installed a waste-heat power generation at every cement plant. The project continued from 2006 with the total investment of Baht 5,850 million. The generation at the first installed site is to begin operation in the first quarter of 2008 whilst the rest are slated for completion in 2009.
- Installed a conveyor system for disposal of industrial waste in a cement kiln with a total investment of Baht 150 million. Scheduled to be completed in 2008, the system can better accommodate industrial waste disposal.

Human Resources Development

- Developed employees' skills and knowledge in response to the corporate growth strategy. This was achieved by creating a corporate culture that promotes employees' creativity, ongoing learning, and customer-centric mindsets so they can develop products and services that meet customers' demands and expectations.
- Prepared staff for further expansion into the ASEAN region through various efforts, encompassing recruitment, the development of skills and knowledge needed for overseas business, and adjustment of salaries and fringe benefit packages.

Innovation Development

- Special purpose cement such as Tiger Brand cement with improved bonding for masonry and Elephant Brand cement for non-prestressed concrete products.
- Special purpose mortar such as Tiger Brand mortar lightweight blocks and Color Render mortar for color rendering and creating pattern designs
- Special purpose ready-mixed concrete, for example, porous concrete and concrete for paddy drying yard.
- CPAC Small Site Service System for CPAC ready-mixed concrete's customers and mobile concrete-mixing machine

"As Part of the exploring team of Kampot Cement in Cambodia, I believe the 'Go Regional' policy will be a test and a lesson to improve our performance, both human resources and work system. Every time we start something new, there are always difficulties to overcome. I'm confident that Kampot Cement will be one of successful companies of SCG in the future."

Parinya Vilaithum
Mining Manager,
Kampot Cement Co., Ltd.

Business Strategy

SCG Cement is committed to satisfying customer demand through developing innovations and adding value to its products and services to address the specific requirements of each customer group. The "Tiger", "Tiger Plus", "Twin Tigers", and "White Tiger" brands were merged under the brand "Tiger", which now offers a complete range of products to match the specific needs of customers.

The business has also planned to further expand into ASEAN, a market with vast potential for future growth. It is now considering opportunities to establish more cement plants in the region in addition to the one in Cambodia.

SCG Cement
Consolidated Financial Information

(Million Baht)

	2007	2006	2005	2004	2003
Information from Balance Sheets *					
• Current assets	10,075	9,866	9,199	7,606	6,019
• Assets	60,132	57,791	55,953	54,801	56,315
• Liabilities	14,846	15,958	17,877	22,044	29,913
• Shareholders' equity and minority interest	45,286	41,833	38,076	32,757	26,402
Information from Statements of Income					
• Net sales	44,087	44,123	41,630	36,658	30,552
• Costs and expenses	36,943	35,451	31,756	27,716	23,825
• Net profit without non-recurring items **	5,467	6,649	7,920	6,810	5,426
• Net profit	5,463	6,652	7,916	6,582	5,313
EBITDA * **	10,198	12,200	13,235	13,175	11,581

* The figures for year 2003-2004 are restated by excluding assets revaluation for comparative purpose.

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SCG Building Materials

Operating Results

The economic slowdown in 2007 resulted in modest growth in the property sector caused by decreased investment projects of both the government and private sectors. This intensified competition among producers of building materials

Total sales for SCG Building Materials amounted to Baht 21,281 million, a 6 percent decline from the previous year. EBITDA totaled Baht 3,928 million with the net profit without non-recurring items amounted to Baht 950 million, down from last year. This was largely attributed to a slow growth in the residential housing sector, increased production costs, especially energy related, and the continued appreciation of the Baht.

Organizational Development

Business Development

- The first in Thailand to develop technology for the production of non-asbestos corrugated roof sheets, wood plank, and smart board. The entire existing formula was replaced by the new non-asbestos product since 2007. It has an annual production capacity of 40 million squares for corrugated roof sheets and 34 million squares for wood plank and smart board.
- Increased the number of COTTO Tiles Studios and Roofing Centers throughout the country to 60 and 13, respectively, in the concept of one-stop shop, one-stop service. These would benefit customers to receive product information, consultation, interior design service, and able to purchase its products and services completely at one stop.

Human Resources Development

- Collaborated with a consultancy firm to develop the C-Leader program exclusively designed for the business. The coaching skill is also applied into the course. The objective is to develop high potential leaders and to ensure a good number of such leaders to spearhead the business expansion plan.
- Organized the C-Building program based on Constructionism to develop employees' potential, enabling them to create innovations to accommodate customers' demands.

Innovation Development

- CPAC Monier Cool Roof System features a stylish design and ease of installation. Available in mid-2007.
- The Excella Lava flat roof tile boasts a beautiful natural design. Available in the end of 2007.
- The COTTO Hygienic Tile was available in the end of 2007.

Business Strategy

SCG Building Materials stresses the importance of research and development to drive innovation in products and services, including develop efficient distribution channels. Emphasis was placed on developing high value products to answer every need and lifestyle of customers.

The business also continued to improve its production process and research on alternative energy, in order to continually reduce its production cost.

"I'm proud to be part of the Roofing Center, Thailand's first one-stop roofing service provider which we can offer better satisfaction to our customers. I'm more than ready to be part of the driving force to SCG's sustainable growth and success."

Jakkarin Rongchai
Roofing Center Manager,
Nakorn Pathom Branch

SCG Building Materials
Consolidated Financial Information

(Million Baht)

	2007	2006	2005	2004	2003
Information from Balance Sheets *					
• Current assets	7,576	7,745	7,640	6,946	6,111
• Assets	19,863	20,595	20,259	18,068	15,771
• Liabilities	13,540	14,180	8,925	9,366	9,388
• Shareholders' equity and minority interest	6,323	6,415	11,334	8,702	6,383
Information from Statements of Income					
• Net sales	21,281	22,745	22,227	20,542	18,147
• Costs and expenses	20,536	20,379	18,997	17,028	15,246
• Net profit without non-recurring items **	950	1,799	2,749	2,700	2,275
• Net profit	950	1,939	3,071	2,700	2,253
EBITDA * **	3,928	4,856	5,387	5,307	4,382

* The figures for year 2003-2004 are restated by excluding assets revaluation for comparative purpose.

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SCG Distribution

Operating Results

In 2007, the domestic distribution industry became more competitive, resulting from the decline in number of construction projects, the growth of the modern retail trade, and the change in consumer behavior towards having more involvement in buying decisions. Meanwhile, the international trading business faced keen competition on price and quality of services partly due to more trade liberalization. The logistics business was affected by oil prices and more intense price competition.

Total sales of SCG Distribution amounted to Baht 86,440 million, a 6 percent increased from the previous year. EBITDA amounted to Baht 1,576 million while the net profit without non-recurring items totaled Baht 939 million, almost the same as those of previous year.

- **SCG Network Management Co., Ltd.:** Sales dropped 1 percent, partly due to an increase in selling price in spite of a slowdown in construction market in both the government and private sectors.
- **SCG Logistics Management Co., Ltd.:** Sales grew 7 percent on total transportation volume of 22.5 million tons. Most sales came from transportation service to bulk and full truck load segments.
- **SCT Co., Ltd.:** Sales rose 20 percent. Products outside SCG accounted for 57 percent with major markets in the Middle East, Indochina, South Asia, and the USA. The import : export ratio was 30 : 70.

Organizational Development

Business Development

SCG Network Management Co., Ltd.

- Improved services in Home Mart stores with the concept of "Total Home Solution". It now provides home-related consultancy to customers, display of products in use as well as installation and repair services. Furthermore, the company joined forces with the Vocational Education Commission, the Ministry of Education, to organize the Home Mart Staff Development course designed to improve services and open up opportunities for students with a high school diploma or equivalent to pursue a High Vocational Diploma in retail management.
- Opened 11 OK Outlets selling ceramics, sanitary wares, paint, chemicals, electrics and lighting in the Central region, the Northeast, and the South. By the end of 2008, more outlets will be opened nationwide.
- Established "Nai Chang Dee Institute" to develop a network of technicians as well as small and medium-sized contractors.
- Opened 12 information centers at department stores nationwide to provide information about products, services, store locations, and promotions avaliable.

SCG Logistics Management Co., Ltd.

- Built a warehouse and a freight container yard at Laem Chabang district, Chon Buri province. Commercial operation will begin in July 2008.
- Started B2C transportation service to customers in Phitsanulok, Phichit, Nong Khai, Khon Kaen, and Phuket. By the end of 2008, the services will expand into 15 locations throughout the country.

SCT Co., Ltd.

- Opened 5 more overseas offices in Nanjing, China; Danang, Vietnam; and Surabaya, Samarinda and Banjarmasin, Indonesia to expand markets and to broaden opportunities for international trading business between the offices.

Human Resources Development

- Prepared staff for future expansion, both domestic and overseas, by developing employees' language and other work-related skills.
- Improved the recruitment and selection process for foreign staff and adopted the competency-based program to develop the potential of staff working in overseas offices worldwide.

Innovation Development

- Established SCT Services (Regional Operating Headquarter) to increase the operation efficiency and expand its business network in ASEAN.
- Adjusted the logistics model to reduce costs and enhance transportation efficiency in support of the Kampot Cement Co., Ltd. in Cambodia.
- Implemented an on-line mapping system to ensure the efficient, timely and accurate delivery of products. The system facilitates document issuance and clearly identifies the delivery destination.

"SCG is a high-potential corporation in Thailand. If we succeed in expanding our business in the ASEAN region, not only can we bring more profits to our shareholders, but also prove that doing business with a focus on quality and fairness could offer great competitiveness and sustainable growth."

Chonlak Mahasuvirachai
ASEAN Channel Development Manager,
SCG Network Management Co., Ltd.

Business Strategy

SCG Network Management Co., Ltd.

- Organized the Dealer Integration and Collaboration Program. The program enables dealers to keep tracking of the operating status of their stores, regarding administration, sales, customer's satisfaction, and so on.
- Studied the laws, market conditions, and behavior of building materials' customers in Vietnam, Indonesia, and Cambodia to design and develop distribution covering wholesale, projects, and retail.

SCG Logistics Management Co., Ltd.

- Focused on distribution through its nationwide transportation network in cooperation with key transport contractors to service major customer groups. Advanced technology was employed to control costs and enhance operating efficiency.
- Expanded services to overseas markets including development of work system and transportation network suitable for each country, by combining the expertise from operations in Thailand with the competitive advantage of its foreign business partners.

SCT Co., Ltd.

- Opened more branches in countries with growth potential to obtain quality raw materials and products as well as strengthened the existing customer base and expanded into new markets.
- Boosted trading partners' confidence and enhanced service level through various efforts. Examples included coal screening, central sourcing of energy products, freight management service for all of SCG's business units. The company also enlarged the recycling business with plan to expand into the plastic and aluminum baling.

SCG Distribution
Consolidated Financial Information

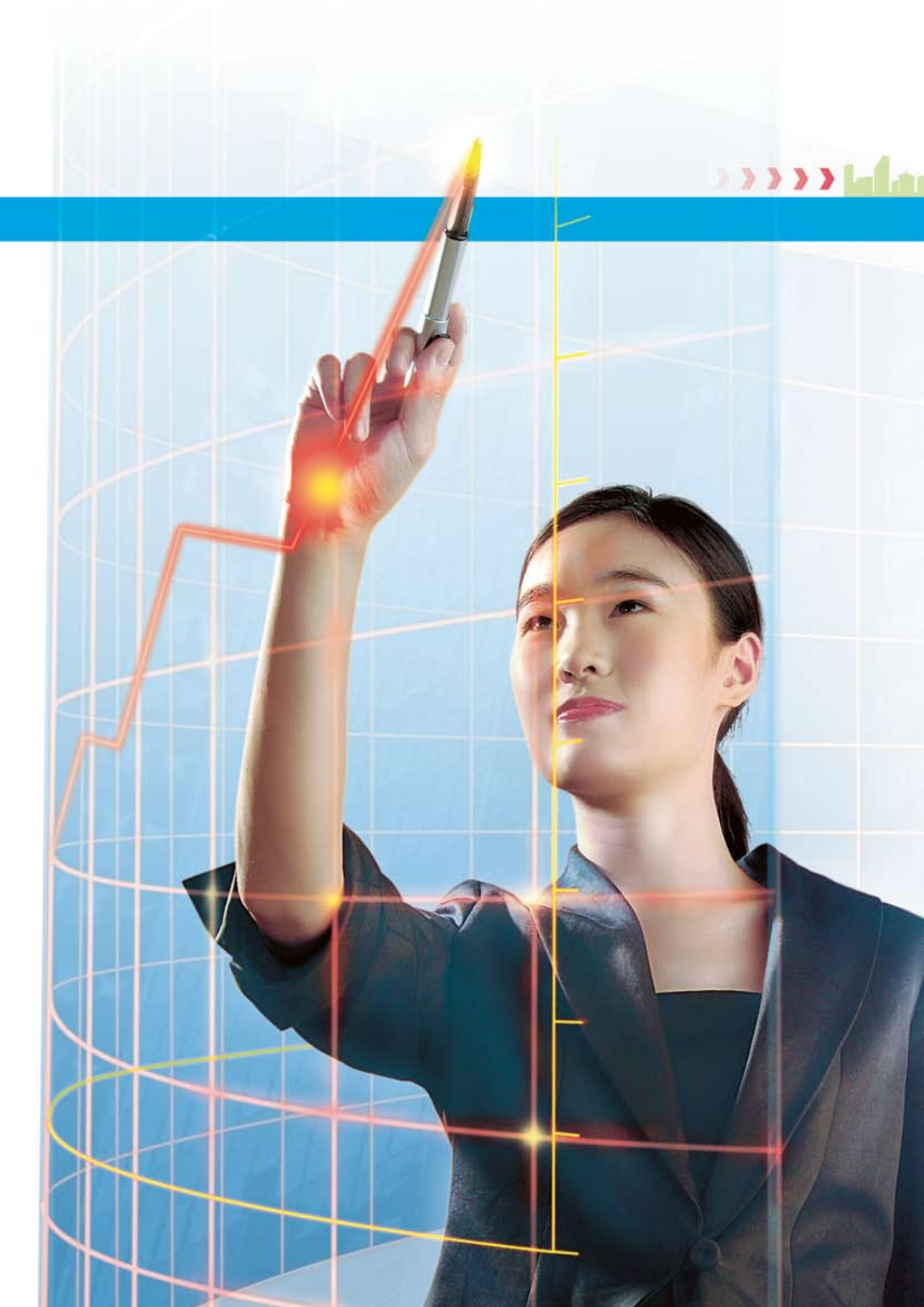
(Million Baht)

	2007	2006	2005	2004	2003
Information from Balance Sheets *					
• Current assets	8,528	8,214	6,406	5,357	4,402
• Assets	11,143	10,610	8,560	7,765	6,631
• Liabilities	8,834	8,576	7,337	6,906	7,155
• Shareholders' equity and minority interest	2,309	2,034	1,223	859	(524)
Information from Statements of Income					
• Net sales	86,440	81,519	76,070	68,558	56,551
• Costs and expenses	85,415	80,495	74,932	67,659	56,655
• Net profit without non-recurring items **	939	944	1,079	968	251
• Net profit	939	1,021	1,079	968	251
EBITDA * **	1,576	1,498	1,546	1,541	602

* The figures for year 2003-2004 are restated by excluding assets revaluation for comparative purpose.

** Represents profit before gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others - net of income tax expense.

*** Represents profit before income tax, interest expense and financial charges, depreciation and amortization and includes dividends from associates.



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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 its subsidiaries which have been prepared in accordance with generally accepted accounting standards in Thailand. The accounting 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 the Audit Committee consisted of independent directors 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 its subsidiaries presents the financial position, results of operations, and cash flows accurately.

Chirayu Isarangkun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

The Audit Committee's Report

The Audit Committee performed its duties in 2007 as assigned by the Board in accordance with the Charter of the Audit Committee. These duties included reviewing the company's financial statements, good governance practices to conform with SCG Corporate Governance and SCG Code of Conduct, risk management, internal audit and internal control as well as proposing the appointment of external auditors for the year 2008. During the year 2007, the Committee held seven meetings and the attendance of the Audit Committee members was 96 percent. The duties are summarized as follows:

1. **Review of financial statements** The Audit Committee reviewed the company's quarterly and annual financial statements of 2007 as well as SCG's consolidated financial statements with SCG management and the Audit Office. Satisfactory information regarding complying the financial statements with laws and accounting standards was obtained from the external auditors and the financial statements were approved. In 2007, the Committee held one meeting with the external auditors without the presence of SCG management so as to freely discuss important issues in the making of financial statements and the disclosure of information to benefit users of these financial statements as identified in the company's annual report. Advanced technology has been utilized to enhance accounting efficiency. The efforts have enabled the company to propose unaudited financial statements ahead of the quarterly and annual submission deadlines of the Stock Exchange of Thailand (SET) since 1998. There were no significant change made after the auditors' review.

2. **Review of corporate governance** In 2007, SCG Code of Conduct was updated by the Governance and Nomination Committee to maintain the company's ethical practices in the face of an economic recession. The Board of Directors approved the new code for all employees to strictly adhere to and apply to their work. The Board of Directors already approved the implementation of the Whistleblower policy to protect employees who report financial improprieties or suspected violations of laws, rules, regulations, and SCG Code of Conduct. This would help prevent corruption and enhance the company's operations while informers are protected and receive fair treatment from the company.

   A constant and systematic development of the corporate governance has earned respect and praise for SCG both in local and international arenas, resulting in several awards as stated in last year's annual report.

   In addition, the Audit Committee conducted self-assessment both as a group and individual in line with the rules and regulations of the Securities Exchange Commission (SEC) and SET as well as international practices. Topics of assessment included the Committee's preparedness, risk management, financial reports, Committee meetings, the Corporate Secretary's performance, and the Audit Office's performance. The results were considered very satisfactory as they were last year.

3. **Review of risk management** The Audit Committee monitored the risk management practices in all business units on a quarterly basis in accordance with the stipulated guidelines. Important risks were identified in annual report. As the focus was on an efficient and promptly risk management, the Audit Committee set up key risk indicators as well as time frames for issuing warnings for different types of risks. When a certain risk reached a certain period, an effective solution had to be implemented immediately. Also, there was a continual follow-up to monitor a risk until it subsided to an accepted level. The Committee continuously developed its risk management and disseminated knowledge to employees at all levels and constantly enhanced risk management efficiency.

4. **Monitoring and development of internal control system** Information technology was employed to review the internal control system, especially the key point of financial statement. In 2007, it was found that the company's internal control was sufficient and effective with no significant issues or short comings that could affect the business operations. The findings were confirmed by the independent auditors who assessed the internal control system annually. To ensure the sufficient and timely control of operations, all the business units adopted the control self-assessment (CSA) system which has been continually developed to boost efficiency. In addition, the web-based authorization has been developed which makes it convenient for searching and updating the information. The financial authorization, therefore, efficiently meets the company's standard. Moreover, a data reviewing and reporting system of concerned parties about connected transactions was established to ensure compliance with SEC and SET regulations.

5. **Monitoring of internal audit** The Audit Committee supervised the Audit Office in devising short and medium term plans that are scheduled quarterly, while major auditing systems will be reviewed bi-annually, in line with the changing business, to ensure the internal audit function that offers a more preventive approach and benefits the company's operations. The consulting system introduced last year provided useful and easy help to employees who wanted to acquire information on appropriate approaches and answers to their questions. Moreover, a new practice was allowed audited functions to freely evaluate and give suggestions to auditors, to ensure a continual development of the auditing system. In addition, the Audit Office has introduced a set of indicators for better auditing examination efficiency.

6. **Appointment of the external auditors for 2008** The Audit Committee evaluated the performance of the external auditors and the result was as satisfactory as that of last year. The Committee also reviewed the qualifications of the external auditors and found they were in compliance with the rules and regulations of SEC and SET. Consequently, the Audit Committee recommended that the Board of Directors seek approval at the ordinary general shareholders' meeting for the appointment of Mr. Winid Silamongkol, certified public accountant Registration No. 3378 or Mr. Pisit Chiwaruangroch, certified public accountant Registration No. 2803 or Mr. Supot Singhasaneh certified public accountant Registration No. 2826 or Mr. Charoen Phosamritlert certified public accountant Registration No. 4068 of KPMG Phoomchai Audit Ltd., as the company's auditors for 2008.

On behalf of the Audit Committee

Air Chief Marshal K Sindhvananda
(Kamthon Sindhvananda)
Chairman of the Audit Committee

Consolidated Financial Statements

The Siam Cement Public Company Limited and Its Subsidiaries

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying consolidated balance sheets of The Siam Cement Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the 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 audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Siam Cement Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in accordance with generally accepted accounting principles.

The consolidated financial statements for the year ended 31 December 2006 have been restated for the effects of the change in the accounting policy for recording minority interest as described in note 32 to the financial statements.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
27 February 2008

Consolidated balance sheets

As at 31 December 2007 and 2006

in thousand Baht

Assets	Note	2007	2006 (Restated)
Current assets			
Cash and cash equivalents	6	4,145,872	2,434,551
Trade accounts and notes receivable			
• Related parties	5	2,906,713	2,959,360
• Other companies	7	23,389,608	20,328,322
Receivables from and short-term loans to related parties	5	4,573,885	1,857,440
Current portion of long-term loans to other company	5	399,520	-
Inventories	8	37,089,871	35,715,131
Other current assets		5,920,333	4,080,946
Total current assets		**78,425,802**	**67,375,750**
Non-current assets			
Investments in associates	9	46,135,183	46,359,673
Other long-term investments	10	3,184,846	5,400,505
Long-term loans to related parties	5	495,042	1,413,708
Long-term loans to other company	5	1,077,133	-
Property, plant and equipment	11	108,988,032	93,004,605
Intangible assets	12	3,505,185	4,402,193
Deferred tax assets	13	3,407,983	5,213,030
Other non-current assets	14	3,036,820	3,094,643
Total non-current assets		**169,830,224**	**158,888,357**
Total assets		**248,256,026**	**226,264,107**

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

Consolidated balance sheets (Continued)

As at 31 December 2007 and 2006

in thousand Baht

Liabilities and shareholders' equity	Note	2007	2006 (Restated)
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	15	2,819,369	9,313,414
Trade accounts payable			
• Related parties	5	3,002,166	2,429,763
• Other companies		20,669,890	15,285,290
Current portion of long-term debts	16	3,037,185	4,543,646
Current portion of debentures	17	24,812,385	15,732,293
Payables to and short-term loans from related parties	5	298,616	837,232
Accrued expenses		3,705,746	3,229,784
Income tax payable		1,891,754	2,276,688
Other current liabilities		4,910,906	2,402,899
Total current liabilities		**65,148,017**	**56,051,009**
Non-current liabilities			
Provident funds	26	368,642	348,590
Long-term debts	16	8,473,313	10,825,953
Debentures	17	64,619,016	64,228,067
Deferred tax liabilities	13	94,285	9,198
Other non-current liabilities	18	1,013,505	1,235,922
Total non-current liabilities		**74,568,761**	**76,647,730**
Total liabilities		**139,716,778**	**132,698,739**

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

Consolidated balance sheets (Continued)

As at 31 December 2007 and 2006

in thousand Baht

Liabilities and shareholders' equity	Note	2007	2006 (Restated)
Shareholders' equity			
Share capital			
Authorised share capital	19	**1,600,000**	**1,600,000**
Issued and paid-up share capital	19	1,200,000	1,200,000
Reserves			
Fair value changes		(754)	1,748,606
Currency translation changes		(697,674)	(888,282)
Equity in associates		200,344	17,108
Retained earnings			
Appropriated			
• Legal reserve	20	120,000	120,000
• General reserve		10,516,000	10,516,000
Unappropriated			
• From operations of the Company, subsidiaries and associates		74,793,182	62,309,519
Total equity attributable to the Company's shareholders		**86,131,098**	**75,022,951**
Minority interest			
• From capital, operations and others		22,408,150	18,542,417
Total shareholders' equity		**108,539,248**	**93,565,368**
Total liabilities and shareholders' equity		**248,256,026**	**226,264,107**

For and on Behalf of the Board of Directors

Chirayu Isarangkun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

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

Consolidated statements of income

For the years ended 31 December 2007 and 2006

in thousand Baht

	Note	2007	2006 (Restated)
• Net sales	5	267,736,718	258,174,968
• Cost of sales	5	217,274,274	201,967,319
Gross profit		**50,462,444**	**56,207,649**
• Selling expenses		12,632,323	11,648,100
• Administrative expenses	23	12,455,652	12,469,314
• Directors' remuneration	24	83,020	83,116
Profit from sales		**25,291,449**	**32,007,119**
• Gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others	4	6,623,903	(1,758,972)
• Other income	25	5,344,688	4,244,229
Profit from operations		**37,260,040**	**34,492,376**
• Share of profits from investments accounted for using the equity method		8,243,084	10,736,618
Profit before interest expense, financial charges and income tax expense		**45,503,124**	**45,228,994**
• Interest expense and financial charges	27	5,273,273	5,169,191
• Income tax expense	28	5,897,578	4,036,133
Profit after income tax expense		**34,332,273**	**36,023,670**
• Net profit of minority interest		(3,980,373)	(6,572,977)
Net profit		**30,351,900**	**29,450,693**
Basic earnings per share (in Baht)	29	**25.29**	**24.54**

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

Consolidated statements of changes in shareholders' equity

For the years ended 31 December 2007 and 2006

	Note	Issued and paid-up share capital	Reserves		
			Fair value changes	Currency translation changes	Equity in associates
Balance at 1 January 2006		**1,200,000**	**1,474,185**	**(310,004)**	**197,036**
Change in accounting policy	32	-	-	-	-
Restated balance		**1,200,000**	**1,474,185**	**(310,004)**	**197,036**
Changes in shareholders' equity for 2006					
Fair value changes		-	274,421	-	(167,609)
Translation loss relating to financial statements of foreign operations		-	-	(578,278)	(12,319)
Net income (expense) recognised directly in shareholders' equity		-	274,421	(578,278)	(179,928)
Net profit		-	-	-	-
Total recognised income and expense		-	274,421	(578,278)	(179,928)
General reserve		-	-	-	-
Dividends	31	-	-	-	-
Increase in minority interest		-	-	-	-
Balance at 31 December 2006		**1,200,000**	**1,748,606**	**(888,282)**	**17,108**
Balance at 1 January 2007		**1,200,000**	**1,748,606**	**(888,282)**	**17,108**
Change in accounting policy	32	-	-	-	-
Restated balance		**1,200,000**	**1,748,606**	**(888,282)**	**17,108**
Changes in shareholders' equity for 2007					
Fair value changes		-	(1,749,360)	-	201,325
Translation gain (loss) relating to financial statements of foreign operations		-	-	190,608	(18,089)
Net income (expense) recognised directly in shareholders' equity		-	(1,749,360)	190,608	183,236
Net profit		-	-	-	-
Total recognised income and expense		-	(1,749,360)	190,608	183,236
Dividends	31	-	-	-	-
Increase in minority interest		-	-	-	-
Balance at 31 December 2007		**1,200,000**	**(754)**	**(697,674)**	**200,344**

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

in thousand Baht

Retained earnings			Total equity attributable to the Company's shareholders	Minority interest	Total shareholders' equity
Appropriated		Unappropriated			
Legal reserve	General reserve	From operations of the Company, subsidiaries and associates			
120,000	**10,407,000**	**50,858,826**	**63,947,043**	**6,746,007**	**70,693,050**
-	-	-	-	3,975,700	3,975,700
120,000	**10,407,000**	**50,858,826**	**63,947,043**	**10,721,707**	**74,668,750**
-	-	-	106,812	-	106,812
-	-	-	(590,597)	(160,728)	(751,325)
-	-	-	(483,785)	(160,728)	(644,513)
-	-	29,450,693	29,450,693	6,572,977	36,023,670
-	-	29,450,693	28,966,908	6,412,249	35,379,157
-	109,000	-	109,000	-	109,000
-	-	(18,000,000)	(18,000,000)	(6,326,209)	(24,326,209)
-	-	-	-	7,734,670	7,734,670
120,000	**10,516,000**	**62,309,519**	**75,022,951**	**18,542,417**	**93,565,368**
120,000	**10,516,000**	**62,309,519**	**75,022,951**	**12,926,475**	**87,949,426**
-	-	-	-	5,615,942	5,615,942
120,000	**10,516,000**	**62,309,519**	**75,022,951**	**18,542,417**	**93,565,368**
-	-	-	(1,548,035)	-	(1,548,035)
-	-	-	172,519	(123,160)	49,359
-	-	-	(1,375,516)	(123,160)	(1,498,676)
-	-	30,351,900	30,351,900	3,980,373	34,332,273
-	-	30,351,900	28,976,384	3,857,213	32,833,597
-	-	(17,868,237)	(17,868,237)	(3,441,187)	(21,309,424)
-	-	-	-	3,449,707	3,449,707
120,000	**10,516,000**	**74,793,182**	**86,131,098**	**22,408,150**	**108,539,248**

Consolidated statements of cash flows

For the years ended 31 December 2007 and 2006

(in thousand Baht)

	2007	2006 (Restated)
Cash flows from operating activities		
Net profit	30,351,900	29,450,693
Adjustments for		
• Unrealised gain on foreign currency exchange	(78,120)	(314,373)
• Allowance for doubtful accounts and allowance for obsolescence	67,103	114,367
• Depreciation and amortisation	12,609,588	13,129,026
• Allowance for (reversal of) impairment of assets	(50,200)	3,588,400
• Allowance for impairment of investments	6,019	695
• Gain on sales of investments and assets for restructuring	(6,579,722)	(1,418,576)
• Gain on sales of property, plant and equipment	(498,560)	(96,774)
• Dividend income	(2,482,364)	(1,491,710)
• Share of profits from invesments accounted for using the equity method	(8,243,084)	(10,736,618)
• Net profit of minority interest	3,980,373	6,572,977
• Deferred tax, net	1,862,469	(707,799)
Profit provided by operating activities before changes in operating assets and liabilities	**30,945,402**	**38,090,308**
Decrease (increase) in operating assets		
• Trade accounts and notes receivable	(2,841,817)	(3,252,527)
• Receivables from related parties	(46,025)	65,500
• Inventories	(1,321,617)	(2,024,006)
• Other current assets	(1,709,502)	(174,206)
• Other non-current assets	(868,629)	(365,064)
Net increase in operating assets	**(6,787,590)**	**(5,750,303)**

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

Consolidated statements of cash flows (Continued)

For the years ended 31 December 2007 and 2006

in thousand Baht

	2007	2006 (Restated)
Increase (decrease) in operating liabilities		
• Trade accounts payable	6,356,533	(733,653)
• Payables to related parties	(41,874)	(61,997)
• Income tax payable	(384,934)	478,213
• Accrued expenses and other current liabilities	438,658	(243,768)
• Provision for provident funds	20,052	23,711
Net increase (decrease) in operating liabilities	**6,388,435**	**(537,494)**
Net cash provided by operating activities	**30,546,247**	**31,802,511**
Cash flows from investing activities		
Investments in associates and other companies	(474,950)	(6,743,222)
Dividends received	8,539,829	9,448,811
Investments in subsidiaries		
• Acquisition of subsidiaries net of cash	(219,462)	363,963
• Excess of cost over equity of subsidiaries	(32,882)	(81,703)
• Minority interest	(676,628)	(416,124)
Net increase in investments in subsidiaries	**(928,972)**	**(133,864)**
Proceeds from sales of investments and assets for restructuring	9,873,558	5,822,530
Purchases of property, plant and equipment	(25,683,813)	(16,116,632)
Proceeds from sales of property, plant and equipment	854,311	304,121
Payment received on loans to (loans to) related parties	(2,452,229)	1,253,535
Currency translation differences	(69,316)	(774,826)
Net cash used in investing activities	**(10,341,582)**	**(6,939,547)**

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

Consolidated statements of cash flows (Continued)

For the years ended 31 December 2007 and 2006

in thousand Baht

	2007	2006 (Restated)
Cash flows from financing activities		
Borrowings		
• Bank overdrafts and short-term loans from financial institutions	(6,541,746)	892,504
• Repayments of long-term debts	(4,610,860)	(4,150,445)
• Proceeds from long-term debts	1,035,611	4,008,104
• Short-term loans (repayment of short-term loans) from related parties	(521,495)	93,892
• Finance lease payment	(231,745)	-
• Finance lease liabilities	-	810,020
• Proceeds from issuance of debentures	24,941,730	24,904,698
• Redemption of debentures	(15,470,689)	(29,538,026)
Net decrease in borrowings	**(1,399,194)**	**(2,979,253)**
Dividends		
• Cash dividends to minority interest	(3,408,317)	(6,320,996)
• Cash dividends	(17,868,237)	(18,000,000)
Total dividends	**(21,276,554)**	**(24,320,996)**
Increase in minority interest from increase in share capital	4,075,921	2,308,907
Other non-current liabilities	106,483	9,504
Net cash used in financing activities	**(18,493,344)**	**(24,981,838)**
Net increase (decrease) in cash and cash equivalents	**1,711,321**	**(118,874)**
Cash and cash equivalents at beginning of the year	2,434,551	2,553,425
Cash and cash equivalents at end of the year	**4,145,872**	**2,434,551**
Supplemental disclosures of cash flow information		
Cash paid during the year		
• Interest expense	5,247,253	5,274,952
• Income tax expense	4,336,618	4,299,357
Non-cash transactions		
• Dividend receivable	1,931,260	1,226,646
• Dividend payable to minority interest	38,083	5,213

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

Notes to the Financial Statements

For the years ended 31 December 2007 and 2006

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the audit committee, as appointed by the Board of Directors of the Company, on 27 February 2008.

1 General information

The Siam Cement Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company was listed on the Stock Exchange of Thailand on 25 April 1975.

The Company and its subsidiaries (the "Group") is Thailand's largest industrial group, with leading market positions in each of its businesses of chemicals, paper, cement and other operations include building materials, distribution and investment businesses.

Details of the Company's subsidiaries, which have significant operations and were included in the consolidated financial statements, are as follows:

	Direct/ Indirect Holding (%)
SCG Chemicals	
• SCG Chemicals Co., Ltd.	100
• Thai Polyethylene Co., Ltd.	100
• Thai Polyethylene (1993) Co., Ltd.	100
• Thai Polypropylene Co., Ltd.	100
• Thai Polypropylene (1994) Co., Ltd.	100
• SCG Plastics Co., Ltd.	100
• SCG Polyolefins Co., Ltd.	100
• Rayong Engineering and Plant Service Co., Ltd.	100
• Protech Outsourcing Co., Ltd.	100
• RIL 1996 Co., Ltd.	100
• Vina SCG Chemicals Co., Ltd.	100
• SCG Chemicals (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Tuban Petrochemicals Pte. Ltd. (Incorporated in Singapore)	100
• Rayong Pipeline Co., Ltd.	91
• Map Ta Phut Tank Terminal Co., Ltd.	81
• PT. TPC Indo Plastic & Chemical (Incorporated in Indonesia)	78
• Map Ta Phut Olefins Co., Ltd.	67
• Alliance Petrochemical Investment (Singapore) Pte. Ltd (Incorporated in Singapore)	67

	Direct/ Indirect Holding (%)
SCG Chemicals	
• Rayong Olefins Co., Ltd.	63
• Rayong Olefins (Singapore) Pte. Ltd. (Incorporated in Singapore)	63
• Flowlab & Service Co., Ltd.	51
• E & I Solution Co., Ltd.	51
• Thai Plastic and Chemicals Public Company Limited	45
• TPC Paste Resin Co., Ltd.	45
• The Nawaplastic Industries (Saraburi) Co., Ltd.	45
• Nawa Plastic Industries Co., Ltd.	45
• Nawa Intertech Co., Ltd.	45
• Chemtech Co.,Ltd. (Incorporated in Vietnam)	45
• Total Plant Service Co., Ltd.	45
• Viet-Thai Plastchem Co., Ltd. (Incorporated in Vietnam)	32
• TPC Vina Plastic and Chemicals Corporation Co., Ltd. (Incorporated in Vietnam)	31
• Minh Thai House Component Co., Ltd. (Incorporated in Vietnam)	27
• Siam Stabilizers and Chemicals Co., Ltd.	27

	Direct/ Indirect Holding (%)
SCG Paper	
• SCG Paper Public Company Limited (Formerly: The Siam Pulp and Paper Public Company Limited)	98
• Thai Paper Co., Ltd.	98
• Thai Union Paper Public Company Limited	98
• Siam Kraft Industry Co., Ltd.	98
• Thai Kraft Paper Industry Co., Ltd.	98
• Thai Union Paper Industry Co., Ltd.	98
• United Pulp and Paper Co., Inc. (Incorporated in Philippines)	98
• Siam Cellulose Co., Ltd.	98
• InfoZafe Co., Ltd.	98
• The Siam Pulp and Paper Holding Co., Ltd.	98
• Siam Forestry Co., Ltd.	98
• Panas Nimit Co., Ltd.	98
• Thai Panason Co., Ltd.	98
• Thai Panadorn Co., Ltd.	98
• Thai Panaram Co., Ltd.	98
• Suanpa Rungsaris Co., Ltd.	98
• Siam Panawes Co., Ltd.	98
• Thai Panaboon Co., Ltd.	98
• Thai Wanabhum Co., Ltd.	98
• Phoenix Pulp & Paper Public Company Limited	97
SCG Cement	
• SCG Cement Co., Ltd. (Formerly: Siam Cement Industry Co., Ltd.)	100
• The Concrete Products and Aggregate 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
• Siam Mortar Co., Ltd.	100
• The Siam White Cement Co., Ltd.	100
• The Siam Refractory Industry Co., Ltd.	100
• Cementhai Energy Conservation Co., Ltd.	100
• SCI Plant Services Co., Ltd.	100
SCG Building Materials	
• SCG Building Materials Co., Ltd. (Formerly: Cementhai Building Products Co., Ltd.)	100
• The Siam Fibre-Cement Co., Ltd.	100
• The Fibre-Cement Products (Lampang) Co., Ltd.	100

	Direct/ Indirect Holding (%)
SCG Paper	
• Thai Cane Paper Public Company Limited	83
• Thai Containers Co., Ltd.	69
• Thai Containers Group Co., 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
• Thai Containers Khonkaen Co., Ltd. (Formerly: Thai Containers Saraburi (1997) Co., Ltd.)	69
• Thai Containers Rayong Co., Ltd.	69
• Citypack Co., Ltd.	69
• Thai Containers V&S Co., Ltd.	69
• Thai Containers (TCC) Co., Ltd. (Formerly: Nippon Hi-Pack (Thailand) Co., Ltd.)	69
• Vina Kraft Paper Co., Ltd. (Incorporated in Vietnam)	69
• TCG Rengo Subang (M) Sdn. Bhd. (Incorporated in Malaysia)	69
• TCG Rengo (S) Limited (Incorporated in Singapore)	69
• Thai British Security Printing Public Company Limited	49
• Thai British Depost Co., Ltd.	25
SCG Cement	
• SCI Research and Innovation Co., Ltd.	100
• SCI Eco Services Co., Ltd.	100
• CPAC Concrete Products (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100
• Kampot Cement Co., Ltd. (Incorporated in Cambodia)	93
• Myanmar CPAC Service Co., Ltd. (Incorporated in Myanmar)	70
• CPAC Cambodia Co., Ltd. (Incorporated in Cambodia)	69
• Kampot Land Co., Ltd. (Incorporated in Cambodia)	45
SCG Building Materials	
• Tip Fibre-Cement Co., Ltd.	100
• The Siam CPAC Block Co., Ltd.	100
• The CPAC Block Industry Co., Ltd.	100
• The CPAC Concrete Industry Co., Ltd.	100

	Direct/ Indirect Holding (%)
SCG Building Materials	
• The CPAC Concrete Products Co., Ltd.	100
• Siam Fiberglass Co., Ltd.	100
• Cementhai Gypsum Co., Ltd.	100
• Cementhai Ceramics Co., Ltd.	100
• Thai Ceramic Co., Ltd.	100
• The Siam Ceramic Group Industries Co., Ltd.	100
• Cementhai Home Services Co., Ltd.	100
• Thai Ceramic Power Co., Ltd.	100
• Cementhai Gypsum (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai Concrete Products (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai Roof Products (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai Roof Holdings Philippines, Inc. (Incorporated in Philippines)	100
• Cementhai Building Materials (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai Ceramic (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
SCG Distribution	
• SCG Distribution Co., Ltd.	100
• SCT Co., Ltd.	100
• SCG Network Management Co., Ltd. (Formerly: Cementhai Sales & Marketing Co., Ltd.)	100
• SCG Logistics Management Co., Ltd. (Formerly: Cementhai Logistics Co., Ltd.)	100
• SCT Services Co., Ltd.	100
• Homemart Home Solutions Co., Ltd. (Formerly: Cementhai Homemart Co., Ltd.)	100
• SCG Retail Co., Ltd. (Formerly: Cementhai Retail Co., Ltd.)	100
• SCG Experience Co., Ltd.	100
• Cementhai SCT (Australia) Pty. Ltd. (Incorporated in Australia)	100
• Cementhai SCT (Guangzhou) Co., Ltd. (Incorporated in China)	100

	Direct/ Indirect Holding (%)
SCG Building Materials	
• Cementhai Ceramics Singapore Holdings Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai Ceramics Philippines Holdings, Inc. (Incorporated in Philippines)	100
• Cementhai Sanitary Ware (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai Paper (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Saraburirat Co., Ltd.	83
• PT. Surya Siam Keramik (Incorporated in Indonesia)	80
• The CPAC Roof Tile Co., Ltd.	75
• Thai Ceramic Roof Tile Co., Ltd.	75
• CPAC Monier (Cambodia) Co., Ltd. (Incorporated in Cambodia)	75
• CPAC Monier Vietnam Co., Ltd. (Incorporated in Vietnam)	75
• CPAC Monier Philippines, Inc. (Incorporated in Philippines)	50
• PT. Siam-Indo Gypsum Industry (Incorporated in Indonesia)	50
• PT. Siam-Indo Concrete Products (Incorporated in Indonesia)	50
SCG Distribution	
• Cementhai SCT (Hong Kong) Ltd. (Incorporated in China)	100
• Cementhai SCT (Jordan) L.L.C. (Incorporated in Jordan)	100
• Cementhai SCT (Middle East) FZE. (Incorporated in United Arab Emirates)	100
• Cementhai SCT (Philippines) Inc. (Incorporated in Philippines)	100
• Cementhai SCT (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai SCT (U.S.A.) Inc. (Incorporated in U.S.A.)	100
• SCG Trading (M) Sdn. Bhd. (Incorporated in Malaysia)	100
• SCT Logistics (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100

	Direct/ Indirect Holding (%)
SCG Distribution	
• Cementhai SCT (Cambodia) Co., Ltd. (Incorporated in Cambodia)	75
• Cementhai SCT (Malaysia) Sdn. Bhd. (Incorporated in Malaysia)	70
SCG Investment and others	
• Cementhai Holding Co., Ltd.	100
• Cementhai Property (2001) Public Company Limited	100
• Property Value Plus Co., Ltd.	100
• SCG Accounting Services Co., Ltd.	100
• SCG Legal Counsel Limited (Formerly: Cementhai Legal Counsel Co., Ltd.)	100

	Direct/ Indirect Holding (%)
SCG Distribution	
• Siam Cement Myanmar Trading Ltd. (Incorporated in Myanmar)	60
• Cementhai SCT Emirates (LLC) (Incorporated in United Arab Emirates)	49
SCG Investment and others	
• Bangsue Management Co., Ltd.	100
• Cementhai Captive Insurance Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• SIL Industrial Land Co., Ltd.	75
• Rayong Industrial Land Co., Ltd.	75

Details of the Company's subsidiaries which are dormant, in the process of closure or have insignificant operations and were included in the consolidated financial statements are as follows:

	Direct/ Indirect Holding (%)
• The CPAC Ready Mixed Concrete (South) Co., Ltd.	100
• Aggregate Supply Co., Ltd.	100
• The Siam Pipe Products Co., Ltd.	100
• Fibre-Cement Products (Thungsong) Co., Ltd.	100
• Premier Plaster Products Co., Ltd.	100
• Cementhai Steel Co., Ltd.	100
• SCG Holding Co., Ltd.	100
• The Nawaloha Foundry Bangpakong Co., Ltd.	100
• Bangsue Industry Co., Ltd.	100
• The Siam Iron and Steel Co., Ltd.	100
• Dhara Pipe Co., Ltd.	100
• The Thai Wanaphan Co., Ltd.	100
• CMT Services Co., Ltd.	100
• Cementhai Management Services Co., Ltd.	100
• Construction Steel Trading Co., Ltd.	100
• Cementhai Property Co., Ltd.	100
• Power and Stream Generation (Thai Paper) Co., Ltd.	100
• Waste Water Treatment (Banpong) Co., Ltd.	100
• Siam Nawaphan Co., Ltd.	100
• Siam Paraffins Co., Ltd.	100
• SCG Corporation S.A. (Incorporated in Panama)	100

	Direct/ Indirect Holding (%)
• Cementhai Resources, Inc. (Incorporated in Philippines)	100
• Tuban LDPE Pte. Ltd. (Incorporated in Singapore)	100
• Tuban HDPE Pte. Ltd. (Incorporated in Singapore)	100
• Tuban VCM Pte. Ltd. (Incorporated in Singapore)	100
• Cementhai Pipe Industry (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
• Siam TPC Co., Ltd.	78
• Siam TPC (Singapore) Pte. Ltd. (Incorporated in Singapore)	78
• The CPAC Roof Tile Industry Co., Ltd.	75
• Thai Ceramic Holding Co., Ltd.	75
• Myanmar CPAC Trading Co., Ltd. (Incorporated in Myanmar)	70
• Hi-Pack Trading (Thailand) Co., Ltd.	69
• ROC Holding Co., Ltd.	63
• House Component Co., Ltd.	45

Most of the above subsidiaries are established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2006.

Effective the first quarter of 2006, the consolidated financial statements of Thai Plastic and Chemicals Public Company Limited and its subsidiaries (TPC) and Thai British Security Printing Public Company Limited (TBSP) were included in the consolidated financial statements of the Group, as the Company has power to govern their financial and management policies and operations.

The subsidiaries' net assets at the date on which their financial statements were included in the consolidated financial statements were as follows:

in million Baht

	Thai Plastic and Chemicals Plc. and its subsidiaries	Thai British Security Printing Plc.
Cash and cash equivalents	314	76
Trade accounts receivable	3,033	126
Inventories	4,279	114
Other current assets	253	2
Investments	1,474	-
Property, plant and equipment	9,907	364
Other non-current assets	240	-
Bank overdraft and short-term loans from financial institutions	(1,861)	-
Trade accounts payable	(2,444)	(75)
Other current liabilities	(544)	(38)
Interest-bearing loans	(3,688)	(4)
Other non-current liabilities	(87)	-
Minority interest of subsidiaries	(577)	-
Net assets	**10,299**	**565**

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

During 2007, the FAP issued the following revised TAS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2007:

TAS 44 (revised 2007) Consolidated and Separate Financial Statements
TAS 45 (revised 2007) Investments in Associates
TAS 46 (revised 2007) Interests in Joint Ventures

The adoption of these revised TAS has resulted in a change in the Group's accounting policy for recording minority interest in the consolidated financial statements of the Group. The effects of this change are disclosed in note 32.

In addition to the above revised TAS, the FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 36.

The financial statements are presented in Thai Baht unless otherwise stated. They are prepared on the historical cost basis except as disclosed in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Group and the Group's interests in associates.

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

The Group values its inventories at cost or net realisable value, whichever is lower.

Cost is derived as follows:

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

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(e) Investments

Investments in associates

Investments in associates are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of income.

Debt securities that the Group intends and is able to hold to maturity are stated at amortised cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses, which are recognised in the statement of income.

Equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the balance sheet date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of income.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(f) Finance lease

A subsidiary company entered into sale and lease back agreements for certain machinery and equipment, resulting in a finance lease. Excess of sales proceeds over the carrying amount is not immediately recognised as income. Instead it is deferred and amortised over the lease term.

The subsidiary company recognised finance 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 finance charge and the reduction of the outstanding liabilities. The finance 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.

(g) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the periods as follows:

Land improvements	5 - 33 years
Buildings and structures	
• SCG Chemicals	5 - 20 years
• SCG Paper	20 - 30 years
• SCG Cement	5 - 20 years
Plant, machinery and equipment	
• SCG Chemicals	5 - 15 years
• SCG Paper	3 - 20 years
• SCG Cement	5 - 20 years
Transportation equipment	3 - 20 years
Furniture, fixtures and office equipment	3 - 20 years

For two subsidiaries, Phoenix Pulp & Paper Public Company Limited and Thai Cane Paper Public Company Limited, depreciation of property, plant and equipment have been computed by the following methods over the periods as follows:

Phoenix Pulp & Paper Public Company Limiited		Depreciation method
Land improvements	5-30 years	Straight-line
Buildings and structures		
• Acquired prior to 1 January 2002	30 years	Sinking Fund
• Acquired from 1 January 2002	20, 30 years	Straight-line
Machinery and equipment	15 years	Sinking Fund
Certain machinery and equipment	5-25 years	Straight-line
Furniture, fixtures and office equipment	3, 5 years	Straight-line
Transportation equipment	5 years	Straight-line

Thai Cane Paper Public Company Limited	
Land improvements	5-20 years
Buildings and structures	20 years
Production machinery	
• Kanchanaburi Mill	Estimated production capacity of 1.92 million tons
• Prachinburi Mill	Estimated production capacity of 5.25 million tons
Machinery and equipment	5-10 years
Furniture and fixtures	5 years
Transportation equipment	5 years

However, the effect of the above different depreciation policies on 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.

No depreciation is provided on freehold land or assets under construction.

(h) Intangible assets

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

Goodwill and negative goodwill are stated at cost less accumulated amortisation and impairment losses.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortised but are systematically tested for impairment at each balance sheet date. The estimated useful lives are as follows:

Goodwill	5 years
Royalty fee	term of agreements
Software licences	10 years
Others	2 - 20 years

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed if there is no longer any indication of impairment or there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(k) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

Service fee

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

(m) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to the statement of income in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

Early retirement expense

The Group offered certain qualifiable employees the option to take early retirement from the Group. 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 Group records expenses on early retirement upon mutual acceptance.

(n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the balance sheet date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions and using the weighted average method.

Foreign exchange differences arising on translation are recognised in a separate component of equity until disposal of the investments.

Where monetary items, in substance, form part of the Group's net investment in a foreign entity, foreign exchange differences arising on such monetary items and related hedges are recognised directly in a separate component of equity until disposal of the investment.

(p) Derivative 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 Group operate internationally and are exposed to risks from changes in interest and foreign exchange rates. The Group use derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognised in the statement of income in the same period as the exchange differences on the items covered by the hedge.

4 Cessation of operations and divestment of non-core business

The Group has significant transactions being presented in net amount under the caption of "Gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others" in the consolidated statements of income as follows:

Year 2007

With the reduction in non-core business, the Group sold a 35% interest in its investment in shares of Siam Yamato Steel Co., Ltd. to the current co-investor resulting remaining 10% interest and sold a 24% interest in its investment in shares of Siam Furukawa Co., Ltd. to Furukawa Battery (in Japan) resulting remaining 5% interest and sold its investment in 9% interest in The Aromatics (Thailand) Public Company Limited, (currently, amalgamated as PTT Aromatics and Refining Public Company Limited), which was classified as in available-for-sale marketable security. As a result, the Group had net gain on sales of such investments before tax amounting to approximately Baht 6,624 million.

Year 2006

1) Due to rapid change in demand from Cathode-ray tube (CRT) to the LCD technology, CRT manufacturers have been severely impacted and subsidiary companies in which the Group has 89.53% shareholding, consisting of Thai CRT Co., Ltd., CRT Display Technology Co., Ltd., and Thai Electron Gun Co., Ltd., have continuously generated

loss from their operations. Therefore, at the shareholders' meeting of Thai CRT Co., Ltd. held on 13 October 2006, the shareholders approved the plan to cease the operations of CRT in December 2006.

As a result of cessation of CRT business and revaluation of saleable assets of these subsidiaries, the Group recognised loss from impairment of assets and related expenses before tax incurred from ceasing this business in the total amount of Baht 3,400 million.

Furthermore, in the fourth quarter of 2006, the Company sold its investment in 27% shareholding in Siam Asahi Technoglass Co., Ltd., which operates in CRT related business, resulting in loss before tax amounting to Baht 1,200 million.

2) With the reduction in non-core business, the Group sold its investment in total of 41% shareholding in Tata Steel (Thailand) Public Company Limited (formerly: Millennium Steel Public Company Limited) to Tata Steel Limited of India. As a result, the Group had gain on sales of such investment before tax amounting to approximately Baht 600 million. In addition, the Group reduced the proportion of shareholding in The Siam United Steel (1995) Co., Ltd., from 19.5% to 5%, by selling a part of its shareholding to its existing shareholders. The Group recorded gain on sales of such investment before tax amounting to approximately Baht 2,000 million.

5 Related party transactions and balances

Related parties are those parties linked to the Group and the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Transactions with related parties for the years ended 31 December and pricing policies are summarised as follows:

in million Baht

	2007	2006	Pricing policies
Associates			
Purchases	21,197	26,866	Market price
Service fee	573	516	Market price
Sales	28,241	27,894	Market price
Service income and others	583	652	Market price
Management fee and others	418	594	Mainly based on percentage of net sales
Dividend income	6,762	7,771	Upon declaration

in million Baht

	2007	2006	Pricing policies
Others			
Purchases	1,112	2,588	Market price
Sales	298	702	Market price
Service income and others	158	41	Market price
Management fee and others	365	98	Mainly based on percentage of net sales
Dividend income	2,482	1,492	Upon declaration

Balance as at 31 December with related parties were as follows:

in million Baht

Trade accounts receivable	2007	2006
Associates		
Siam Polyethylene Co., Ltd.	975	964
Bangkok Synthetics Co., Ltd.	485	345
Siam Styrene Monomer Co., Ltd.	478	431
Grand Siam Composites Co., Ltd.	319	188
Sosuco Ceramic Co., Ltd.	256	221
Thai MMA Co., Ltd.	86	28
SCG Plastics (China) Co., Ltd.	49	115
Siam Toppan Packaging Co., Ltd.	34	35
The Siam Gypsum Industry (Saraburi) Co., Ltd.	29	46
Riken (Thailand) Co., Ltd.	19	19
PTT Chemical Public Company Limited	5	111
Other companies	72	90
	2,807	**2,593**
Others		
Siam Yamato Steel Co., Ltd.	46	210
Michelin Siam Co., Ltd.	42	21
The Aromatics (Thailand) Public Company Limited	-	102
Other companies	12	33
	100	**366**
Total	**2,907**	**2,959**

in million Baht

Receivables from and short-term loans to related parties	2007	2006
Current accounts		
Associates		
Thai MMA Co., Ltd.	528	9
Siam Kubota Industry Co., Ltd.	114	88
Mariwasa Siam Ceramic, Inc.	52	25
P&S Holdings Corporation	48	11
Siam Mitsui PTA Co., Ltd.	30	30
Mehr Petrochemical Company (Private Joint Stock)	29	7
Grand Siam Composites Co., Ltd.	20	15
Thai Pet Resin Co., Ltd.	19	23
Mariwasa Manufacturing, Inc.	2	71
Cementhai SCT (Malaysia) Sdn. Bhd.	-	23
Other companies	68	59
	910	**361**
Others		
Michelin Siam Group Co., Ltd.	1,414	600
Siam Yamato Steel Co., Ltd.	30	456
Toyota Motor Thailand Co., Ltd.	-	188
Other companies	35	24
	1,479	**1,268**
	2,389	**1,629**

in million Baht

Short-term loans and notes receivable	2007	2006
Associates		
Siam Mitsui PTA Co., Ltd.	1,800	-
Grand Siam Composites Co., Ltd.	290	-
Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	45	-
Siam Sanitary Ware Industry Co., Ltd.	44	-
Mariwasa Siam Ceramic, Inc.	6	135
Mariwasa Manufacturing, Inc.	-	86
Other companies	-	7
	2,185	**228**
Total	**4,574**	**1,857**

in million Baht

Long-term loans to related parties	2007	2006
Associate		
Mariwasa Siam Ceramic, Inc.	495	-
Other company		
The Aromatics (Thailand) Public Company Limited	-	1,414
Total	**495**	**1,414**

Movements during the years on loans to related parties were as follows:

in million Baht

	2007	2006
Short-term		
At 1 January	228	390
Increase	3,961	-
Decrease	(2,004)	(162)
At 31 December	**2,185**	**228**

in million Baht

	2007	2006
Long-term		
At 1 January	1,414	1,617
Increase	558	68
Decrease	-	(271)
Reclassify to long-term loans to other company	(1,477)	-
At 31 December	**495**	**1,414**

in million Baht

Trade accounts payable	2007	2006
Associates		
PTT Chemical Public Company Limited	1,948	1,568
Siam Polyethylene Co., Ltd.	528	338
Bangkok Synthetics Co., Ltd.	190	140
The Siam Gypsum Industry (Saraburi) Co., Ltd.	118	114
IT One Co., Ltd.	41	29
The Siam Kubota Industry Co., Ltd.	35	24
The Siam Gypsum Industry (Songkhla) Co., Ltd.	16	25
Siam Sanitary Ware Industry Co., Ltd.	8	9
Thai Pet Resin Co., Ltd.	7	92
Other Companies	14	24
	2,905	**2,363**
Others		
Siam Yamato Steel Co., Ltd.	93	67
Other Companies	4	-
	97	**67**
Total	**3,002**	**2,430**

in million Baht

Payables to and short-term loans from related parties	2007	2006
Current accounts		
Associates		
Sosuco Ceramic Co., Ltd.	104	97
PTT Chemical Public Company Limited	10	11
IT One Co., Ltd.	8	27
Cementhai SCT (Malaysia) Sdn. Bhd.	-	7
Other companies	15	12
	137	**154**
Notes payable		
Others		
PT. Trans - Pacific Polyethylene Indonesia	79	84
Cementhai Foundation	-	527
Other companies	83	72
	162	**683**
Total	**299**	**837**

Movements during the years on short-term loans from related parties were as follows:

in million Baht

	2007	2006
At 1 January	683	589
Increase	265	272
Decrease	(786)	(178)
At 31 December	**162**	**683**

6 Cash and cash equivalents

in million Baht

	2007	2006
Cash at banks and on hand	3,728	1,987
Time deposits and promissory notes with original maturities of less than 3 months	418	448
Total	**4,146**	**2,435**

7 Trade accounts and notes receivable

in million Baht

	2007	2006
Trade accounts receivable	23,244	20,075
Less allowance for doubtful accounts	934	951
Net	**22,310**	**19,124**
Notes receivable	1,080	1,204
Total	**23,390**	**20,328**
Bad and doubtful debts expenses for the year	6	99

in million Baht

	2007	2006
Within credit terms	20,735	18,225
Overdue:		
Less than 3 months	2,382	1,935
3 - 6 months	163	86
6 - 12 months	94	24
Over 12 months	950	1,009
Less allowance for doubtful accounts	934	951
Net	**23,390**	**20,328**

The normal credit term granted by the Group is 30 - 60 days.

As at 31 December 2007, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to approximately Baht 356 million (2006: Baht 242 million).

8 Inventories

in million Baht

	2007	2006
Finished goods	16,161	16,135
Goods in process	1,839	1,874
Raw materials	8,427	6,768
Spare parts	5,568	5,392
Stores, supplies and others	2,720	3,326
Raw materials and spare parts in transit	2,587	2,559
Total	**37,302**	**36,054**
Less allowance for obsolescence and slow-moving items	212	339
Net	**37,090**	**35,715**

9 Investments in associates

Movements for the years ended 31 December on investments in associates accounted for using the equity method were as follows:

in million Baht

	2007	2006
At 1 January	41,993	42,885
Change of the accounting policy	4,367	2,727
Restated net book value	46,360	45,612
Share of net profits of investments - equity method	8,243	10,737
Acquisitions	610	6,464
Dividend income	(6,762)	(7,771)
Disposals	(1,851)	(4,056)
Change of the status to subsidiaries	(14)	(5,058)
Others	(451)	432
At 31 December	**46,135**	**46,360**

Investments in associates as at 31 December and dividends from these investments in the year ended at the same date are as follows:

in million Baht

	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Dividends	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
SCG Chemicals										
PTT Chemical Plc.	21	21	14,966	14,901	13,362	13,317	20,928	18,986	1,497	1,798
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	7,185	6,075	-	-
Bangkok Synthetics Co., Ltd.	22	22	1,173	1,173	954	954	2,984	2,053	-	1,353
Siam Mitsui PTA Co., Ltd.	50	50	2,800	2,800	1,372	1,372	2,146	3,022	-	923
Siam Styrene Monomer Co., Ltd.	50	50	3,500	3,500	1,712	1,712	1,948	2,987	1,387	-
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	741	584	318	288
Thai MMA Co., Ltd.	46	46	1,300	1,300	585	585	658	1,395	1,266	965
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	496	458	42	42
Siam Polystyrene Co., Ltd.	50	50	1,015	1,015	493	493	462	404	-	-
Pacific Plastics (Thailand) Co., Ltd.	48	48	539	539	336	336	218	548	389	-
Siam Synthetic Latex Co., Ltd.	50	50	325	325	53	53	175	340	172	-
Thai MFC Co., Ltd.	45	45	200	200	87	86	166	174	23	5
Mehr Petrochemical Company (Private joint stock)	40	40	297	8	178	5	153	-	-	-
Thai Pet Resin Co., Ltd.	20	20	900	900	180	180	150	145	-	-
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	380	380	76	76	108	61	-	-
PT. Siam Maspion Terminal	50	50	327	327	163	163	87	90	2	4
SD Group Service Co., Ltd.	50	49	156	156	38	38	80	78	24	-
Other companies			73	73	44	44	72	76	5	5
			32,590	**32,236**	**22,025**	**21,806**	**38,757**	**37,476**	**5,125**	**5,383**
SCG Paper										
Siam Toppan Packaging Co., Ltd.	48	48	500	500	245	245	337	328	6	-
P&S Holdings Corporation	39	39	263	263	105	105	-	-	-	-
			763	**763**	**350**	**350**	**337**	**328**	**6**	**-**

in million Baht

	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Dividends	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
SCG Building Materials										
Siam Sanitary Ware Co., Ltd.	36	36	60	60	50	50	535	613	173	57
Sosuco Ceramic Co., Ltd.	45	45	800	800	469	469	431	448	36	36
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	272	393	189	14
The Siam Sanitary Fittings Co., Ltd.	45	45	200	200	66	66	194	211	75	30
The Siam Moulding Plaster Co., Ltd.	40	40	125	125	23	23	70	68	2	4
PT. M Class Industry	28	28	222	222	106	106	44	80	-	-
CMPI Holding, Inc.	20	20	87	87	22	22	41	40	-	-
Mariwasa Holding, Inc.	40	40	267	267	94	94	-	11	-	-
Mariwasa Manufacturing, Inc.	46	46	1,093	1,093	590	590	-	-	-	-
Other companies			310	316	89	92	21	24	-	-
			3,314	**3,320**	**1,555**	**1,558**	**1,608**	**1,888**	**475**	**141**
SCG Distribution										
Jumbo Barges and Tugs Co., Ltd.	27	-	365	-	108	-	117	-	-	-
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	45	49	15	13
Green Siam Resources Corporation	40	-	95	-	38	-	43	-	-	-
Siam Pulsawat Lighter Co., Ltd.	29	29	34	34	10	10	28	30	3	-
Survey Marine Service Co., Ltd.	48	48	37	37	18	18	17	17	-	-
Other companies			26	26	6	7	7	18	-	-
			620	**160**	**211**	**66**	**257**	**114**	**18**	**13**

in million Baht

	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Dividends	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
SCG Investment										
The Siam Kubota Industry Co., Ltd.	40	40	208	208	108	108	1,354	1,142	208	104
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	938	804	77	85
Musashi Auto Parts Co., Ltd.	21	21	200	200	42	42	774	797	128	84
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	359	270	32	27
Siam Lemmerz Co., Ltd.	30	30	107	107	293	293	349	359	104	78
The Nawaloha Industries Co., Ltd.	30	30	300	300	90	90	299	242	27	30
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	244	195	25	28
Siam Kubota Tractor Co., Ltd.	40	-	880	-	220	-	220	-	-	-
Aisin Takaoka Foundry Bangpakong Co., Ltd.	30	30	475	475	142	142	213	192	3	-
Siam Yamato Steel Co., Ltd.	-	45	-	3,000	-	1,355	-	2,077	515	1,762
Siam Furukawa Co., Ltd.	-	29	-	240	-	73	-	74	-	-
Other companies			24	24	7	10	-	3	-	-
			2,827	**5,187**	**1,124**	**2,335**	**4,750**	**6,155**	**1,119**	**2,198**
Nava 84 Co., Ltd.	25	25	1,203	1,203	301	301	294	294	-	-
IT One Co., Ltd.	39	39	80	80	31	31	132	105	19	36
			1,283	**1,283**	**332**	**332**	**426**	**399**	**19**	**36**
Total			**41,397**	**42,949**	**25,597**	**26,447**	**46,135**	**46,360**	**6,762**	**7,771**

According in 2007, the Group sold its investments in shares of Siam Furukawa Co., Ltd. and Siam Yamato Steel Co., Ltd. as discussed in note 4. As a result, these companies changed of the status to other companies, which was presented under "Other long-term investments".

10 Other long-term investments

in million Baht

	Ownership interest (%)		Investment		Dividends	
	2007	2006	2007	2006	2007	2006
A) At cost						
SCG Chemicals						
PT. Trans - Pacific Petrochemical Indotama	20	20	2,002	2,002	-	-
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	-	-
Other companies			33	33	-	1
			2,403	**2,403**	**-**	**1**
* No existence of significant influence						
SCG Paper			**31**	**31**	**-**	**-**
SCG Cement						
Asia Cement Public Company Limited	10	10	942	942	63	63
Holcim (Bangladesh) Co., Ltd.	10	10	361	361	-	-
			1,303	**1,303**	**63**	**63**
SCG Building Materials			**349**	**349**	**11**	**11**
SCG Distribution			**5**	**5**	**-**	**-**

in million Baht

	Ownership interest (%)		Investment		Dividends	
	2007	2006	2007	2006	2007	2006
SCG Investment						
Toyota Motor Thailand Co., Ltd.	10	10	881	881	556	639
Siam Yamato Steel Co., Ltd.	10	-	484	-	-	-
Michelin Siam Group Co., Ltd.						
- Cumulative preferred shares	10	10	267	267	1,631	600
Siam Toyota Manufacturing Co., Ltd.	4	4	98	98	32	28
Siam Furukawa Co., Ltd.	5	-	12	-	-	-
			1,742	**1,246**	**2,219**	**1,267**
Others			**16**	**16**	**-**	**-**
Total			**5,849**	**5,353**	**2,293**	**1,342**
Less: allowance for impairment of investments			2,664	2,658	-	-
Net			**3,185**	**2,695**	**2,293**	**1,342**
B) At fair value (available-for-sale)						
Marketable securities						
PTT Aromatics and Refining Public Company Limited	-	9	-	2,706	189	150
Total			**3,185**	**5,401**	**2,482**	**1,492**

According in 2007, the Group sold its investments in shares of PTT Aromatics and Refining Public Company Limited as discussed in note 4.

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements or the quoted market prices (latest bid price) on the Stock Exchange of Thailand as at 31 December 2007 are as follows:

in million Baht

Non-marketable securities	
Cost	5,849
Net book value	8,428
Allowance for impairment of invesments	2,664

11 Property, plant and equipment

in million Baht

	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Other depreciable assets	Construction in progress	Advances for purchase of land, machinery and equipment	Total
Cost									
At 1 January 2006	**14,249**	**27,729**	**166,872**	**3,379**	**3,718**	**420**	**7,691**	**123**	**224,181**
Acquisitions through business combinations	369	2,806	19,100	244	393	-	733	-	23,645
Purchases	41	166	1,210	24	102	-	13,365	1,493	16,401
Disposals/written off	(131)	(655)	(593)	(105)	(136)	-	(2)	-	(1,622)
Transfers in/(out)	307	774	7,093	210	126	(21)	(8,345)	(487)	(343)
At 31 December 2006	**14,835**	**30,820**	**193,682**	**3,752**	**4,203**	**399**	**13,442**	**1,129**	**262,262**
Acquisitions through business combinations	-	221	459	4	23	-	-	-	707
Purchases	231	89	734	20	92	2	22,335	4,774	28,277
Disposals/written off	(180)	(973)	(9,718)	(96)	(189)	-	(3)	-	(11,159)
Transfers in/(out)	418	1,976	9,303	150	144	2	(12,426)	(81)	(514)
At 31 December 2007	**15,304**	**32,133**	**194,460**	**3,830**	**4,273**	**403**	**23,348**	**5,822**	**279,573**

in million Baht

	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Other depreciable assets	Construction in progress	Advances for purchase of land, machinery and equipment	Total
Accumulated depreciation and impairment losses									
At 1 January 2006	**4,389**	**14,316**	**116,887**	**3,132**	**3,199**	**397**	**86**	**-**	**142,406**
Acquisitions through business combinations	55	1,479	11,387	142	309	-	-	-	13,372
Depreciation charge for the year	278	1,276	9,891	120	232	-	-	-	11,797
Allowance for impairment for the year	50	371	2,968	1	8	-	-	-	3,398
Disposals/written off	(51)	(632)	(419)	(70)	(131)	-	-	-	(1,303)
Transfers in/(out)	15	(45)	(430)	51	(6)	2	-	-	(413)
At 31 December 2006	**4,736**	**16,765**	**140,284**	**3,376**	**3,611**	**399**	**86**	**-**	**169,257**
Acquisitions through business combinations	-	95	410	2	21	-	-	-	528
Depreciation charge for the year	262	1,281	9,530	115	220	-	-	-	11,408
Disposals/written off	(81)	(697)	(9,542)	(79)	(183)	-	-	-	(10,582)
Transfers in/(out)	16	2	(22)	(6)	(16)	-	-	-	(26)
At 31 December 2007	**4,933**	**17,446**	**140,660**	**3,408**	**3,653**	**399**	**86**	**-**	**170,585**
Net book value									
At 31 December 2006	**10,099**	**14,055**	**53,398**	**376**	**592**	**-**	**13,356**	**1,129**	**93,005**
At 31 December 2007	**10,371**	**14,687**	**53,800**	**422**	**620**	**4**	**23,262**	**5,822**	**108,988**

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to Baht 96,644 million as at 31 December 2007 (2006: Baht 80,166 million).

As at 31 December 2007, land and improvements, buildings and improvements and machinery and equipment with net book value of subsidiaries of Baht 3,477 million were mortgaged as collateral for overdraft lines and long-term debts from financial institutions as discussed in note 15 and 16.

Interest and other related financial charges incurred in the year ended 31 December 2007, amounting to Baht 118 million (2006: Baht 82 million) were capitalised as part of the cost of constructing new plant facilities.

The cost of machinery and equipment held under finance leases was Baht 954 million as at 31 December 2007 (2006: Baht 839 million) and has a net book value of Baht 863 million as at 31 December 2007 (2006: Baht 832 million).

In 2006, the Group provided for an allowance for impairment of assets amounting to Baht 3,398 million mainly due to ceasing CRT business as discussed in note 4.

12 Intangible assets

in million Baht

	Goodwill	Patents and trademarks	Others	Total
At 1 January 2006	2,110	1,875	880	4,865
Additions	104	168	331	603
Acquisitions through business combinations	674	-	235	909
Transfers, net	-	71	(389)	(318)
Amortisation charge for the year	(1,064)	(226)	(367)	(1,657)
At 31 December 2006	**1,824**	**1,888**	**690**	**4,402**
Additions	(206)	413	327	534
Transfers, net	-	15	(120)	(105)
Amortisation charge for the year	(1,017)	(229)	(80)	(1,326)
At 31 December 2007	**601**	**2,087**	**817**	**3,505**

13 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

in million Baht

	2007	2006
Deferred tax assets	3,408	5,213
Deferred tax liabilities	(94)	(9)
Net	**3,314**	**5,204**

Movements in deferred tax assets and liabilities during the year were as follows:

in million Baht

	At 1 January 2007	Credited (charged) to Statement of income (note 28)	Acquisition of subsidiary	Exchange differences	At 31 December 2007
Deferred tax assets					
Investments	2,746	(1,808)	-	-	938
Property, plant and equipment	1,239	(155)	-	-	1,084
Loss carry forward	893	144	-	(3)	1,034
Others	335	17	-	-	352
Total	**5,213**	**(1,802)**	**-**	**(3)**	**3,408**
Deferred tax liabilities	**(9)**	**(60)**	**(27)**	**2**	**(94)**
Net	**5,204**	**(1,862)**	**(27)**	**(1)**	**3,314**

14 Other non-current assets

in million Baht

	2007	2006
Cash in banks for Mehr Petrochemical Project in Iran	870	1,198
Land and assets not used in operation	672	652
Recoverable tax	379	336
Others	1,116	909
Total	**3,037**	**3,095**

15 Bank overdrafts and short-term loans from financial institutions

in million Baht

	2007	2006
Bank overdrafts	109	534
Loans	1,077	2,400
Notes payable	1,633	6,379
Total	**2,819**	**9,313**

The Group has overdraft lines with several banks amounting to approximately Baht 4,500 million in 2007 (2006: Baht 4,600 million).

16 Long-term debts

in million Baht

	2007	2006
Current		
• Secured		
Current portion of long-term debts from financial institutions	386	386
• Unsecured		
Current portion of deferred payment plans for acquisition of machinery	272	677
Current portion of long-term debts from financial institutions	2,089	3,245
Current portion of finance lease liabilities	290	236
	3,037	**4,544**
Non-current		
• Secured		
Long-term debts from financial institutions	579	964
• Unsecured		
Deferred payment plans for acquisition of machinery	113	373
Long-term debts from financial institutions	7,409	8,904
Finance lease liabilities	372	585
	8,473	**10,826**
Total	**11,510**	**15,370**

The currency denomination of interest-bearing debts is as follows:

in million Baht

	2007	2006
Thai Baht	6,523	8,104
US Dollars	3,985	4,448
Peso	651	821
Euro	339	910
Yen	12	1,087
Total	**11,510**	**15,370**

Long-term debts mainly represent foreign currency loans which are hedged by financial derivatives to decrease exchange rate risk. The average interest rate is approximately 6.26% p.a. in 2007 (2006: 6.04% p.a.)

The Group hedges most of their foreign exchange risk by entering into currency swap agreements with foreign banks, whereby the Group will repay the loans in other currencies as specified in the agreements.

The period to maturity of the interest-bearing debts excluding finance lease liabilities, is as follows:

in million Baht

	2007	2006
Within 1 year	2,747	4,308
After 1 year but within 5 years	7,066	8,612
After 5 years	1,035	1,629
Total	**10,848**	**14,549**

Secured interest-bearing debts is secured by the following assets:

in million Baht

	2007	2006
Land and improvements	143	180
Buildings and improvements	352	468
Machinery and equipment	2,961	3,324
Total	**3,456**	**3,972**

Finance lease liabilities

Subsidiaries entered into leased machinery and equipment agreements. Lease terms are for a period of 3 - 7 years. Finance lease liabilities as at 31 December are as follows:

in million Baht

	2007	2006
Within 1 year	290	236
After 1 year but within 5 years	372	585
Total	**662**	**821**

Lease payment commitments (including interest) for the above finance lease agreements are as follows:

in million Baht

	2007	2006
Within 1 year	332	298
After 1 year but within 5 years	386	635
Total	**718**	**933**

17 Debentures

As at 31 December 2007, the Group had outstanding unsubordinated and unsecured debentures totalling Baht 90,000 million (2006: Baht 81,000 million) as follows:

Debentures No.	in million Baht		Interest Rate (% p.a.)	Term	Maturity Date	Fair Value *	
	2007	2006				2007	2006
No. 1/2003	-	6,000	3.50	4 years	1 April 2007	-	989
No. 2/2003	-	10,000	3.25	4 years	1 November 2007	-	981
No. 1/2004	10,000	10,000	4.25	4 years	1 April 2008	1,003	992
No. 2/2004	10,000	10,000	4.50	4 years	1 November 2008	1,009	989
No. 1/2005	10,000	10,000	4.75	4 years	1 April 2009	1,005	990
No. 2/2005	10,000	10,000	5.25	4 years	1 October 2009	1,034	994
No. 1/2006	5,000	5,000	5.50	2 years	1 April 2008	1,010	1,006
No. 2/2006	5,000	5,000	5.75	3 years	1 April 2009	1,043	981
No. 3/2006	10,000	10,000	6.00	4 years	1 April 2010	1,041	1,017
No. 4/2006	5,000	5,000	6.25	4 years	1 October 2010	1,055	1,010
No. 1/2007	15,000	-	5.75	4 years	1 April 2011	1,033	-
No. 2/2007	10,000	-	4.50	4 years	1 November 2011	1,004	-
Total	**90,000**	**81,000**					
Less: Debentures held by subsidiary	569	1,040					
Net	**89,431**	**79,960**					
Less: Current portion	24,812	15,732					
Net	**64,619**	**64,228**					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2007 and 2006.

18 Other non-current liabilities

in million Baht

	2007	2006
Deferred revenue	435	232
Payable to Department of Mineral Resources for concessions	178	276
Unrealised gain from sale and lease back	118	227
Loss over investments	1	222
Others	282	279
Total	**1,014**	**1,236**

19 Share capital

million shares / million Baht

	Par Value (in Baht)	2007		2006	
		Number of shares	Value	Number of shares	Value
Authorised					
At 1 January					
• ordinary share	1	1,600	1,600	1,600	1,600
At 31 December					
• **ordinary share**	**1**	**1,600**	**1,600**	**1,600**	**1,600**
Issued and paid-up					
At 1 January					
• ordinary share	1	1,200	1,200	1,200	1,200
At 31 December					
• **ordinary share**	**1**	**1,200**	**1,200**	**1,200**	**1,200**

20 Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

21 Segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment assets, revenue and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

SCG Chemicals	Manufacture and sale of olefins, polyolefins and other chemical products.
SCG Paper	Manufacture and sale of printing and writing paper, gypsum linerboard, industrial paper, corrugated boxes and securities document.
SCG Cement	Manufacture and sale of grey cement, ready-mixed concrete, white cement and dry mortar.
SCG Building Materials	Manufacture and sale of roof tiles, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings.
SCG Distribution	Distribution and export of cement, steel, building and decorative products of the Group companies through distributors, as well as importing fuel products, waste paper and scrap iron.
SCG Investment	Other businesses, mainly property, automotive parts and components, steel and tires.

The segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.

Information relating to business segments for the years ended 31 December are as follows:

in million Baht

	Total assets		Net sales		EBITDA (1)	
	2007	2006	2007	2006	2007	2006
Consolidated	248,256	226,264	267,737	258,175	50,008	57,151
Business Group						
SCG Chemicals	123,205	109,391	130,223	122,645	22,611	26,199
SCG Paper	46,454	40,734	43,890	42,645	7,943	9,634
SCG Cement	60,132	57,791	44,087	44,123	10,198	12,200
SCG Building Materials	19,863	20,595	21,281	22,745	3,928	4,856
SCG Distribution	11,143	10,610	86,440	81,519	1,576	1,498
SCG Investment	9,539	12,062	164	3,032	4,092	3,076

in million Baht

	Net profit without non-recurring items (2)		Net profit		Depreciation and amortisation	
	2007	2006	2007	2006	2007	2006
Consolidated	25,841	30,157	30,352	29,451	12,609	13,129
Business Group						
SCG Chemicals	13,741	17,545	16,982	17,574	4,080	3,936
SCG Paper	2,353	3,574	2,353	3,574	3,642	3,767
SCG Cement	5,467	6,649	5,463	6,652	2,393	2,636
SCG Building Materials	950	1,799	950	1,939	1,862	1,714
SCG Distribution	939	944	939	1,021	113	92
SCG Investment	4,443	2,042	5,694	1,072	34	515

(1) Represents profit before gain (loss) on sales of investments, assets and others, interest expense and financial charges, income tax, depreciation and amortisation and includes dividends from associates.

(2) Represents profit before gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others - net of income tax expense.

22 Operations of business groups

in million Baht

	Business Groups							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2007	2006	2007	2006	2007	2006	2007	2006
Information from Balance sheets								
Current assets	36,009	29,849	14,334	13,162	10,075	9,866	7,576	7,745
Investments in shares of and long-term loans to related parties	38,913	40,337	354	346	969	975	1,907	2,187
Property, plant and equipment	45,301	35,395	30,948	26,095	46,840	44,945	9,607	10,032
Other non-current assets	2,982	3,810	818	1,131	2,248	2,005	773	631
Total assets	**123,205**	**109,391**	**46,454**	**40,734**	**60,132**	**57,791**	**19,863**	**20,595**
Short-term loans	16,770	13,068	15,355	11,283	6,760	9,156	10,928	11,030
Other current liabilities	18,838	10,789	3,890	3,776	5,701	5,176	2,337	2,663
Long-term loans	23,642	28,613	951	1,560	2,122	1,262	-	-
Other non-current liabilities	574	305	176	249	263	364	275	487
Total liabilities	**59,824**	**52,775**	**20,372**	**16,868**	**14,846**	**15,958**	**13,540**	**14,180**
Total equity attributable to the Company's shareholders and minority interest	63,381	56,616	26,082	23,866	45,286	41,833	6,323	6,415
Total liabilities and shareholders' equity	**123,205**	**109,391**	**46,454**	**40,734**	**60,132**	**57,791**	**19,863**	**20,595**

in million Baht

	Business Groups					
	SCG Distribution		SCG Investment		Consolidated	
	2007	2006	2007	2006	2007	2006
Information from Balance sheets						
Current assets	8,528	8,214	1,995	3,232	78,426	67,376
Investments in shares of and long-term loans to related parties	263	120	6,493	7,401	50,892	53,174
Property, plant and equipment	1,517	1,331	952	1,330	108,988	93,005
Other non-current assets	835	945	99	99	9,950	12,709
Total assets	**11,143**	**10,610**	**9,539**	**12,062**	**248,256**	**226,264**
Short-term loans	1,362	1,771	1,757	2,789	30,830	30,272
Other current liabilities	7,392	6,741	295	537	34,318	25,779
Long-term loans	-	-	-	-	73,093	75,054
Other non-current liabilities	80	64	14	13	1,476	1,594
Total liabilities	**8,834**	**8,576**	**2,066**	**3,339**	**139,717**	**132,699**
Total equity attributable to the Company's shareholders and minority interest	2,309	2,034	7,473	8,723	108,539	93,565
Total liabilities and shareholders' equity	**11,143**	**10,610**	**9,539**	**12,062**	**248,256**	**226,264**

in million Baht

	Business Groups							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2007	2006	2007	2006	2007	2006	2007	2006
Information from Statements of Income								
Net sales	130,223	122,645	43,890	42,645	44,087	44,123	21,281	22,745
Cost of sales	(112,336)	(101,894)	(35,516)	(32,821)	(32,758)	(31,350)	(16,337)	(16,464)
Gross profit	17,887	20,751	8,374	9,824	11,329	12,773	4,944	6,281
Operating expenses	(5,211)	(4,834)	(4,270)	(4,110)	(3,852)	(3,664)	(3,545)	(3,502)
Profit from operations	12,676	15,917	4,104	5,714	7,477	9,109	1,399	2,779
Interest expense and financial charges	(986)	(1,073)	(728)	(718)	(333)	(437)	(654)	(413)
Gain (loss) on sales of investments and assets and others	4,715	29	-	-	(6)	4	-	201
Other income	730	962	191	153	328	455	192	222
Profit before income tax expense	17,135	15,835	3,567	5,149	7,466	9,131	937	2,789
Income tax expense	(2,546)	(646)	(1,001)	(1,400)	(2,000)	(2,469)	(297)	(800)
Profit after income tax expense	14,589	15,189	2,566	3,749	5,466	6,662	640	1,989
Net profit of minority interest	(3,587)	(6,471)	(228)	(193)	(3)	(10)	(113)	(165)
Share of profits from investments accounted for using the equity method	5,980	8,856	15	18	-	-	423	115
Net profit	**16,982**	**17,574**	**2,353**	**3,574**	**5,463**	**6,652**	**950**	**1,939**

in million Baht

	Business Groups					
	SCG Distribution		SCG Investment		Consolidated	
	2007	2006	2007	2006	2007	2006
Information from Statements of Income						
Net sales	86,440	81,519	164	3,032	267,737	258,175
Cost of sales	(78,729)	(74,657)	(104)	(3,416)	(217,274)	(201,967)
Gross profit (loss)	7,711	6,862	60	(384)	50,463	56,208
Operating expenses	(6,564)	(5,769)	(33)	(773)	(25,171)	(24,201)
Profit (loss) from operations	1,147	1,093	27	(1,157)	25,292	32,007
Interest expense and financial charges	(122)	(69)	(117)	(315)	(5,274)	(5,169)
Gain (loss) on sales of investments and assets and others	-	42	1,915	(2,038)	6,624	(1,759)
Other income	298	300	2,912	1,520	5,345	4,244
Profit (loss) before income tax expense	1,323	1,366	4,737	(1,990)	31,987	29,323
Income tax expense	(402)	(356)	(791)	1,040	(5,898)	(4,035)
Profit (loss) after income tax expense	921	1,010	3,946	(950)	26,089	25,288
Net loss (profit) of minority interest	(7)	(7)	(6)	332	(3,980)	(6,573)
Share of profits from investments accounted for using the equity method	25	18	1,754	1,690	8,243	10,736
Net profit	**939**	**1,021**	**5,694**	**1,072**	**30,352**	**29,451**

23 Administrative expenses

in million Baht

	2007	2006
Salary, wages and contribution to defined contribution plans	5,940	5,583
Amortisation of goodwill	1,017	1,064
Professional fees	982	912
Per diem and travelling	720	618
Employee training and development	579	478
Publication	491	486
Depreciation and amortisation expense	490	427
Staff benefits	414	380
Repair and maintenance	403	382
Early retirement expense	396	384
License fees and others	341	334
Outside wages	333	281
Communication and transportation	251	255
Others	99	885
Total	**12,456**	**12,469**

24 Directors' remuneration

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

25 Other income

in million Baht

	2007	2006
Dividend income from other companies	2,482	1,492
Management fee income	722	603
Gain on disposals of scrap and others	518	456
Gain on fixed assets sold	516	104
Interest income from financial institutions	439	363
Rental income	118	141
Income from delay payment	54	55
Others	496	1,030
Total	**5,345**	**4,244**

26 Personnel expenses

in million Baht

	2007	2006
Salaries and others	14,168	13,091
Contribution to defined contribution plans	703	632
Early retirement expense	396	384
Total	**15,267**	**14,107**

The Group has provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, the benefits made solely by the Group 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 funds, since April 1995, the Group has 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 Group is required to make monthly contributions to the fund at 5% to 10% of the members' basic salaries, depending on the length of employment.

27 Interest expense and financial charges

in million Baht

	2007	2006
Interest - local loans	5,145	4,956
Interest - abroad loans	295	449
Interest - provident funds	39	39
Gain on exchange rate	(206)	(275)
Total	**5,273**	**5,169**

28 Income tax expense

in million Baht

	Note	2007	2006
Current tax		4,036	4,744
Deferred tax	13	1,862	(708)
Total		**5,898**	**4,036**

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. The Company has, accordingly, calculated income tax on the portion of its taxable profit for the years ended 31 December 2006 not exceeding Baht 300 million at the 25% corporate income tax rate.

29 Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2007 was based on the profit attributable to ordinary shareholders of Baht 30,352 million (2006: Baht 29,451 million) and the weighted average number of shares outstanding during the year ended 31 December 2007 of 1,200,000,000 shares (2006: 1,200,000,000 shares).

30 Agreements

a) Certain subsidiaries have 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 31 December 2007, 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) Subsidiary companies have entered into various different long-term agreements in order to purchase raw materials, receive services, lease assets, acquire assets, and construct plants and other assets. Additionally, two subsidiary companies have obtained concession licenses for mining of limestone from the Department of Mineral Resources and have to comply with conditions specified in the agreements.

c) The Company has a Financial Support Agreement with a local company. According to the financial support agreement, the Company must comply with the conditions as indicated in the agreement based upon its ownership interest. As of 31 December 2007 and 2006, the Company complied with the agreement by providing financial support to the company totalling USD 31.5 million. The above loan is presented as loans under the caption of "Long-term loans to other company" in the accompanying consolidated financial statements.

d) A subsidiary company has entered into loan agreements with local and foreign banks with the following conditions as indicated in the agreements.

- USD 400 million or equivalent to Yen or Euro amount loan, bears interest at LIBOR to LIBOR plus 0.375% per annum and EURIBOR plus margin per annum and has commitment fee for the unwithdrawn amount at the rates of 0.1% to 0.25% per annum.
- Baht 7,300 million loan bears interest at MLR minus certain percentage per annum and has commitment fee for the unwithdrawn amount at the rates of 0.1% to 0.125% per annum.
- Baht 6,000 million loan bears interest at MLR minus 1.75% per annum.

The above loans are guaranteed by the Company.

31 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 22 March 2006, the shareholders resolved to declare total dividends for the year 2005 at Baht 15 per share, in total amounting to Baht 18,000 million. The payment of dividends is divided into 2 installments. The interim dividends was at the rate of Baht 7.50 per share, in total amounting to Baht 9,000 million, which was paid on 23 August 2005. The final dividends was at the rate of Baht 7.50 per share, in total amounting to Baht 9,000 million, which was paid on 20 April 2006.

At the Annual General Meeting of the shareholders of the Company held on 28 March 2007, the shareholders resolved to declare total dividends for the year 2006 at Baht 15 per share, in total amounting to Baht 18,000 million. The payment of dividends is divided into 2 installments. The interim dividends was at the rate of Baht 7.50 per share, in total amounting to Baht 9,000 million, which was paid on 22 August 2006. The final dividends was at the rate of Baht 7.50 per share to the shareholders who entitled to receiving dividends totalling Baht 8,941 million, which was paid on 26 April 2007.

At the Board of Directors' Meeting held on 25 July 2007, the directors approved the appropriation of interim dividends for 2007 of Baht 7.50 per share to the shareholders who entitled to receiving dividends totalling Baht 8,927 million, which was paid on 22 August 2007.

32 Changes in accounting polices

The Group change its basis in recording minority interest due to the change of definition of minority interest in the Thai Accounting Standard No.44 (revised version). Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent (not indicated previously). In this regard, the Group retrospectively adjusted minority interest and investments in associates, which made consolidated total assets as at 31 December 2006 increased by Baht 4,367 million. However, there was no effect to the consolidated net profit.

33 Financial instruments

Liquidity risk

The Group monitors their liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's 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 Group as per contracts which may cause financial loss. The Group has 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 utilisation and reviewing collections. Fair value of receivables which is presented in the balance sheet is 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 Group manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivables as at 31 December 2007 and the periods in which the loans receivables mature or reprice were as follows:

in million Baht

Loans receivable	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Current					
Short-term loans to related parties	3.26 - 5.00	2,185	-	-	2,185
Short-term loans to other company	MLR-2.00	400	-	-	400
Non-current					
Long-term loans to related parties	2.00 - 5.00	-	12	483	495
Long-term loans to other company	MLR-2.00	-	1,077	-	1,077
Total		**2,585**	**1,089**	**483**	**4,157**

The effective interest rates of interest-bearing financial liabilities as at 31 December 2007 and the periods in which those liabilities mature or reprice were as follows:

in million Baht

Financial liabilities	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Current					
Short-term loans from financial institutions	3.00-9.50 / MOR	2,819	-	-	2,819
Short-term loans from related parties	0.75-4.75	162	-	-	162
Long-term loans from financial institutions	4.00-6.00 / MLR-2.00 SIBOR+0.375	2,475	-	-	2,475
Deferred payment plans for acquisition of machinery	6.03-6.54	272	-	-	272
Finance lease liabilities	7.75-9.70	290	-	-	290
Debentures	4.25-5.50	24,812	-	-	24,812
Non-current					
Long-term loans from financial institutions	4.35-6.00 FIX+(2.00-2.50) MLR-(1.75-2.00) SIBOR+0.375	-	6,953	1,035	7,988
Deferred payment plans for acquisition of machinery	6.03-6.54	-	113	-	113
Finance lease liabilities	7.75-9.70	-	372	-	372
Debentures	4.50-6.25	-	64,619	-	64,619
Total	**30,830**	**72,057**	**1,035**	**103,922**	

Foreign exchange risk

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

As at 31 December, the Group's foreign currency interest-bearing debts are as follows:

in million Baht

	Short-term		Long-term		Total	
	2007	2006	2007	2006	2007	2006
US Dollar	1,699	1,781	2,839	3,296	4,538	5,077
Peso	349	295	365	585	714	880
Euro	226	587	113	323	339	910
Yen	12	1,087	-	-	12	1,087
Others	5	6	-	-	5	6
Total	**2,291**	**3,756**	**3,317**	**4,204**	**5,608**	**7,960**

The Group uses derivative financial instruments to manage their foreign exchange risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors, and there are controls on operating procedures for compliance with the policy.

The financial derivatives utilised are forward exchange contract, cross currency swap and interest rate swap.

In managing foreign exchange risk, the Group obtained Baht loans, up to 96% of total borrowings as of 31 December 2007 (2006: 97%). Furthermore, the Group also has adequate export and other income in foreign currencies to reduce the impact of exchange rate fluctuations.

Fair value

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2007 and 2006, the carrying value of the Group's financial instruments does not materially differ from their aggregate fair value (fair value of debentures presented in note 17).

34 Commitments and contingent liabilities

As at 31 December, the Group has:

in million Baht

	2007	2006
a) Guarantees on loans of non-consolidated related parties	1,871	1,175
b) Bank guarantees issued by banks to state enterprises	1,584	1,369
c) Unused letters of credit	2,154	1,239
d) Commitments		
• for purchase of raw material contracts	38,619	35,569
• for rental and service agreement	1,472	966
• for construction of Olefin Cracker No. 2 and Downstream projects	27,508	21,068
• for construction and installation of machinery	3,501	6,008
e) Contingent liability for the assessment from the Revenue Department which is under the process of Central Tax Court	113	-

f) The Group entered into forward contracts and swap contracts with several local banks to hedge against the risk from payment of borrowings, payment for goods purchased and money received from sales of goods. As of 31 December, the details of the contracts are as follows:

	Contract amount							
	Forward Loan				Swap Loan			
	Currency (in million)		Equivalent to Baht (in million Baht)		Currency (in million)		Equivalent to Baht (in million Baht)	
	2007	2006	2007	2006	2007	2006	2007	2006
US Dollar	12	21	409	811	25	41	1,070	1,785
Yen	-	342	-	110	-	2,570	-	965
Euro	7	19	339	910	-	-	-	-
Total			**748**	**1,831**			**1,070**	**2,750**

	Contract amount							
	Forward Receivable				Forward Payable			
	Currency (in million)		Equivalent to Baht (in million Baht)		Currency (in million)		Equivalent to Baht (in million Baht)	
	2007	2006	2007	2006	2007	2006	2007	2006
US Dollar	192	96	6,485	3,560	175	93	5,985	3,397
Yen	187	7	53	2	501	101	149	31
Euro	11	0.4	515	20	17	10	814	494
Others	19	18	199	185	-	-	7	-
Total			**7,252**	**3,767**			**6,955**	**3,922**

The above contracts will be due within April 2009.

35 Events after the balance sheet date

At the Board of Directors' Meeting held on 23 January 2008, the directors approved the following matters:

a) Submitting for approval at the Annual General Meeting of the Shareholders, a full year 2007 dividend payment at the rate of Baht 15 per share, of which Baht 7.50 per share was paid as an interim dividends on 22 August 2007 as discussed in note 31. Thus, the final dividends will be at the rate of Baht 7.50 per share to the shareholders who entitled to receiving dividends totalling Baht 9,000 million, scheduled for payment on 23 April 2008. This dividends is subject to the approval at the Annual General Meeting of the Shareholders on 26 March 2008.

b) On 1 April 2008, issuance of new lots of debentures No. 1/2008 with principal amount of not exceeding Baht 20,000 million which are named, unsubordinated and unsecured with four-year tenure due. The interest rate will be fixed upon the issue date and interest will be payable quarterly. The debenture will be redeemed on 1 April 2012. The proceeds from this issuance will be used to redeem the debentures No. 1/2004 with the principal amount of Baht 10,000 million and No. 1/2006 with the principal amount of Baht 5,000 million, which will be due on 1 April 2008 and the remaining Baht 5,000 million will be used to invest in various projects of the Group.

36 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following TAS that have been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial periods beginning on or after 1 January 2008.

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

The adoption and initial application of these TAS is not expected to have any material impact on the consolidated financial statements.

37 Reclassification of accounts

Certain accounts in 2006 consolidated financial statements have been reclassified to conform to the presentation in the 2007 consolidated financial statements.

Financial Statements

The Siam of Cement Public Company Limited

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying balance sheets of The Siam Cement Public Company Limited as at 31 December 2007 and 2006, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the 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 audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Siam Cement Public Company Limited as at 31 December 2007 and 2006, the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

As described in note 25 to the financial statements, the Company's financial statements for the year ended 31 December 2006 have been restated for the effects of the change in accounting policy for investments in subsidiaries and associates from the equity method of accounting to the cost method.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
27 February 2008

Balance Sheets

As at 31 December 2007 and 2006

in thousand Baht

Assets	Note	2007	2006 (Restated)
Current assets			
Cash and cash equivalents		1,199,667	223,910
Trade accounts receivable	5	-	-
Receivables from and short-term loans to related parties	4	57,282,435	44,245,714
Current portion of long-term loans to other company	4, 23	399,520	-
Other current assets		649,959	174,804
Total current assets		**59,531,581**	**44,644,428**
Non-current assets			
Investments in subsidiaries and associates	6	63,438,860	71,401,765
Other long-term investments	7	3,512,969	5,818,320
Long-term loans to related parties	4	495,042	1,413,708
Long-term loans to other company	4, 23	1,077,133	-
Property, plant and equipment	8	2,198,733	2,241,508
Intangible assets	9	131,772	12,226
Deferred tax assets	10	502,957	1,326,855
Other non-current assets		77,976	95,823
Total non-current assets		**71,435,442**	**82,310,205**
Total assets		**130,967,023**	**126,954,633**

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

Balance Sheets (Continued)

As at 31 December 2007 and 2006

in thousand Baht

Liabilities and shareholders' equity	Note	2007	2006 (Restated)
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	11	-	3,697,350
Trade accounts payable		97,567	91,145
Current portion of long-term debts	12	272,498	677,358
Current portion of debentures	13	25,000,000	16,000,000
Payables to and short-term loans from related parties	4	3,599,978	4,912,856
Accrued interest expense		1,093,085	931,418
Accrued expenses		127,844	70,908
Income tax payable		-	94,654
Other current liabilities		399,055	202,292
Total current liabilities		**30,590,027**	**26,677,981**
Non-current liabilities			
Long-term debts	12	113,016	372,737
Debentures	13	65,000,000	65,000,000
Other non-current liabilities		90,933	111,743
Total non-current liabilities		**65,203,949**	**65,484,480**
Total liabilities		**95,793,976**	**92,162,461**

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

Balance Sheets (Continued)

As at 31 December 2007 and 2006

in thousand Baht

Liabilities and shareholders' equity	Note	2007	2006 (Restated)
Shareholders' equity			
Share capital			
Authorised share capital	14	**1,600,000**	**1,600,000**
Issued and paid-up share capital	14	1,200,000	1,200,000
Reserves			
Fair value changes		23	(298,989)
Retained earnings			
Appropriated			
• Legal reserve	15	120,000	120,000
• General reserve		10,516,000	10,516,000
Unappropriated		23,337,024	23,255,161
Total shareholders' equity		**35,173,047**	**34,792,172**
Total liabilities and shareholders' equity		**130,967,023**	**126,954,633**

For and on Behalf of the Board of Directors

Chirayu Isarangkun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

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

Statements of Income

For the years ended 31 December 2007 and 2006

in thousand Baht

	Note	2007	2006 (Restated)
• Dividend income	4	16,674,911	28,230,566
• Intellectual property income	4	1,676,265	1,676,924
• Management fees for administration	4	1,519,671	1,493,610
Total revenues		**19,870,847**	**31,401,100**
• Administrative expenses	16	1,160,472	1,008,281
• Directors' remuneration	17	83,020	83,116
Gross profit		**18,627,355**	**30,309,703**
• Gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others	6, 7	2,045,413	(3,871,159)
• Other income	18	422,019	337,203
Profit before interest expense, financial charges and income tax expense (income)		**21,094,787**	**26,775,747**
• Interest expense and financial charges	4, 20	2,323,072	1,895,141
• Income tax expense (income)	21	821,615	(993,413)
Net profit		**17,950,100**	**25,874,019**
Basic earnings per share (in Baht)	**22**	**14.96**	**21.56**

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

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2007 and 2006

	Note	Issued and paid-up share capital	Reserves	
			Fair value changes	Equity in subsidiaries and associates
Balance at 1 January 2006		**1,200,000**	**-**	**1,361,217**
Change in accounting policy	25	-	-	(1,361,217)
Restated balance		**1,200,000**	**-**	**-**
Changes in shareholders' equity for 2006				
Fair value changes		-	(298,989)	-
Net profit		-	-	-
Total recognised income and expense		-	(298,989)	-
General reserve		-	-	-
Dividends	24	-	-	-
Balance at 31 December 2006		**1,200,000**	**(298,989)**	**-**
Balance at 1 January 2007		**1,200,000**	**(298,989)**	**1,176,421**
Change in accounting policy	25	-	-	(1,176,421)
Restated balance		**1,200,000**	**(298,989)**	**-**
Changes in shareholders' equity for 2007				
Fair value changes		-	299,012	-
Net profit		-	-	-
Total recognised income and expense		-	299,012	-
Dividends	24	-	-	-
Balance at 31 December 2007		**1,200,000**	**23**	**-**

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

in thousand Baht

Retained earnings			
Appropriated		Unappropriated	Total shareholders' equity
Legal reserve	General reserve		
120,000	**10,407,000**	**50,858,826**	**63,947,043**
-	-	(35,477,684)	(36,838,901)
120,000	**10,407,000**	**15,381,142**	**27,108,142**
-	-	-	(298,989)
-	-	25,874,019	25,874,019
-	-	25,874,019	25,575,030
-	109,000	-	109,000
-	-	(18,000,000)	(18,000,000)
120,000	**10,516,000**	**23,255,161**	**34,792,172**
120,000	**10,516,000**	**62,309,519**	**75,022,951**
-	-	(39,054,358)	(40,230,779)
120,000	**10,516,000**	**23,255,161**	**34,792,172**
-	-	-	299,012
-	-	17,950,100	17,950,100
-	-	17,950,100	18,249,112
-	-	(17,868,237)	(17,868,237)
120,000	**10,516,000**	**23,337,024**	**35,173,047**

Statements of Cash Flows

For the years ended 31 December 2007 and 2006

in thousand Baht

	2007	2006 (Restated)
Cash flows from operating activities		
Net profit	17,950,100	25,874,019
Adjustments for		
• Unrealised gain on foreign currency exchange	(115,025)	(209,880)
• Depreciation and amortisation	102,055	80,021
• Loss (gain) on sales of investments and assets for restructuring, allowance for impairment of investments and others	(2,045,413)	3,871,159
• Gain on sales of property, plant and equipment	(11,444)	(35,887)
• Dividend income	(16,674,911)	(28,230,566)
• Deferred tax, net	823,888	(1,302,801)
Profit provided by operating activities before changes in operating assets and liabilities	**29,250**	**46,065**
Decrease (increase) in operating assets		
• Receivables from related parties	(80,727)	68,454
• Other current assets	(455,838)	64,466
• Other non-current assets	(117,178)	85,439
Net decrease (increase) in operating assets	**(653,743)**	**218,359**
Increase (decrease) in operating liabilities		
• Trade accounts payable	6,422	21,879
• Payables to related parties	26,932	62,917
• Accrued interest expense	161,666	102,380
• Income tax payable	(94,654)	94,654
• Accrued expenses and other current liabilities	234,362	(151,908)
Net increase in operating liabilities	**334,728**	**129,922**
Net cash provided by (used in) operating activities	**(289,765)**	**394,346**

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

Statements of Cash Flows (Continued)

For the years ended 31 December 2007 and 2006

in thousand Baht

	2007	2006 (Restated)
Cash flows from investing activities		
Investments received (investments) in subsidiaries, associates and other companies	1,156,280	(18,687,579)
Dividends received	16,049,401	28,856,076
Proceeds from sales of investments and assets for restructuring	11,456,410	3,979,801
Purchases of property, plant and equipment	(101,915)	(76,478)
Proceeds from sales of property, plant and equipment	7,642	120,028
Payments received on loans to (loans to) related parties	(12,787,145)	3,845,367
Net cash provided by investing activities	**15,780,673**	**18,037,215**
Cash flows from financing activities		
Borrowings		
• Bank overdrafts and short-term loans from financial institutions	(3,697,350)	1,389,509
• Repayments of long-term debts	(678,057)	(743,514)
• Proceeds from short-term loans from related parties	(1,255,346)	(1,037,105)
• Proceeds from issuance of debentures	25,000,000	25,000,000
• Redemption of debentures	(16,000,000)	(25,000,000)
Net increase (decrease) in borrowings	**3,369,247**	**(391,110)**
Cash dividends	(17,868,237)	(18,000,000)
Other non-current liabilities	(16,161)	(8,480)
Net cash used in financing activities	**(14,515,151)**	**(18,399,590)**
Net increase in cash and cash equivalents	**975,757**	**31,971**
Cash and cash equivalents at beginning of the year	223,910	191,939
Cash and cash equivalents at end of the year	**1,199,667**	**223,910**
Supplemental disclosures of cash flow information		
Cash paid during the year		
• Interest expense	4,275,192	3,837,521
• Income tax expense	92,380	214,239
Non-cash transactions		
• Dividend receivable	1,413,510	788,000

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

Notes to the Financial Statements

For the years ended 31 December 2007 and 2006

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the audit committee, as appointed by the Board of Directors of the Company, on 27 February 2008.

1 General information

The Siam Cement Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company was listed on the Stock Exchange of Thailand on 25 April 1975.

The Company holds investments in the following core business segments: Chemicals, Paper, Cement, Building Materials, Distribution and SCG investment businesses.

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

During 2007, the FAP issued the following revised TAS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2007:

TAS 44 (revised 2007) Consolidated and Separate Financial Statements
TAS 45 (revised 2007) Investments in Associates
TAS 46 (revised 2007) Interests in Joint Ventures

The adoption of these revised TAS has resulted in a change in the Company's accounting policy for interests in subsidiaries and associates in the financial statements of the Company. The effects of this change are disclosed in note 25.

In addition to the above revised TAS, the FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 29.

The financial statements are presented in Thai Baht unless otherwise stated. They are prepared on the historical cost basis except as disclosed in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3 Significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(b) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(c) Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for using the cost method. This is a change of accounting policy, the effects of which are disclosed in note 25.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statements of income.

Debt securities that the Company intends and is able to hold to maturity are stated at amortised cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses, which are recognised in the statements of income.

Equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the balance sheet date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of income.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(d) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the periods as follows:

Land improvements	5 - 20 years
Buildings and structures	5, 20 years
Plant, machinery and equipment	5, 20 years
Transportation and equipment	5 years
Furniture, fixtures and office equipment	5 years

No depreciation is provided on freehold land or assets under construction.

(e) Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortised but are systematically tested for impairment at each balance sheet date. The estimated useful lives are as follows:

Software license	10 years
Others	5 - 20 years

(f) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and when indicators of impairment are identified.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed if there is no longer any indication of impairment or there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(h) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Revenue

Service fee income

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

Rental income

Rental income from property is recognised in the statements of income on a straight-line basis over the term of the rent. Lease incentives granted are recognised as expenses in which they are incurred.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Company's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

(j) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to the statement of income in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

Early retirement expense

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.

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates that fair value was determined.

(m) Derivative 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 Company operates internationally and is exposed to 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 recognised in the statement of income in the same period as the exchange differences on the items covered by the hedge.

4 Related party transactions and balances

Related parties are those parties linked to the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Transactions with related parties for the years ended 31 December and pricing policies are summarised as follows:

in million Baht

	2007	2006	Pricing policies
Subsidiaries			
Intellectual property income, management income, services and others	2,934	2,961	Mainly based on percentage of net sales
Dividend income	11,741	24,941	Upon declaration
Gain on sales of assets	4	-	Market price
Interest income	2,182	1,982	Contract rate
Interest expense	19	24	Contract rate
Associates			
Intellectual property income, management income, services and others	35	259	Mainly based on percentage of net sales
Dividend income	2,452	2,011	Upon declaration
Interest income	46	18	Contract rate
Others			
Intellectual property income, management income, services and others	274	18	Mainly based on percentage of net sales
Dividend income	2,482	1,278	Upon declaration
Interest expense	29	22	Contract rate

The Company presents interest expense and financial charges of Baht 4,551 million (2006 : Baht 3,895 million) net of interest income from related parties of Baht 2,228 million in the statement of income for the year ended 31 December 2007 (2006 : Baht 2,000 million).

Balances as at 31 December with related parties were as follows:

in million Baht

Receivables from and short-term loans to related parties	2007	2006
Current accounts		
Subsidiaries		
Thai Polyethylene Co., Ltd.	186	172
The Siam Cement (Thung Song) Co., Ltd.	110	133
The Siam Cement (Lampang) Co., Ltd.	89	25
The Siam Cement (Ta Luang) Co., Ltd.	87	64
The Siam Cement (Kaeng Khoi) Co., Ltd.	85	88
The Concrete Products and Aggregate Co., Ltd.	73	78
Thai Polypropylene (1994) Co., Ltd.	54	52
SCG Logistics Management Co., Ltd. (Formerly: Cementhai Logistics Co., Ltd.)	49	41
SCT Co., Ltd.	43	35
The Siam Fibre - Cement Co., Ltd.	43	45
Thai Polypropylene Co., Ltd.	37	32
Thai Ceramic Co., Ltd.	35	37
Thai Polyethylene (1993) Co., Ltd.	31	22
SCG Paper Public Company Limited (Formerly: The Siam Pulp and Paper Public Company Limited)	29	13
SCG Chemicals Co., Ltd.	22	11
SCG Network Management Co., Ltd. (Formerly: Cementhai Sales & Marketing Co., Ltd.)	19	20
SCG Cement Co., Ltd. (Formerly: Siam Cement Industry Co., Ltd.)	18	26
Other companies	151	106
	1,161	**1,000**
Associates		
Mariwasa Siam Ceramic, Inc.	3	22
Other companies	19	34
	22	**56**

in million Baht

	2007	2006
Others		
Michelin Siam Group Co., Ltd.	1,414	600
Toyota Motor Thailand Co., Ltd.	-	188
Siam Yamato Steel Co., Ltd.	24	22
Other companies	14	6
	1,452	**816**
	2,635	**1,872**
Notes receivable		
Subsidiaries		
SCG Paper Public Company Limited	14,149	8,228
SCG Chemicals Co., Ltd.	9,915	5,525
Cementhai Holding Co., Ltd.	8,460	7,308
The Siam Fibre - Cement Co., Ltd.	7,480	6,646
The Concrete Products and Aggregate Co., Ltd.	4,705	7,206
Cementhai Ceramics Co., Ltd.	2,750	3,499
Rayong Olefins Co., Ltd.	2,179	-
SCG Distribution Co., Ltd.	1,282	1,721
Map Ta Phut Tank Ternimal Co., Ltd.	955	-
Property Value Plus Co., Ltd.	522	1,003
SCG Accounting Services Co., Ltd.	65	33
Cementhai Property (2001) Public Company Limited	-	634
Thai CRT Co., Ltd.	-	350
	52,462	**42,153**
Associates		
Siam Mitsui PTA Co., Ltd.	1,800	-
Grand Siam Composites Co., Ltd.	290	-
Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	45	-
Siam Sanitary Ware Industry Co., Ltd.	44	-
	2,179	**-**
	54,641	**42,153**

in million Baht

	2007	2006
Short-term loans		
Associates		
Mariwasa Siam Ceramic, Inc.	6	135
Mariwasa Manufacturing, Inc.	-	86
	6	**221**
Total	**57,282**	**44,246**

in million Baht

Long-term loans to related parties	2007	2006
Associates		
Mariwasa Siam Ceramic, Inc.	495	-
Others		
The Aromatics (Thailand) Public Company Limited	-	1,414
Total	**495**	**1,414**

Movements during the years on loans to related parties were as follows:

in million Baht

	2007	2006
Short-term		
At 1 January	42,374	45,288
Increase	17,648	14,622
Decrease	(5,375)	(17,536)
At 31 December	**54,647**	**42,374**

in million Baht

	2007	2006
Long-term		
At 1 January	1,414	2,123
Increase	558	68
Decrease	-	(777)
Reclassify to long-term loans to other company	(1,477)	-
At 31 December	**495**	**1,414**

in million Baht

Payables to and short-term loans from related parties	2007	2006
Current accounts	**188**	**161**
Notes payable		
Subsidiaries		
The Siam Iron and Steel Co., Ltd.	1,353	2,094
Bangsue Management Co., Ltd.	579	148
Cementhai Ceramic (Singapore) Pte. Ltd.	409	437
Cementhai Gypsum (Singapore) Pte. Ltd.	286	297
Cementhai Concrete Products (Singapore) Pte. Ltd.	89	95
Thai Wanaphan Co., Ltd.	70	70
CRT Display Technology Co., Ltd.	-	405
Other companies	50	63
	2,836	**3,609**
Others		
Cementhai Foundation	-	527
	2,836	**4,136**
Short-term loans		
Subsidiaries		
Tuban Petrochemicals Pte. Ltd.	508	544
Cementhai Gypsum (Singapore) Pte. Ltd.	68	72
	576	**616**
Total	**3,600**	**4,913**

Movements during the years on short-term loans from related parties were as follows:

in million Baht

	2007	2006
At 1 January	4,752	5,967
Increase	430	754
Decrease	(1,770)	(1,969)
At 31 December	**3,412**	**4,752**

5 Trade accounts receivable

As at 31 December, the Company has long outstanding trade accounts receivable aged as follows:

in million Baht

	2007	2006
Over 1 year	65	70
Less allowance for doubtful accounts	65	70
Net	**-**	**-**

6 Investments in subsidiaries and associates

Movements during the years ended 31 December in investments in subsidiaries and associates accounted for using the cost method were as follows:

in million Baht

	2007	2006
At 1 January	71,402	65,233
Acquisitions	88	13,157
Disposals	(5,873)	(2,641)
Others	(2,178)	(4,347)
At 31 December	**63,439**	**71,402**

Investments in subsidiaries and associates as at 31 December and dividend income from those investments for the years then ended were as follows:

in million Baht

	Ownership interest (%)		At cost		Dividends	
	2007	2006	2007	2006	2007	2006
SCG Chemicals Co., Ltd. and its subsidiaries and associates	100	100	36,586	36,507	10,229	11,830
SCG Paper Public Company Limited and its subsidiaries	98	98	7,425	10,265	208	3,634
SCG Cement Co., Ltd. and its subsidiaries	100	100	9,518	9,518	1,371	2,321
SCG Building Products Co., Ltd. (Formerly: Cementhai Building Products Co., Ltd.) and its subsidiaries and associates	100	100	5,106	5,106	829	6,339
SCG Distribution Co., Ltd. and its subsidiaries	100	100	2,800	2,800	448	-
Companies in SCG Investment	100	100	2,589	11,552	1,108	2,828
Total			**64,024**	**75,748**	**14,193**	**26,952**
Less allowance for impairment of investments			(585)	(4,346)	-	-
Net			**63,439**	**71,402**	**14,193**	**26,952**

In 2007, the Company sold a 35% interest in its investment in shares of Siam Yamato Steel Co., Ltd. to the current co-investor resulting remaining 10% interest, and sold all of its investment in shares of certain subsidiaries to a related party, and received the properties from Thai CRT Co., Ltd. amounting to Baht 495 million, proportionate to the percentage of shareholders. As a result, the Company had loss on sales of such investments net allowance for impairment of investments amounting to approximately Baht 349 million, which was presented under "Gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others" in the statement of income.

In 2006, the Company sold its investments in shares of The Deves Insurance Public Company Limited, totalling 20.87%, to a related party and sold investments in shares of Siam Asahi Technoglass Co., Ltd., totalling 27%, and The Siam United Steel (1995) Co., Ltd., from 19.5% to 5%, to a third party. As a result, the Company had loss on investments and assets sold and others of approximately Baht 3,871 million, which was presented under "Gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others" in the statements of income.

7 Other long-term investments

in million Baht

	Ownership interest (%)		Investment	
	2007	2006	2007	2006
a) At Cost				
Asia Cement Public Company Limited	10	10	1,119	1,119
Toyota Motor Thailand Co., Ltd.	10	10	881	881
Siam Yamato Co., Ltd.	10	-	401	-
Finfloor S.P.A.	10	10	299	299
Michelin Siam Group Co., Ltd. - Cumulative preferred shares	10	10	267	267
The Siam United Steel (1995) Co., Ltd.	5	5	296	296
Siam Toyota Manufacturing Co., Ltd.	4	4	249	249
Others	-	-	10	10
Total			**3,522**	**3,121**
Less allowance for impairment of investments			9	9
Net			**3,513**	**3,112**
b) At Fair Value (available-for-sale)				
Marketable Securities				
PTT Aromatics and Refining Public Company Limited	-	9	-	2,706
Total			**3,513**	**5,818**

In 2007, the Company sold its investment in shares of the Aromatics (Thailand) Public Company Limited (currently, amalgamated as PTT Aromatics and Refining Public Company Limited), which was classified as in available-for-sale marketable security. As a result, the Company had net gain on sales of such investments before tax amounting to approximately Baht 2,394 million, which was presented under "Gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others" in the statement of income.

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements or the quoted market prices (latest bid price) on the Stock Exchange of Thailand as at 31 December 2007, are as follows:

in million Baht

Non-marketable securities	
Cost	3,522
Net book value	3,513
Allowance for impairment of investments	9

8 Property, plant and equipment

in million Baht

	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Cost							
At 1 January 2006	**1,939**	**1,306**	**1,062**	**37**	**269**	**167**	**4,780**
Addition	-	-	-	-	4	74	78
Disposals/written-off	(72)	(37)	(2)	(1)	(4)	(2)	(118)
Transfers in/(out)	2	57	-	1	36	(96)	-
At 31 December 2006	**1,869**	**1,326**	**1,060**	**37**	**305**	**143**	**4,740**
Addition	-	-	-	-	3	99	102
Disposals/written-off	(53)	-	-	-	(9)	-	(62)
Transfers in/(out)	-	37	4	-	4	(45)	-
At 31 December 2007	**1,816**	**1,363**	**1,064**	**37**	**303**	**197**	**4,780**
Accumulated depreciation and impairment losses							
At 1 January 2006	**164**	**914**	**1,025**	**34**	**230**	**86**	**2,453**
Depreciation charge for the year	4	50	6	1	17	-	78
Disposals/written-off	(7)	(20)	(2)	-	(4)	-	(33)
At 31 December 2006	**161**	**944**	**1,029**	**35**	**243**	**86**	**2,498**
Depreciation charge for the year	7	59	6	-	19	-	91
Disposals/written-off	-	-	-	-	(8)	-	(8)
At 31 December 2007	**168**	**1,003**	**1,035**	**35**	**254**	**86**	**2,581**
Net book value							
At 31 December 2006	**1,708**	**382**	**31**	**2**	**62**	**57**	**2,242**
At 31 December 2007	**1,648**	**360**	**29**	**2**	**49**	**111**	**2,199**

The gross carrying amounts of fully depreciated property, plant and equipment that is still in use amounted to Baht 2,060 million as of 31 December 2007 (2006 : Baht 1,874 million).

9 Intangible assets

in million Baht

	Software license
Cost	
At 1 January 2006	**22**
Addition	3
Disposals / written - off	(2)
At 31 December 2006	**23**
Addition	131
Disposals / written - off	(1)
At 31 December 2007	**153**
Accumulated amortisation	
At 1 January 2006	**10**
Amortisation charge for the year	2
Disposals / written - off	(1)
At 31 December 2006	**11**
Amortisation charge for the year	11
Disposals / written - off	(1)
At 31 December 2007	**21**
Net book value	
At 31 December 2006	**12**
At 31 December 2007	**132**

10 Deferred tax assets

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

in million Baht

	2007	2006
Deferred tax assets	505	1,332
Deferred tax liabilities	(2)	(5)
Net	**503**	**1,327**

Movements in deferred tax assets and liabilities during the year were as follows:

in million Baht

	At 1 January 2007	Credited (charged) to statement of income (note 21)	At 31 December 2007
Deferred tax assets			
Investments in subsidiaries and associates	1,307	(1,233)	74
Loss carry forward	-	408	408
Others	25	(2)	23
Total	**1,332**	**(827)**	**505**
Deferred tax liabilities	**(5)**	**3**	**(2)**
Net	**1,327**	**(824)**	**503**

11 Bank overdrafts and short-term loans from financial institutions

in million Baht

	2007	2006
Bank overdrafts	-	6
Promissory notes	-	2,400
Notes payable	-	1,291
Total	**-**	**3,697**

In 2007, the Company has overdraft lines with several local banks amounting to approximately Baht 394 million, bearing interest at the minimum overdraft rate (2006 : Baht 385 million).

12 Long-term debts

in million Baht

	2007	2006
Current		
• unsecured		
Current portion of deferred payment plans for acquisition of machinery	272	677
Non-current		
• unsecured		
Deferred payment plans for acquisition of machinery	113	373
Total	**385**	**1,050**

The period to maturity of long-term debts, is as follows:

in million Baht

	2007	2006
Within 1 year	272	677
After 1 year but within 5 years	113	373
Total	**385**	**1,050**

Long-term debts mainly represent foreign currency loans which are hedged by financial derivatives to decrease exchange rate risk. The average interest rate is approximately 6.09% p.a. in 2007 (2006 : 6.23% p.a.).

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.

13 Debentures

As at 31 December 2007, the Company had outstanding unsubordinated and unsecured debentures totalling Baht 90,000 million (2006 : Baht 81,000 million) as follows:

in million Baht

Debentures No.	in million Baht		Interest Rate (% p.a.)	Term	Maturity Date	Fair Value*	
	2007	2006				2007	2006
No. 1/2003	-	6,000	3.50	4 years	1 April 2007	-	989
No. 2/2003	-	10,000	3.25	4 years	1 November 2007	-	981
No. 1/2004	10,000	10,000	4.25	4 years	1 April 2008	1,003	992
No. 2/2004	10,000	10,000	4.50	4 years	1 November 2008	1,009	989
No. 1/2005	10,000	10,000	4.75	4 years	1 April 2009	1,005	990
No. 2/2005	10,000	10,000	5.25	4 years	1 October 2009	1,034	994
No. 1/2006	5,000	5,000	5.50	2 years	1 April 2008	1,010	1,006
No. 2/2006	5,000	5,000	5.75	3 years	1 April 2009	1,043	981
No. 3/2006	10,000	10,000	6.00	4 years	1 April 2010	1,041	1,017
No. 4/2006	5,000	5,000	6.25	4 years	1 October 2010	1,055	1,010
No. 1/2007	15,000	-	5.75	4 years	1 April 2011	1,033	-
No. 2/2007	10,000	-	4.50	4 years	1 November 2011	1,004	-
Total	**90,000**	**81,000**					
Less: Current portion	25,000	16,000					
Net	**65,000**	**65,000**					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2007 and 2006.

14 Share capital

million shares/million Baht

	Par Value (in Baht)	2007		2006	
		Number of shares	Value	Number of shares	Value
Authorised					
At 1 January					
• ordinary share	1	1,600	1,600	1,600	1,600
At 31 December					
• ordinary share	**1**	**1,600**	**1,600**	**1,600**	**1,600**
Issued and paid-up					
At 1 January					
• ordinary share	1	1,200	1,200	1,200	1,200
At 31 December					
• ordinary share	**1**	**1,200**	**1,200**	**1,200**	**1,200**

15 Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

16 Administrative expenses

in million Baht

	2007	2006
Salary, wages and contribution to defined contribution plans	560	462
Publication	303	340
Early retirement expense	260	94
Rent	114	90
Professional fees	104	180
Depreciation	84	64
Repair and maintenance	69	57
Outside wages	57	37
Per diem and travelling	53	41
Staff benefits	42	22
Communication and transportation	34	23
License fees and others	28	28
Reimbursed amounts	(942)	(816)
Others	394	386
Total	**1,160**	**1,008**

17 Directors' remuneration

Directors' 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

	2007	2006
Interest income from banks and financial institutions	271	151
Interest income from other companies	63	67
Gain on stores sold and others	49	58
Gain on sales of fixed assets	11	36
Others	28	25
Total	**422**	**337**

19 Personnel expenses

in million Baht

	2007	2006
Salaries and others	524	434
Early retirement expense	260	94
Contribution to defined contribution plans	36	28
Others	116	112
Total	**936**	**668**

The Company has provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, 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 funds, since April 1995, the Company has 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 is required to make monthly contributions to the fund at 5% to 10% of the members' basic salaries, depending on the length of employment.

20 Interest expense and financial charges

in million Baht

	2007	2006
Interest - abroad loans	42	88
Interest - local loans		
Interest expense - Third parties	4,577	3,911
Interest expense - Affiliated companies	47	46
Interest income - Affiliated companies	(2,228)	(2,000)
Interest - provident funds	5	6
Gain on exchange rate	(120)	(156)
Total	**2,323**	**1,895**

21 Income tax expense (income)

in million Baht

	Note	2007	2006
Current tax		(2)	309
Deferred tax	10	824	(1,302)
Total		**822**	**(993)**

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. The Company has, accordingly, calculated income tax on the portion of its taxable profit for the year ended 31 December 2006 not exceeding Baht 300 million at the 25% corporate income tax rate.

22 Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2007 was based on the profit attributable to ordinary shareholders of Baht 17,950 million (2006 : Baht 25,874 million) and the weighted average number of shares outstanding during the year ended 31 December 2007 of 1,200,000,000 shares (2006 : 1,200,000,000 shares).

23 Financial support agreement

The Company has a Financial Support Agreement with a local company. According to the financial support agreement, the Company must comply with the conditions as indicated in the agreement based upon its ownership interest. As of 31 December 2007 and 2006, the Company complied with the agreement by providing financial support to the company totalling USD 31.5 million. The above loan is presented as loans under the caption of "Long - term loans to other company" in the accompanying financial statements.

24 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 22 March 2006, the shareholders resolved to declare total dividends for the year 2005 at Baht 15 per share, in total amounting to Baht 18,000 million. The payment of dividends is divided into 2 installments. The interim dividends was at the rate of Baht 7.50 per share, in total amounting to Baht 9,000 million, which was paid on 23 August 2005. The final dividends was at the rate of Baht 7.50 per share, in total amounting to Baht 9,000 million, which was paid on 20 April 2006.

At the Annual General Meeting of the Shareholders of the Company held on 28 March 2007, the shareholders resolved to declare total dividends for the year 2006 at Baht 15 per share, in total amounting to Baht 18,000 million. The payment of dividends is divided into 2 installments. The interim dividends was at the rate of Baht 7.50 per share, in total amounting to Baht 9,000 million, which was paid on 22 August 2006. The final dividends was at the rate of Baht 7.50 per share to the shareholders who entitled to receiving dividends totalling Baht 8,941 million, which was paid on 26 April 2007.

At the Board of Directors' Meeting held on 25 July 2007, the directors approved the appropriation of interim dividends for 2007 of Baht 7.50 per share to the shareholders who entitled to receiving dividends totalling Baht 8,927 million, which was paid on 22 August 2007.

25 Changes in accounting policy

The following change of accounting policy by the Company has no effect on the consolidated financial statements of the Group.

Until 31 December 2006, the Company accounted for its investments in subsidiaries and associates in its financial statements using the equity method.

During 2007, the FAP issued the following revised TAS which are effective for accounting periods beginning on or after 1 January 2007:

TAS 44 (revised 2007) Consolidated and Separate Financial Statements
TAS 45 (revised 2007) Investments in Associates
TAS 46 (revised 2007) Interests in Joint Ventures

These revised TAS require a parent company which has an investment in a subsidiary or an associate company, which is not classified as a "held for sale" investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when a TAS on financial instruments is issued and becomes effective), instead of the equity method currently used.

Starting from 1 January 2007, the Company has, accordingly, changed its accounting policy for its investments in subsidiaries and associates in its financial statements from the equity method to the cost method. The change in accounting policy has been applied retrospectively and the Company's 2006 financial statements, which are included in the Company's 2007 financial statements for comparative purposes, have been restated accordingly.

The effects of the change in accounting policy on the Company's annual 2007 and 2006 financial statements are as follows:

in million Baht

	2007	2006
Balance sheet at 1 January		
Decrease in retained earnings	(39,054)	(35,478)
Increase (decrease) in equity in subsidiaries and associates		
- Fair value changes	(2,208)	(1,802)
- Currency translation changes	1,032	441
Decrease in shareholders' equity / total assets	**(40,230)**	**(36,839)**

in million Baht

Statement of income for the year	2006
Increase in dividend income from subsidiaries and associates	26,952
Decrease in share of profits from investments accounted for using the equity method, net	(26,103)
Decrease in gain on sales of investment and allowance for impairment of investment, net	(4,426)
Decrease in net profit	**(3,577)**
Decrease in earnings per share (in Baht)	**(2.98)**

26 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 debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or reprice were as follows:

Loans receivable

in million Baht

	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2007					
Current					
Short-term loans to related parties	3.26 - 5.25	54,647	-	-	54,647
Long-term loans to other company	MLR - 2.00	400	-	-	400
Non-current					
Long-term loans to related parties	2.00 - 5.00	-	12	483	495
Long-term loans to other company	MLR - 2.00	-	1,077	-	1,077
Total		**55,047**	**1,089**	**483**	**56,619**
2006					
Current					
Short-term loans to related parties	4.40 - 9.50	42,374	-	-	42,374
Non-current					
Long-term loans to related parties	MLR - 2.00	-	1,414	-	1,414
Total		**42,374**	**1,414**	**-**	**43,788**

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or reprice were as follows:

Financial liabilities

in million Baht

	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2007					
Current					
Short-term loans from related parties	0.75	3,412	-	-	3,412
Long-term debts	6.03 - 6.54	272	-	-	272
Debentures	4.25 - 5.50	25,000	-	-	25,000
Non-current					
Long-term debts	6.03 - 6.54	-	113	-	113
Debentures	4.50 - 6.25	-	65,000	-	65,000
Total		**28,684**	**65,113**	**-**	**93,797**
2006					
Current					
Short-term loans from financial institutions	4.41-5.05	3,697	-	-	3,697
Short-term loans from related parties	0.75	4,752	-	-	4,752
Long-term debts	5.95 - 7.32	677	-	-	677
Debentures	3.25 - 3.50	16,000	-	-	16,000
Non-current					
Long-term debts	5.95 - 7.32	-	373	-	373
Debentures	4.25 - 6.25	-	65,000	-	65,000
Total		**25,126**	**65,373**	**-**	**90,499**

Foreign exchange risk

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

As at 31 December, the Company's foreign currency debts are as follows:

in million Baht

	Short-term		Long-term		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
US Dollars	1,267	1,394	-	51	1,267	1,445
Euro	226	588	113	322	339	910
Total	**1,493**	**1,982**	**113**	**373**	**1,606**	**2,355**

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

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

Fair value

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2007 and 2006, the carrying value of the Company's financial instruments does not materially differ from their aggregate fair value (fair value of debentures presented in note 13).

27 Commitments and contingent liabilities

As at 31 December, the Company has:

in million Baht

	2007	2006
a) Guarantees on loans of related parties	6,488	4,878
b) Bank guarantees issued by banks to state enterprises	91	45

c) The Company entered into forward contracts with several local banks to hedge against the risk from payment of borrowings. As at 31 December, the details of the contracts are as follows:

	Currency (in million)		Equivalent to Baht (in million Baht)	
	2007	2006	2007	2006
Euro	7	19	339	910
US Dollars	1	4	46	140

The above contracts will be due within February 2008.

28 Events after the balance sheet date

At the Board of Directors' Meeting held on 23 January 2008, the directors approved the following matters:

a) Submitting for approval at the Annual General Meeting of the Shareholders, a full year 2007 dividend payment at the rate of Baht 15 per share, of which Baht 7.50 per share was paid as an interim dividends on 22 August 2007 as discussed in note 24. Thus, the final dividends will be at the rate of Baht 7.50 per share to the shareholders who entitled to receiving dividends totalling Baht 9,000 million, scheduled for payments on 23 April 2008. This dividends is subject to the approval at the Annual General Meeting of the Shareholders on 26 March 2008.

b) On 1 April 2008, issuance of new lots of debentures No. 1/2008 with principal amount of not exceeding Baht 20,000 million which are named, unsubordinated and unsecured with four-year tenure due. The interest rate will be fixed upon the issue date and interest will be payable quarterly. The debenture will be redeemed on 1 April 2012. The proceeds from this issuance will be used to redeem the debentures No. 1/2004 with the principal amount of Baht 10,000 million and No. 1/2006 with the principal amount of Baht 5,000 million, which will be due on 1 April 2008 and the remaining Baht 5,000 million will be used to invest in various projects of the Company.

29 Thai Accounting Standards (TAS) not yet adopted

The Company has not adopted the following TAS that have been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial periods beginning on or after 1 January 2008.

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

The adoption and initial application of these TAS is not expected to have any material impact on the company's financial statements.

30 Reclassification of accounts

Certain accounts in 2006 financial statements have been reclassified to conform to the presentation in the 2007 financial statements.

Supplementary Information

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

Name	Location (Head office/ Factory)	Telephone	Principal Business	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	* Total Direct/ Indirect Holding (Percent)
SCG Chemicals						
Subsidiaries						
1. SCG CHEMICALS CO., LTD.	Bangkok	(02) 586-4762	Holding company	7,108	100	100
2. THAI POLYETHYLENE CO., LTD.	Rayong	(038) 683-393-7	Plastic resins	1,850	100	100
3. THAI POLYETHYLENE (1993) CO., LTD.	Rayong	(038) 683-393-7	Plastic resins	450	100	100
4. THAI POLYPROPYLENE CO., LTD.	Rayong	(038) 683-393-7	Plastic resins	1,556	100	100
5. THAI POLYPROPYLENE (1994) CO., LTD.	Rayong	(038) 683-393-7	Plastic resins	1,333	100	100
6. SCG PLASTICS CO., LTD.	Bangkok	(02) 586-6161	Trading	5	100	100
7. SCG POLYOLEFINS CO., LTD.	Bangkok	(02) 586-6161	Trading	0.3	100	100
8. RAYONG ENGINEERING AND PLANT SERVICE CO., LTD.	Rayong	(038) 685-040-8	Engineering and plant service	2	100	100
9. PROTECH OUTSOURCING CO., LTD.	Rayong	(038) 608-657-8	Engineering and plant service	0.3	100	100
10. RIL 1996 CO., LTD.	Rayong	(038) 689-471-2	Industrial estate	1,100	100	100
11. VINA SCG CHEMICALS CO., LTD.	Bangkok	(02) 586-5435	Holding company	0.3	100	100
12. SCG CHEMICALS (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	804	100	100
13. TUBAN PETROCHEMICALS PTE. LTD.	Singapore	(65) 6297-9661	Holding company	2,828	100	100
14. RAYONG PIPELINE CO., LTD.	Bangkok	(02) 586-3882	Right of way, and use	200	91	91
15. MAP TA PHUT TANK TERMINAL CO., LTD.	Rayong	(038) 689-471-2	Warehouse and transportation service	700	81	81
16. PT. TPC INDO PLASTIC & CHEMICALS	Indonesia	(6231) 3952-9458	PVC resins	1,020	78	78
17. MAP TA PHUT OLEFINS CO., LTD.	Rayong	(038) 685-040-8	Raw materials for plastic resins	13,362	55	67
18. ALLIANCE PETROCHEMICAL INVESTMENT (SINGAPORE) PTE. LTD.	Singapore	(65) 6221-5318	Holding company	1,754	63	67
19. RAYONG OLEFINS CO., LTD.	Rayong	(038) 685-040-8	Raw materials for plastic resins	7,700	47	63
20. RAYONG OLEFINS (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Raw materials procurement	0.5	63	63
21. FLOWLAB & SERVICE CO., LTD.	Rayong	(038) 911-321-2	Calibration service	4	51	51
22. E & I SOLUTION CO., LTD.	Rayong	(038) 607-691	Calibration service	3	51	51
23. THAI PLASTIC AND CHEMICALS PLC.	Bangkok	(02) 676-6000	Plastic resins and PVC compound	875	45	45
24. TPC PASTE RESIN CO., LTD.	Bangkok	(02) 676-6200	PVC resins	1,753	45	45
25. THE NAWAPLASTIC INDUSTRIES (SARABURI) CO., LTD.	Bangkok	(02) 586-3930-5	PVC pipe and fittings	400	45	45
26. NAWA PLASTIC INDUSTRIES CO., LTD.	Bangkok	(02) 586-3930-5	PVC pipe and plastic products	426	45	45
27. NAWA INTERTECH CO., LTD.	Rayong	(02) 586-3930-5	Molding	40	45	45
28. CHEMTECH CO., LTD.	Vietnam	(84 650) 784-992	PVC Compound	37	45	45
29. TOTAL PLANT SERVICE CO., LTD.	Samut Prakarn Rayong	(02) 385-9515-16 (038) 687-320-23	Engineering and plant service	6	45	45

* Direct / Indirect Company, Subsidiaries, Associates and Other Companies Holding.

Name	Location (Head office/ Factory)	Telephone	Principal Business	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	* Total Direct/ Indirect Holding (Percent)
30. VIET-THAI PLASTCHEM CO., LTD.	Vietnam	(84 650) 710-993	PVC resins	75	32	32
31. TPC VINA PLASTIC AND CHEMICALS CORPORATION CO., LTD.	Vietnam	(84 8) 823-4730	PVC resins	745	31	31
32. MINH THAI HOUSE COMPONENT CO., LTD.	Vietnam	(84 8) 754-2989	PVC doors and windows	28	27	27
33. SIAM STABILIZERS AND CHEMICALS CO., LTD.	Rayong	(038) 868-3451-3	Stabizer	190	27	27
Associates and Other Companies						
34. PT. SIAM MASPION TERMINAL	Indonesia	(6231) 395-2945-8	Transportation service	327	50	50
35. SIAM MITSUI PTA CO., LTD.	Rayong	(038) 685-100	PTA	2,800	49	50
36. SIAM STYRENE MONOMER CO., LTD.	Rayong	(038) 683-215-6	Raw materials for polystyrene	3,500	49	50
37. SIAM SYNTHETIC LATEX CO., LTD.	Rayong	(038) 683-215-6	Synthetic latex	325	49	50
38. SIAM POLYETHYLENE CO., LTD.	Rayong	(038) 683-215-6	Plastic resins	4,455	49	50
39. SIAM POLYSTYRENE CO., LTD.	Rayong	(038) 683-215-6	Plastic resins	1,015	49	50
40. SD GROUP SERVICE CO., LTD.	Bangkok	(02) 365-7000	Holding company	156	25	50
41. PACIFIC PLASTICS (THAILAND) CO., LTD.	Rayong	(038) 683-215-6	Plastic resins	539	48	48
42. GRAND SIAM COMPOSITES CO., LTD.	Rayong	(038) 684-241	Plastic resins	64	46	46
43. THAI MMA CO., LTD.	Rayong	(038) 685-040-8	Raw materials for coating resins	1,300	45	46
44. THAI MFC CO., LTD.	Rayong	(038) 684-241	Melamine	200	45	45
45. MEHR PETROCHEMICAL COMPANY (PRIVATE JOINT STOCK)	Iran	(98) 21-8850-0641	Plastic resins	297	40	40
46. PT. TRANS-PACIFIC POLYETHYLENE INDONESIA	Indonesia	(6221) 574-5880	Plastic resins, low density polyethylene	472	39	39
47. PT. TRANS-PACIFIC POLYETHYLINDO	Indonesia	(6221) 574-5880	Plastic resins, high density polyethylene	337	39	39
48. BANGKOK SYNTHETICS CO., LTD.	Bangkok	(02) 679-5120	Raw materials for plastic resins	1,173	22	22
49. PTT CHEMICAL PUBLIC COMPANY LIMITED	Bangkok	(02) 265-8400	Raw materials for plastic resins	14,966	21	21
50. PT. TRANS-PACIFIC PETROCHEMICAL INDOTAMA	Indonesia	(6221) 574-5880	Raw materials for plastic resins	9,815	20	20
51. THAI PET RESIN CO., LTD.	Rayong	(038) 685-900	Raw materials for pet bottles	900	20	20
52. MITSUI ADVANCED COMPOSITES (ZHONGSHAN) CO., LTD.	China	(86) 760-533-2138	Plastic resins	380	20	20
53. RIKEN (THAILAND) CO., LTD.	Bangkok	(02) 501-1054	PVC compound	120	16	16
54. PT. SRITHAI MASPION INDONESIA	Indonesia	(6231) 891-3630	Melamine	118	10	10

* Direct / Indirect Company, Subsidiaries, Associates and Other Companies Holding.

Name	Location (Head office/ Factory)	Telephone	Principal Business	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	* Total Direct/ Indirect Holding (Percent)
55. PT. TRANS-PACIFIC POLYPROPYLENE INDONESIA	Indonesia	(6221) 574-5880	Plastic resins, polypropylene	220	10	10
56. PT. TRANS-PACIFIC STYRENE INDONESIA	Indonesia	(6221) 574-5880	Plastic resins, styrene monomer	314	10	10

SCG Paper

Subsidiaries

57. SCG PAPER PLC (FORMERLY: THE SIAM PULP AND PAPER PLC)	Bangkok	(02) 586-3333	Holding company and bleached pulp	1,563	98	98
58. THAI PAPER CO., LTD.	Bangkok	(02) 586-3333	Printing and writing paper	1,200	98	98
59. THAI UNION PAPER PLC	Samut Prakarn	(02) 754-2100-10	Printing and writing paper	430	98	98
60. SIAM KRAFT INDUSTRY CO., LTD.	Bangkok	(02) 586-3333	Kraft paper	250	98	98
61. THAI KRAFT PAPER INDUSTRY CO., LTD.	Bangkok	(02) 586-3333	Kraft paper	1,000	98	98
62. THAI UNION PAPER INDUSTRY CO., LTD.	Bangkok	(02) 586-3333	Gypsum board paper / duplex	400	98	98
63. UNITED PULP AND PAPER CO., INC.	Philippines	(632) 870-0100	Kraft paper	4,328	98	98
64. SIAM CELLULOSE CO., LTD.	Bangkok	(02) 586-3333	Bleached pulp	300	98	98
65. INFOZAFE CO., LTD.	Pathum Thani	(02) 586-3333	Shredding business	45	98	98
66. THE SIAM PULP AND PAPER HOLDING CO., LTD.	Bangkok	(02) 586-3333	Holding company	180	98	98
67. SIAM FORESTRY CO., LTD.	Bangkok	(02) 586-3333	Forestry	20	98	98
68. PANAS NIMIT CO., LTD.	Bangkok	(02) 586-3333	Forestry	2	98	98
69. THAI PANASON CO., LTD.	Bangkok	(02) 586-3333	Forestry	2	98	98
70. THAI PANADORN CO., LTD.	Bangkok	(02) 586-3333	Forestry	2	98	98
71. THAI PANARAM CO., LTD.	Bangkok	(02) 586-3333	Forestry	2	98	98
72. SUANPA RUNGSRIS CO., LTD.	Bangkok	(02) 586-3333	Forestry	2	98	98
73. SIAM PANAWES CO., LTD.	Bangkok	(02) 586-3333	Forestry	3	98	98
74. THAI PANABOON CO., LTD.	Bangkok	(02) 586-3333	Forestry	3	98	98
75. THAI WANABHUM CO., LTD.	Bangkok	(02) 586-3333	Forestry	3	98	98
76. PHOENIX PULP AND PAPER PLC	Bangkok	(02) 586-3333	Bleached pulp	1,200	97	97
77. THAI CANE PAPER PLC	Bangkok	(02) 440-0707	Kraft paper	3,583	83	83
78. THAI CONTAINERS LTD.	Pathum Thani	(02) 909-0110	Corrugated boxes	110	69	69
79. THAI CONTAINERS GROUP CO., LTD.	Bangkok	(02) 586-5991	Holding company	414	69	69
80. THAI CONTAINERS INDUSTRY CO., LTD.	Samut Prakarn	(02) 709-3040	Corrugated boxes	160	69	69
81. THAI CONTAINERS RATCHABURI (1989) CO., LTD.	Ratchaburi	(02) 586-3333	Corrugated boxes	100	69	69
82. THAI CONTAINERS SONGKHLA (1994) CO., LTD.	Songkhla	(02) 586-3333	Corrugated boxes	280	69	69

* Direct / Indirect Company, Subsidiaries, Associates and Other Companies Holding.

Name	Location (Head office/ Factory)	Telephone	Principal Business	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	* Total Direct/ Indirect Holding (Percent)
83. THAI CONTAINERS CHONBURI (1995) CO., LTD.	Chon Buri	(038) 338-500	Corrugated boxes	180	69	69
84. THAI CONTAINERS KHONKAEN CO., LTD. (FORMERLY: THAI CONTAINERS SARABURI (1997) CO., LTD.)	Khonkaen	(02) 586-3333	Corrugated boxes	39	69	69
85. THAI CONTAINERS RAYONG CO., LTD.	Rayong	(02) 586-3333	Corrugated boxes	125	69	69
86. CITYPACK CO., LTD.	Saraburi	(036) 251-724-8	Corrugated boxes	450	69	69
87. THAI CONTAINERS V&S CO., LTD.	Pathum Thani	(02) 976-0701	Corrugated boxes	260	69	69
88. THAI CONTAINERS (TCC) CO., LTD. (FORMERLY: NIPPON HI-PACK (THAILAND) CO., LTD.)	Prachinburi	(037) 208-568-70	Corrugated boxes	416	69	69
89. VINA KRAFT PAPER CO., LTD.	Vietnam	(84 8) 268-0240-2	Kraft paper	1,270	69	69
90. TCG RENGO SUBANG (M) SDN. BHD.	Malaysia	(60) 3-563-63610 ext. 220	Corrugated boxes	146	69	69
91. TCG RENGO (S) LIMITED	Singapore	(65) 6661-7325	Corrugated boxes	56	69	69
92. THAI BRITISH SECURITY PRINTING PLC	Samut Prakarn	(02) 754-2650-8	Securities document	110	49	49
93. THAI BRITISH DEPOST CO., LTD.	Samut Prakarn	(02) 754-2650-8	Digital printing	34	25	25
Associates and Other Companies						
94. SIAM TOPPAN PACKAGING CO., LTD.	Samut Prakarn	(02) 709-3110-7	Offset-printed cartons	500	48	48
95. P&S HOLDINGS CORPORATION	Philippines	(632) 870-0100	Holding company	263	39	39
96. AB CAPITAL & INVESTMENT CORP.	Philippines	(632) 870-0100	Financial services	785	3	3
SCG Cement						
Subsidiaries						
97. SCG CEMENT CO., LTD. (FORMERLY: SIAM CEMENT INDUSTRY CO., LTD.)	Bangkok	(02) 586-3060-1	Holding company	12,236	100	100
98. THE CONCRETE PRODUCTS AND AGGREGATE CO., LTD.	Bangkok	(02) 555-5000	Holding company / ready-mixed concrete	9,140	100	100
99. THE SIAM CEMENT (KAENG KHOI) CO., LTD.	Saraburi	(036) 240-000-78	Cement	625	100	100
100. THE SIAM CEMENT (TA LUANG) CO., LTD.	Saraburi	(036) 351-200-18	Cement	575	100	100
101. THE SIAM CEMENT (THUNG SONG) CO., LTD.	Nakorn Sri Thamaraj	(075) 538-222	Cement	3,500	100	100
102. THE SIAM CEMENT (LAMPANG) CO., LTD.	Lampang	(054) 271-500	Cement	2,357	100	100
103. SIAM MORTAR CO., LTD.	Saraburi	(036) 245-428-68	Dry mortar	443	100	100
104. THE SIAM WHITE CEMENT CO., LTD.	Saraburi	(036) 351-200-18	White cement	200	100	100

* Direct / Indirect Company, Subsidiaries, Associates and Other Companies Holding.

Name	Location (Head office/ Factory)	Telephone	Principal Business	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	* Total Direct/ Indirect Holding (Percent)
105. THE SIAM REFRACTORY INDUSTRY CO., LTD.	Bangkok	(02) 586-3242-52	Refractory	150	100	100
106. CEMENTHAI ENERGY CONSERVATION CO., LTD.	Bangkok	(02) 586-2410	Energy service	983	100	100
107. SCI PLANT SERVICES CO., LTD.	Saraburi	(036) 289-131	Technical services and plant installation	50	100	100
108. SCI RESEARCH AND INNOVATION CO., LTD.	Saraburi	(036) 273-152-63	Research and development	100	100	100
109. SCI ECO SERVICES CO., LTD.	Nonthaburi	(02) 962-7295-7	Industrial waste disposal	12	100	100
110. CPAC CONCRETE PRODUCTS (CAMBODIA) CO., LTD.	Cambodia	(855) 1674-5999	Post-tension	17	100	100
111. KAMPOT CEMENT CO., LTD.	Cambodia	(85523) 996-839	Cement	1,551	93	93
112. MYANMAR CPAC SERVICE CO., LTD.	Myanmar	(959) 501-4702	Ready mixed concrete	10	70	70
113. CPAC CAMBODIA CO., LTD.	Cambodia	(855) 1628-2930	Ready mixed concrete	5	69	69
114. KAMPOT LAND CO., LTD.	Cambodia	(85523) 996-839	Land investment	0.2	45	45
Associates and Other Companies						
115. ASIA CEMENT PLC	Bangkok	(02) 641-5600	Cement	5	10	10
116. HOLCIM (BANGLADESH) CO., LTD.	Bangladesh	(8802) 988-1002-3	Cement	62	10	10
SCG Building Materials						
Subsidiaries						
117. SCG BUILDING MATERIALS CO., LTD. (FORMERLY: CEMENTHAI BUILDING PRODUCTS CO., LTD.)	Bangkok	(02) 586-3333	Holding company	1,651	100	100
118. THE SIAM FIBRE-CEMENT CO., LTD.	Saraburi	(02) 586-3838	Natural-fibre roofing sheets	200	100	100
119. THE FIBRE-CEMENT PRODUCTS (LAMPANG) CO., LTD.	Lampang	(054) 337-301-5	Natural-fibre roofing sheets	530	100	100
120. TIP FIBRE-CEMENT CO., LTD.	Bangkok	(02) 255-6355	Natural-fibre roofing sheets	25	100	100
121. THE SIAM CPAC BLOCK CO., LTD.	Bangkok	(02) 586-6801-50	Concrete paving blocks floor and wall tiles, and fence	60	100	100
122. THE CPAC BLOCK INDUSTRY CO., LTD.	Lamphun / Khonkaen	(02) 586-6801-50	Concrete paving blocks floor and wall tiles, and fence	40	100	100
123. THE CPAC CONCRETE INDUSTRY CO., LTD.	Bangkok	(02) 586-6801-50	Light-weight concrete	540	100	100

* Direct / Indirect Company, Subsidiaries, Associates and Other Companies Holding.

Name	Location (Head office/ Factory)	Telephone	Principal Business	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	* Total Direct/ Indirect Holding (Percent)
124. THE CPAC CONCRETE PRODUCTS CO., LTD.	Saraburi	(02) 586-6801-50	Ready-to-use concrete products	1,630	100	100
125. SIAM FIBERGLASS CO., LTD.	Saraburi	(036) 373-441-4	Glass wools	640	100	100
126. CEMENTHAI GYPSUM CO., LTD.	Bangkok	(02) 586-3333	Holding company	470	100	100
127. CEMENTHAI CERAMICS CO., LTD.	Bangkok	(02) 586-3333	Holding company	614	100	100
128. THAI CERAMIC CO., LTD.	Bangkok	(02) 586-4094-8	Ceramic tiles	450	100	100
129. THE SIAM CERAMIC GROUP. INDUSTRIES CO., LTD	Saraburi	(036) 380-240-6	Ceramic tiles	960	100	100
130. CEMENTHAI HOME SERVICES CO., LTD.	Bangkok	(02) 586-4111	Home related services	60	100	100
131. THAI CERAMIC POWER CO., LTD.	Saraburi	(02) 586-4094-8	Electricity plant	45	100	100
132. CEMENTHAI GYPSUM (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	626	100	100
133. CEMENTHAI CONCRETE PRODUCTS (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	266	100	100
134. CEMENTHAI ROOF PRODUCTS (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	167	100	100
135. CEMENTHAI ROOF HOLDINGS PHILIPPINES, INC.	Philippines	(632) 813-1666	Holding company	133	100	100
136. CEMENTHAI BUILDING MATERIALS (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	14	100	100
137. CEMENTHAI CERAMIC (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	1,799	100	100
138. CEMENTHAI CERAMICS SINGAPORE HOLDINGS PTE. LTD.	Singapore	(65) 6297-9661	Holding company	79	100	100
139. CEMENTHAI CERAMICS PHILIPPINES HOLDINGS, INC.	Philippines	(632) 813-1666	Holding company	252	100	100
140. CEMENTHAI SANITARY WARE (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	11	100	100
141. CEMENTHAI PAPER (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	0.5	100	100
142. SARABURIRAT CO., LTD.	Saraburi	(02) 586-6801-50	Concrete floor and wall tiles	96	83	83
143. PT. SURYA SIAM KERAMIK	Indonesia	(6221) 5696-2458	Ceramic tiles	87	80	80
144. THE CPAC ROOF TILE CO., LTD.	Saraburi / Lamphun / Nakorn Si Thamarat	(02) 586-3333	Concrete roof tiles	211	75	75
145. THAI CERAMIC ROOF TILE CO., LTD.	Saraburi	(02) 586-3333	Ceramic roof tiles	200	75	75
146. CPAC MONIER (CAMBODIA) CO., LTD.	Cambodia	(85523) 220-351-2	Concrete roof tiles	43	75	75
147. CPAC MONIER VIETNAM CO., LTD.	Vietnam	(84) 9-8558-3252	Concrete roof tiles	144	75	75
148. CPAC MONIER PHILIPPINES, INC.	Philippines	(632) 813-1666	Concrete roof tiles	226	50	50
149. PT. SIAM-INDO GYPSUM INDUSTRY	Indonesia	(6221) 8832-0028	Gypsum boards	306	50	50
150. PT. SIAM-INDO CONCRETE PRODUCTS	Indonesia	(6226) 743-2140	Natural-fibre roofing sheets	446	50	50

* Direct / Indirect Company, Subsidiaries, Associates and Other Companies Holding.

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Associates and Other Companies						
151. MARIWASA MANUFACTURING, INC.	Philippines	(632) 628-1986-90	Ceramic tiles	1,093	40	46
152. MARIWASA SIAM CERAMIC, INC.	Philippines	(632) 628-1986-90	Ceramic tiles	584	-	46
153. SOSUCO CERAMIC CO., LTD.	Bangkok	(02) 938-9833	Ceramic tiles	800	45	45
154. THE SIAM SANITARY FITTINGS CO., LTD.	Bangkok	(02) 973-5101-7	Sanitary ware fittings	200	33	45
155. THE SIAM MOULDING PLASTER CO., LTD.	Saraburi	(036) 373-578-82	Moulding plaster	125	40	40
156. MARIWASA HOLDINGS, INC.	Philippines	(632) 628-1986-90	Holding company	267	40	40
157. CPAC MONIER (LAOS) CO., LTD.	Laos	(85621) 243-440	Concrete roof tiles	51	38	38
158. SIAM SANITARY WARE CO., LTD.	Bangkok	(02) 973-5040-54	Sanitary ware	60	36	36
159. SIAM SANITARY WARE INDUSTRY CO., LTD.	Saraburi	(02) 973-5040-54	Sanitary ware	200	-	36
160. SIAM SANITARY WARE INDUSTRY (NONGKAE) CO., LTD.	Saraburi	(02) 973-5040-54	Sanitary ware	160	-	36
161. THE SIAM GYPSUM INDUSTRY CO., LTD.	Bangkok	(02) 555-0055	Gypsum boards	150	29	29
162. THE SIAM GYPSUM INDUSTRY (SARABURI) CO., LTD.	Saraburi	(036) 373-500-9	Gypsum boards	470	-	29
163. THE SIAM GYPSUM INDUSTRY (SONGKHLA) CO., LTD.	Songkhla	(074) 206-000-5	Gypsum boards	120	-	29
164. PT. M CLASS INDUSTRY	Indonesia	(6202) 6743-6888	Clay roof tiles	222	28	28
165. LAFARGE SIAM ROOFING CO., LTD.	Rayong	(02) 555-0055	Clay roof tiles	160	25	25
SCG Distribution						
Subsidiaries						
166. SCG DISTRIBUTION CO., LTD.	Bangkok	(02) 586-3333	Holding company	2,715	100	100
167. SCT CO., LTD.	Bangkok	(02) 586-4444	International trading	400	100	100
168. SCG NETWORK MANAGEMENT CO., LTD. (FORMERLY: CEMENTHAI SALES AND MARKETING CO., LTD.)	Bangkok	(02) 586-3333	Domestic distribution	2,095	100	100
169. SCG LOGISTICS MANAGEMENT CO.,LTD. (FORMERLY: CEMENTHAI LOGISTICS CO., LTD.)	Bangkok	(02) 586-4444	Logistics service	40	100	100
170. SCT SERVICES CO., LTD.	Bangkok	(02) 586-4444	International trading	10	100	100
171. HOMEMART HOME SOLUTIONS CO., LTD. (FORMERLY: CEMENTHAI HOMEMART CO., LTD.)	Bangkok	(02) 729-7400	Retail	1	100	100

* Direct / Indirect Company, Subsidiaries, Associates and Other Companies Holding.

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172. SCG RETAIL CO., LTD. (FORMERLY: CEMENTHAI RETAIL CO., LTD.)	Bangkok	(02) 586-3333	Retail	1	100	100
173. SCG EXPERIENCE CO., LTD.	Bangkok	(02) 586-3333	Exhibition center & services	50	100	100
174. CEMENTHAI SCT (AUSTRALIA) PTY LTD.	Australia	(612) 9438-1225	International trading	5	100	100
175. CEMENTHAI SCT (GUANGZHOU) CO., LTD.	China	(86) 208-333-8999	International trading	14	100	100
176. CEMENTHAI SCT (HONG KONG) LTD.	Hong Kong	(852) 2838-6456	International trading	220	100	100
177. CEMENTHAI SCT (JORDAN) L.L.C.	Jordan	(96-279) 999-6615	International trading	27	100	100
178. CEMENTHAI SCT (MIDDLE EAST) FZE.	United Arab Emirates	(9714) 8812-270	International trading	11	100	100
179. CEMENTHAI SCT (PHILIPPINES) INC.	Philippines	(632) 912-3521	International trading	8	100	100
180. CEMENTHAI SCT (SINGAPORE) PTE. LTD.	Singapore	(65) 6295-3455	International trading	23	100	100
181. CEMENTHAI SCT (U.S.A.), INC.	USA	(1310) 323-2194	International trading	4	100	100
182. SCG TRADING (M) SDN. BHD	Malaysia	(60) 3-563-20168	International trading	20	100	100
183. SCT LOGISTICS (VIETNAM) CO., LTD.	Vietnam	(84 8) 296-1282	Logistics service	6	100	100
184. CEMENTHAI SCT (CAMBODIA) CO., LTD.	Cambodia	(85523) 990-401-9	International trading	1	75	75
185. CEMENTHAI SCT (MALAYSIA) SDN. BHD.	Malaysia	(60) 3-563-20168	International trading	4	70	70
186. SIAM CEMENT MYANMAR TRADING CO., LTD.	Myanmar	(951) 548-288	International trading	3	60	60
187.CEMENTHAI SCT EMIRATES (LLC)	United Arab Emirates	(9714) 321-7663	International trading	3	49	49
Associates and Other Companies						
188. THAI PROSPERITY TERMINAL CO., LTD.	Samut Prakarn	(02) 754-4501-9	Shipping port	63	50	50
189. GREEN SIAM RESOURCES CORPORATION	Philippines	(632) 983 7825-7	Baling business	95	40	40
190. JUMBO BARGES AND TUGS CO., LTD	Bangkok	(02) 872-3014-5	Transportation by lighter	365	27	27
SCG Investment and Others						
Subsidiaries						
191. CEMENTHAI HOLDING CO., LTD.	Bangkok	(02) 586-2104	Holding company	1	100	100
192. CEMENTHAI PROPERTY (2001) PLC	Bangkok	(02) 586-2104	Holding company	72	100	100
193. PROPERTY VALUE PLUS CO., LTD.	Bangkok	(02) 586-2104	Land business and land lease service	144	100	100
194. SCG ACCOUNTING SERVICES CO., LTD.	Bangkok	(02) 586-3333	Accounting, financial and tax services	5	100	100
195. SCG LEGAL COUNSEL LIMITED (FORMERLY: CEMENTHAI LEGAL COUNSEL CO., LTD.)	Bangkok	(02) 586-5777	Legal consultant	15	100	100

* Direct / Indirect Company, Subsidiaries, Associates and Other Companies Holding.

Name	Location (Head office/ Factory)	Telephone	Principal Business	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	* Total Direct/ Indirect Holding (Percent)
196. BANGSUE MANAGEMENT CO., LTD.	Bangkok	(02) 586-3333	Maketable securities investment	1,200	100	100
197. CEMENTHAI CAPTIVE INSURANCE PTE. LTD.	Singapore	(02) 586-3333	Insurance	34	100	100
198. CEMENTHAI (SINGAPORE) PTE. LTD.	Singapore	(65) 6297-9661	Holding company	1	100	100
199. SIL INDUSTRIAL LAND CO., LTD.	Saraburi	(036) 373-333-5	Industrial sites	500	75	75
200. RAYONG INDUSTRIAL LAND CO., LTD.	Rayong	(038) 892-222-3	Industrial sites	1,000	75	75
Associates and Other Companies						
201. THE SIAM KUBOTA INDUSTRY CO., LTD.	Pathumthani	(02) 909-0300-1	Agricultural machinery	208	40	40
202. SIAM KUBOTA TRACTOR CO., LTD.	Chonburi	(02) 586-2104	Tractor	880	40	40
203. SIAM KUBOTA LEASING CO., LTD.	Pathumthani	(02) 909-0300	Leasing	200	-	40
204. IT ONE CO., LTD.	Bangkok	(02) 271-5191	Technical services	80	39	39
205. THE NAWALOHA INDUSTRY CO., LTD.	Saraburi	(036) 336-535-40	Cast iron	300	30	30
206. SIAM AT INDUSTRY CO., LTD.	Chonburi	(038) 454-266-8	Automotive parts	240	30	30
207. AISIN TAKAOKA FOUNDRY BANGPAKONG CO., LTD.	Chonburi	(038) 454-671-7	Cast iron	475	30	30
208. SIAM LEMMERZ CO., LTD.	Saraburi	(036) 373-309-21	Aluminium alloy wheels	107	30	30
209. THAI ENGINEERING PRODUCTS CO., LTD.	Pathumthani	(02) 529-3518-22	Automotive parts	85	29	30
210. THE SIAM NAWALOHA FOUNDRY CO., LTD.	Saraburi	(036) 288-300	Cast iron	308	20	25
211. NAVA 84 CO., LTD.	Bangkok	(02) 625-7966-70	Forestry	1,203	25	25
212. MUSASHI AUTO PARTS CO., LTD.	Pathumthani	(02) 529-1753-6	Motorcycle transmission parts	200	21	21
213. TOYOTA MOTOR THAILAND CO., LTD.	Samut Prakarn	(02) 386-1000	Automotives	7,520	10	10
214. SIAM YAMATO STEEL CO., LTD.	Rayong	(038) 683-723-30	Structural steel	3,000	10	10
215. MICHELIN SIAM GROUP CO., LTD.	Bangkok	(02) 619-3000-19	Holding company in tyre business	2,667	10	10
216. SIAM FURUKAWA CO., LTD.	Saraburi	(036) 373-570-3	Automotive and motorcycle batteries	240	5	5
217. THE SIAM UNITED STEEL (1995) CO., LTD.	Rayong	(038) 685-152-59	Cold-rolled steel	9,000	5	5
218. SIAM TOYOTA MANUFACTURING CO., LTD.	Chonburi	(038) 213-451-5	Automotive engines and automotive parts	850	4	4

* Direct / Indirect Company, Subsidiaries, Associates 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.	0107537000114
Type of business	Holding Company
Address	1 Siam Cement Road, Bangsue, Bangkok, 10800
Tel.	66-2586-3333, 66-2586-4444
Fax.	66-2586-2974
e-mail	info@scg.co.th
Website	www.scg.co.th
Registered capital	Baht 1,600 million
Paid-up capital	Baht 1,200 million Comprises of 1,200 million ordinary shares, Baht 1 par value
Fiscal year	January 1 - December 31 of each year
First trade date	April 30, 1975

1.2 Investment in companies of which their operations are significant (pp. 131-139)

1.3 Other references

- Registrars

  Thailand Securities Depository Co., Ltd.

  Address 1st 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

- Auditors

  KPMG Phoomchai Audit Limited

  Mr. Winid Silamongkol (Certified Public Accountant No. 3378) and / or Mr. Pisit Chiwaruangroch (Certified Public Accountant No. 2803)

  Address 195 Empire Tower, 48th Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
  Tel. 66-2677-2000
  Fax. 66-2677-2220-3

- Legal Advisors

  SCG Legal Counsel Limited

  Address 1 Siam Cement Road, Bangsue, Bangkok 10800
  Tel. 66-2586-5777, 66-2586-5888
  Fax. 66-2586-2976

- Trustee of Debentureholders

  Thanachart Bank Public Company Limited

  Address 900 Tonson Tower, Ploenchit Road, Lumpini, Patumwan, Bangkok 10330
  Tel. 66-2655-9000
  Fax. 66-2655-9171
  Website www.thanachartbank.com

- Corporate Secretary Office

  Tel. 66-2586-3012
  Fax. 66-2586-3007
  e-mail corporate@scg.co.th

- Investor Relations Department

  Tel. 66-2586-3309
  Fax. 66-2586-3307
  e-mail invest@scg.co.th

- Corporate Communications Office

  Tel. 66-2586-3770
  Fax. 66-2586-2974
  e-mail corpcomm@scg.co.th

- Designated Directors as Shareholders' Representative

  Fax. 66-2586-3007
  e-mail ind_dir@scg.co.th

2. Summary of Financial Data (pp. 3-5)

3. Principal Activities (pp. 10-21)

4. Risk Management Policy and Risk Factors

Risk Management Assessment Policy

In operating its businesses, SCG faces constant challenges arising from internal and external factors. To obtain business sustainability, efficient risk management is in order. Changes too need to be managed because of their impacts on business goals. The SCG management has set out systematic risk management policy and practices, as reported in last year's report. Since then, the Group has made improvements on the system so that its stakeholders will remain confident in its ability to run business as smoothly as it manages and maintains risks at acceptable levels. In 2007, additional risk warning signals were implemented with Risk Indicators and Tolerance being used as a yardstick for measuring significant risks that required the setting up of immediate risk management tools. Such significant risk warning signals were competition, customer demand, supplies, laws, raw materials, products price fluctuation, customers' satisfaction, utilization of production capacity, product development, business unit management, the environment and computer malfunction.

Risk Factors

SCG experienced major impacts from the fluctuation of external factors. The management, however, managed to monitor such risk factors, and prepared contingency plans in a proper and timely manner. This contributed to the company's consistent operation with stability. The risk factors facing SCG in 2007 were:

1. **Risk of Competitions**

   SCG Building Materials was affected by economic uncertainty and fierce competition. In addition, substitute products forced business operators to be alert and constant self-adjustment. The management implemented a new policy that constantly concentrated on new products of high contribution and established one-stop service centers in response to a wide variety of customers' demands.

2. **Risk of Declining Demands**

   SCG Cement and SCG Building Materials were affected by declining in product demands due to a slowdown in the construction sector and government's public utilities projects. To cope with the risk, the management concentrated more on exports to stabilize the production.

3. **Risk of Higher Cost of Raw Materials, Fuels and Oil.**

   SCG Paper was affected by changing in prices of pulps and wastepaper because of increasing demands by industries. The management implemented plans to reduce the use of overseas pulps and wastepaper, increased procurements from domestic suppliers and neighboring countries, and opened more bailing plants.

   SCG Cement was affected by increasing of coal prices because coal is the primary power source of cement production. This condition led to higher costs of cement production beyond expectations. The management implemented preventive measures by making long term sales contracts, studying and investing in projects with potential for helping to reduce energy costs. For example, the project for constructing a waste-heat power generation, a by-product of cement production, and the consideration for the increased use of domestic coals.

   SCG Distribution was materially affected by constant hikes of oil prices, which in turn, contributed to higher costs of distribution and weakened competitiveness. The management has taken many initiatives to enhance competitive edges such as developing multi-purpose vehicles to accommodate different types of goods, implementing sophisticated IT systems to ensure efficient transportation management, taking alternative modes of transport either by ships or by trains for economizing on costs.

4. **Risk of Fluctuating Prices of Raw Materials and Finished Products in the World Market**

SCG Chemicals was affected by global market prices of raw materials and key products. Changes in demand and supply of chemicals products as well as main raw materials used in the production process, contribute both positive and negative impact on the business. As a result, the business has proceeded to continually improve the production efficiency, cut the production costs and financial costs.

In addition, the business placed special emphasis on upstream, downstream, and integrated chemicals industry to develop synergies among various production lines for further integration, and also focused on high value-added (HVA) products with higher margins yet less price fluctuations.

5. **Risk of Foreign Exchange Rate**

SCG Chemicals and SCG Paper were affected by Baht appreciation, especially in export revenues, and prices of imports, which led to tougher competition in domestic markets. SCG has utilized Natural Hedging, Forward, and development of innovative products and services to earn extra competitive edges over its competitors.

The Group has also made every effort to minimize the risks of fluctuating foreign exchange rates by raising more funds through domestic debentures and utilizing financial instruments, such as Swap and Forward to convert financial liabilities in foreign currencies to Thai Baht, resulted in the Group's debt dominated in foreign currencies accounts for only 4 percent of the total debt at the end of year 2007.

6. **Risk of Interest Rate**

The Group continues to deal with risk management of changing interest rates by giving strong preference in fixed interest loans to floating interest loans at a ratio of 93:7, respectively. In addition, SCG utilizes other financial instruments such as Interest Rate Swap to adjust ratio of fixed interest rates and floating interest rates to appropriate figures.

7. **Risk of Environmental Policy**

During the past year, the government has implemented much more stringent measures for protecting the environment. Such measures require that chemicals producers reduce pollutions from existing plants before being granted permission to roll out new projects. SCG Chemicals has complied with the governmental regulations and, therefore, its current and future projects are unlikely to be affected.

5. Shareholders and Management

5.1 Major Shareholders

(1) First 10 major shareholders as at December 31, 2007

No.	Shareholders	No. of ordinary shares	% of total shares
1	THE CROWN PROPERTY BUREAU	360,000,000	30.00
2	THAI NVDR CO., LTD.*	108,809,390	9.07
3	CHASE NOMINEES LIMITED 42	47,719,433	3.98
4	NORTRUST NOMINEES LTD.	23,712,216	1.98
5	CPB EQUITY CO., LTD.**	23,202,000	1.93
6	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	22,803,036	1.90
7	SOCIAL SECURITY OFFICE	19,078,100	1.59
8	OFFICE OF THE PRIVY PURSE	15,473,000	1.29
9	HSBC (SINGAPORE) NOMINEES PTE LTD.	15,346,971	1.28
10	RANDERY BURAHMAKAN CO., LTD.	14,810,400	1.23

Note * Thai NVDR Co., Ltd. is a subsidiary of SET. It is responsible for issuing the Non-Voting Depository Receipt (NVDR), a share listed on SET, to investors, and executing the purchase or sale of those listed company shares. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares but there are no voting rights for NVDR holders.

** CPB Equity Co., Ltd. is the company fully-owned by The Crown Property Bureau

The information of investors under Thai NVDR Co., Ltd. was shown on the website: www.set.or.th. As at August 8, 2007, there were 10 NVDR holders, as follows :

No.	NVDR shareholders	No. of ordinary shares	% of total shares
1	MELLON BANK, N.A.	23,639,650	1.97
2	STATE STREET BANK AND TRUST COMPANY	14,775,759	1.23
3	HSBC (SINGAPORE) NOMINEES PTE LTD.	13,244,337	1.10
4	NORTRUST NOMINEES LTD.	10,110,907	0.84
5	CHASE NOMINEES LIMITED 1	4,819,136	0.40
6	THE NOMURA TRUST AND BANKING CO., LTD.	4,284,400	0.36
7	AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-APEX	4,231,300	0.35
8	MORGAN STANLEY & CO. INTERNATIONAL PLC	3,351,087	0.28
9	AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-TIGER	2,810,500	0.23
10	THE BANK OF NEW YORK (NOMINEES) LIMITED	2,505,100	0.21

(2) The Majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy.

No.	Shareholders	No. of ordinary shares	% of total shares
1	THE CROWN PROPERTY BUREAU	360,000,000	30.00
2	CPB EQUITY CO., LTD.	23,202,000	1.93

Foreign limit

The company has imposed limitations on the number of shares which can be held by the foreigners at 25 percent of fully paid-up capital. As at December 31, 2007 the company declared that 25 percent of fully paid-up capital shares are held by the foreigners.

5.2 Management Structure

(1) Group's Management Chart (pp. 6)

The Board of Directors and Top Executives

The Board of Directors

1.	Mr. Chirayu Isarangkun Na Ayuthaya[1]	Chairman
2.	ACM Kamthon Sindhvananda	Independent Director
3.	Mr. Snoh Unakul	Director
4.	Mr. Sivavong Changkasiri	Director
5.	Mr. Sumet Tantivejkul	Independent Director
6.	Mr. Pricha Attavipach	Independent Director
7.	Mr. Panas Simasathien	Director
8.	Mr. Yos Euarchukiati	Director
9.	Mr. Arsa Sarasin	Independent Director
10.	Mr. Chumpol NaLamlieng	Director
11.	Mr. Tarrin Nimmanahaeminda[2]	Independent Director
12.	Mr. Kan Trakulhoon	President & CEO

Note

1 Mr. Chirayu Isarangkun Na Ayuthaya has been a director since March 28, 2007. He was appointed as the company's Chairman on September 1, 2007.

2 Mr.Tarrin Nimmanahaeminda has been a director since October 24, 2007. He was appointed as a member of Audit Committee and Governance and Nomination Committee on October 24, 2007.

Duly Authorized Directors

Two of the seven company directors, namely, Mr. Chirayu Isarangkun Na Ayuthaya, or Mr. Snoh Unakul, or Mr. Yos Euarchukiati, or Mr. Panas Simasathien, or Mr. Sivavong Changkasiri, or Mr. Chumpol NaLamlieng, or Mr. Kan Trakulhoon 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 consists of eleven non-executive directors, which included five independent directors, and one executive director to ensure effective and efficient performance. The Board holds 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.

Neither the president nor any of the five independent directors are related to any major shareholders. Moreover, the president is appointed by the Board of Directors in accordance with the company's regulations.

Directors' Term on Board

At the annual 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 three, 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. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Board of Directors

The Board of Directors Essentially Has the Following Authorities

1. Fiduciary Duty: act in a fiduciary capacity to administer the corporate affairs for the best interests of the shareholders by closely observing the following.
   - 1.1 Duty of Care: cautiously and carefully perform its duties.
   - 1.2 Duty of Loyalty: perform its duties with faithfulness and honesty.
   - 1.3 Duty of Obedience: strictly observe the laws, the objectives, the Articles of Association and the resolution of shareholders' meeting.
   - 1.4 Duty of Disclosure: disclose accurate, complete and transparent information to the shareholders.
2. 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.
3. The Board is responsible for reviewing the operating plan and ensuring maximum competitiveness in global level.
4. The Board shall oversee and review the performance of all group companies as well as evaluate the performance of the top executives.

5. The Board maintains proactive risk management systems as well as oversee and review corporate governance to ensure compliance with internationally accepted practice.
6. The Board must devote their time and efforts to the company without seeking personal benefits, and shall not act in conflict with the interests of or in competition with the company or the Group.
7. The Board manages and directs the company's operations in compliance with all laws, the objectives, the Articles of Association and the resolutions of shareholders' meetings in good faith and with care to preserve the interests of the company.
8. The Board conducts the company's business in line with SCG Corporate Governance as well as the SET's Code of Best Practice for Directors of Listed Companies and Guidelines of Securities and Exchange Commission in pursuit of business excellence.
9. 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 conforms to an agreed standard while establishing a corporate policy for the development of the company's operations and personnel development.
10. 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.
11. The Board treats all shareholders equally with regard to those right equitably. Shareholders can actively exercise their rights and access to corporate information with full disclosure and transparency.
12. Being fully aware of its duties and responsibilities, the Board shall respect the rights of shareholders, fairly and equally treat the shareholders and stakeholders, transparently manage the business, and disclose accurate and adequate information.
13. The Board's performance shall be annually assessed in two categories: assessment of the entire Board as a whole and self-assessment of each individual director. The results of both shall be reviewed by the Board.
14. Directors must attend all meetings of the Board and shareholders. Under the unavoidable circumstances that the directors are not able to attend the meeting, they must notify the chairman of the Board or the secretary to the Board in advance.

The Board may seek external consultation or professional advice from independent consultants or specialists, as deemed appropriate.

Definitions of Independent Director of the Company

Independent Director must be independent from the major shareholder, the management and the connected persons of the company, with the following characteristics:

1. Holding not more than one percent of the total outstanding voting shares of the company, the company's major shareholder, 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. Must not hold any management activities, be an employee or an adviser on retainer, be a supervisor, nor a service provider such as an auditor, lawyer, etc., to either the company, its principal shareholder, or its subsidiary and associated companies, or any juridical person with a conflict of interest, nor gain any benefit from or obligations to these entities for at least the past 18 months.
3. Must not hold any business relationship with the company, its principal shareholder, its subsidiary or associated companies, 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, a principal shareholder, a subsidiary, or a joint venture of a value exceeding one percent the combined income of any such company or of more than ten percent of her/his own company in which he has 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, a principal shareholder, a subsidiary, or a joint venture, of a value exceeding one percent of the total assets of such companies.

4. No relationship by blood or marriage or legal registration with any person who may have a conflict of interest, whether parents, spouse, children, or close relatives. ("Close Relative" means person with blood relation or legal registration in the nature of father, mother, spouse, sibling and child, including spouse of child)
5. Can look after the interests of all shareholders equally.
6. Can avoid conflicts of interest.
7. Manage to attend the 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 money laundering 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 express independent opinions concerning the operations of the company.

Note :

In 2007, the company considers the qualifications of the independent directors, according to the above mentioned definition.

The Audit Committee

The Audit Committee of the Company Comprises the Following Four Members:

1. ACM Kamthon Sindhvananda — Chairman
2. Mr. Sumet Tantivejkul — Member
3. Mr. Pricha Attavipach — Member
4. Mr. Tarrin Nimmanahaeminda — Member

The Audit Committee's Term on Board

The Audit Committee is subject to a three-year term of which the expiry date coincides with the date of the annual general shareholders' meeting. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority

The Audit Committee is Authorized to Fulfill the Following Duties:

1. Supervise and review that the company has appropriate financial reporting system and the company regularly disclosed its financial statements 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 system.
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 report on dishonesty 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. Oversee, review and ensure that the assessment of the entire Audit Committee's performance and the self-assessment of each individual member's performance take place annually.
11. Supervise, review and comment on the operation of the Audit Office and also cooperate with the company's auditor.
12. 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.
13. Consider, select, propose the appointment and remuneration of the company's auditor, and assess the auditor's independence and performance.

14. Supervise the evaluation of the Audit Office in compliance with international standards.
15. Consider the budgets and manpower of the Audit Office.
16. Appoint, remove, transfer or terminate the employment of the director of the Audit Office.
17. Take other actions in compliance with the law or assignments by the Board of Directors.

In actions thereof, the Audit Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings or submit the necessary documents. In addition, the Committee may seek external consultations and professional advice from independent consultants or specialists, as deemed appropriate, at the company's expenses.

The Audit Committee performs duties within the athority 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 of the Company Comprises the Following Five Members:

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

The Governance and Nomination Committee's Term on Board

The Governance and Nomination Committee is subject to a three-year term of which the expiry date coincides with the date of the annual general shareholders' meeting. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority

The Governance and Nomination Committee is authorized to fulfill the following duties.

Corporate Govenance

1. Draw up a policy on SCG corporate governance and present it to the Board of Directors.
2. Make recommendations, give advice to the Board of Directors regarding the best practices in corporate governance.
3. Oversee and monitor the effectiveness of the company's Board and management with reference to SCG corporate governance.
4. 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.
5. Review independency of the Board of Directors and the issues of conflicts of interest.
6. Should there be a few alterations made to the directors' qualifications, the Committee shall review the appropriateness for directorship.
7. Recommend and implement a process of assessing the performance of the Board of Directors and the Committees and report the assessment results to the Board of Directors for the improvement of performance efficiency.
8. Annually review the process of assessing the performance of the Board of Directors and the Committees.
9. Regularly make a progress report on the results of performance and submit it to the Board of Directors after the meetings of the Governance and Nomination Committee.
10. Review and give some advice on the structure, roles and responsibilities and practices of the Board of Directors and the Committees. Should there be any alteration to the Charter of the Board of Directors and the Committees, the Governance and Nomination Committee shall review and make appropriate recommendations in keeping it up-to-date.
11. Perform other duties as assigned by the Board of Directors.

Nomination of Directors and Senior Management

1. Specify qualifications of a person to be nominated for directorship and lay down the director nomination process to replace the retiring director, considering an eligible candidate with skills, experiences and expertise.

2. Identify qualified candidates to replace directors retiring at the end of their terms, or for other reason, and submit a list of nominees to the Board of Directors' and / or shareholders' meeting for resolution.
3. Recommend a plan for the succession of the company's president and top executives to the Board.

To fulfill its duties under the scope of authority, the Governance and Nomination Committee is authorized to call for and order the management, head of offices or employees concerned to give opinions, attend the meetings or submit the necessary documents. In addition, the Committee may seek external consultations and professional advice from independent consultants or specialists, as deemed appropriate, at the company's expenses.

The Remuneration Committee

The Remuneration Committee of the Company Comprises the Following Three Members:

1. Mr. Sivavong Changkasiri — Chairman
2. Mr. Yos Euarchukiati — Member
3. Mr. Chumpol NaLamlieng — Member

The Remuneration Committee's Term on Board

The Remuneration Committee is subject to a three-year term of which the expiry date coincides with the date of the annual general shareholders' meeting. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority

The Remuneration Committee is Authorized to Fulfill the Following Duties.

1. Propose guidelines and methods of payment of remuneration, including bonus and attendance fee, to the Board of Directors and the Committees appointed by the Board.
2. Propose policy on management incentives, including salary and bonus, in line with the company's operating results, and the performance of each executive, and whenever it deems appropriate, the Committee shall consider the hiring of consulting firms to advise on project implementation.
3. Prior to the submission of the president's remuneration for the Board of Directors' approval, the Remuneration Committee shall assess the president's performance on an annual basis.
4. Prior to the submission of remuneration of each individual executive for the Board of Directors' approval, the Remuneration Committee shall assess the performance of each individual executive on an annual basis, based on the president's recommendations.
5. Consider, before presenting to the Board of Directors, the budget for the salary increase, change of wage / remuneration and bonus of the senior executives.
6. Regularly review, study and track the changes and trends in remuneration for the Board of Directors and the executives and report its findings to the Board for approval.
7. Consider the annual remuneration for the Board of Directors and the executives, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in that industry and to motivate them to foster the continuing development of the company.
8. Regularly make a progress report on the results of performance and submit it to the Board of Directors after the meetings of the Remuneration Committee.
9. Assess the Remuneration Committee's performance and report the results to the Board of Directors.
10. Should there be any alteration to the Charter, the Remuneration Committee shall review and recommend appropriate improvements, revisions to the Board of Directors for its resolution in keeping it up-to-date and applicable.
11. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under the scope of authority, the Remuneration Committee is authorized to call for and order the management, head of offices or employees concerned to give opinions, attend the meetings or submit the necessary documents. In addition, the Committee may seek external consultations and professional advice from independent consultants or specialists, as deemed appropriate, at the company's expenses.

Board of Directors

Mr. Chirayu Isarangkun Na Ayuthaya

Age 65

Position in SCC Chairman

Education

1964	B.Sc. Economics (Hons), London School of Economics, University of London, UK.
1971	Ph.D., Economics, Australian National University, Australia

Seminar

2001	Chairman 2000 Program, Thai Institute of Directors Association

Previous Experience

1976-1979	Dean, School of Development Economics, NIDA
1983-1985	Deputy Minister of Industry
1985	Minister of Industry
1986	Minister of Prime Minister's Office
1998-1999	Chairman, Siam Cement Public Company Limited
1998-2007	Chairman, Siam Commercial Bank Public Company Limited

Other Current Positions

Since 1987	Director-General, The Crown Property Bureau
Since 1987	Grand Chamberlain, The Royal Household Bureau
Since 1987	Chairman, Deves Insurance Public Company Limited
Since 2007	Director, Siam Commercial Bank Public Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Air Chief Marshal Kamthon Sindhvananda

Age 81

Director qualified to be Independent Director

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 Songkha University
1998	Honorary Degree, Doctor of Engineering, Siam University
2000	Honorary Degree, Doctor of Philosophy (Public Administration), The National Institute of Development Administration

Seminar

2001	Chairman 2000 Program, Thai Institute of Directors Association
2004	Finance for Non-Finance Directors, Thai Institute of Directors Association
2004	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, 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 1977	Vice Chairman, King Buddhalertla Naphalai Memorial Foundation Under The Royal Patronage
Since 2003	Chairman, Prajadhipok - Rambhai Barni Foundation
Since 1986	Chairman of Advisors to the Board of Directors, Petroleum Institute of Thailand
Since 1987	Vice Chairman, Sai Jai Thai Foundation Under The Royal Patronage
Since 1987	Privy Councillor
Since 1989	Chairman, Foundation for Petroleum Institute of Thailand
Since 1994	Vice Chairman, The Royal Project Foundation
Since 2003	Chairman, Tapasa Foundation
Since 2004	Chairman, The Royal Scholarship for Thai Priest Project
Since 2005	Chairman, Suan Luang Rama IX Park Foundation

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Snoh Unakul

Age 76

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, Burapha University
1991	Honorary Degree, Doctor of Economic Development, The National Institute of Development Administration
1998	Honorary Degree, Doctor of Economics, Khon Kaen University

Seminar

2004	Advanced Director Program "Board's Failure and How to Fix It", Thai Institute of Directors Association
2005	Directors Accreditation Program (DAP) 32/2005, 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
1972-1975	Member of National Legislative Assembly
1973-1974	Deputy Permanent Secretary, Ministry of Commerce
1974-1975	Secretary - General, The National Economic and Social Development Board
1975-1979	Governor of Bank of Thailand
1975-1980	Member of National Legislative Assembly
1980-1989	Secretary - General, The National Economic and Social Development Board
1981-1991	Senator
1989-1991	Vice Chairman of the Board of Directors and Chairman of the Executive Committee, Bank of Asia Limited
1991-1992	Chairman, Council of Burapha 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
2001-2005 Supervisory Board, CPB Equity Company Limited

Other Current Positions

Since 1984 Chairman, Foundation for Thailand Development Research Institute
Since 1992 Director, Dole (Thailand) Company Limited
Since 1993 Vice Chairman, Thai Environment Institute
Since 1993 Director, The Crown Property Bureau
Since 2006 Director, CPB Equity Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Sivavong Changkasiri

Age 71

Positions in SCC Director
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 Management), Massachusetts Institute of Technology, U.S.A.
1998 Honorary Doctorate Degree of Engineering, Chulalongkorn University

Seminar

2001 The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association
2002 Directors Certification Program (DCP) 18/2002, Thai Institute of Directors Association
2007 DCP Refresher Course, 4/2007 Thai Institute of Directors Association

Previous Experience

1973-1975 Member of 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
1991-1992 Member of National Legislative Assembly
1994-1997 Chairman, Petroleum Authority of Thailand
1995-1997 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 Company Limited
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
1996-2006 Director, Foundation for Petroleum Institute of Thailand
1997-2005 Director, Bangkok Mass Transit System Public Company Limited
1998-1999 Chairman of the Board of Directors and the Executive Committee, Siam City Bank Public Company Limited
1999-2001 Chairman, Electricity Generating Authority of Thailand
1999-2001 Chairman, Krung Thai Bank Public Company Limited
2000-2002 Chairman, Ratchaburi Electricity Generating Holding Public Company Limited

2001-2007 Member of The Audit Committee, The Siam Cement Public Company Limited

Other Current Positions

Since 1988 Director, Thai Plastic and Chemicals Public Company Limited
Since 1989 Chairman, Petroleum Institute of Thailand's Council of Trustees
Since 1996 Director, Suksapattana Foundation
Since 1996 Thai Co-Chairman, Malaysia Thailand Joint Authority
Since 2003 Chairman, The Siam Commercial Samaggi Insurance Public Company Limited
Since 2004 Chairman, CUEL Company Limited
Since 2005 Chairman, Industrial Development Foundation
Since 2006 Director, CPB Equity Company Limited
Since 2006 Chairman, Gulf Electric Company Limited
Since 2006 Vice Chairman, Foundation for Petroleum Institute of Thailand

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Sumet Tantivejkul

Age 68
Director qualified to be Independent Director

Positions in SCC Director
Member of the Audit Committee
Chairman, the Governance and Nomination Committee

Education

1966 B.A. (Political Science), Grenoble University, France
1967 M.A. (Political Science and International Law), Ph.D. (Political Science), Monpelier University, France
1969 Ph.D.(Political Science), Monpelier University, France
1982 Diploma Economic Development EDI, World Bank, Washington D.C., U.S.A.

Seminar

2001 Bankruptcy and Rehabilitation Process : What Directors and Executive should Know? Thai Institute of Directors Association
2001 The Audit Committee…The Expectation Increase and The Responsibility Expansion The Stock Exchange of Thailand
2003 Directors Certification Program (DCP) 30/2003, Thai Institute of Directors Association
2003 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 2001 Director, Council of Burapha University.
Since 2003 Chairman, SCB Asset Management Co.,Ltd
Since 2004 Chairman, Foundation for a Clean and Transparent Thailand
Since 2005 President of the University Council, Thammasat University

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Pricha Attavipach

Age 69

Director qualified to be Independent Director

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

2004 Directors Certification Program (DCP) 39/2004, Thai Institute of Directors Association

2004 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 Company Limited

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 Company Limited

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 1933 Director, H.C. Starck Co., Ltd.

Since 1999 Director, Industrial Development Foundation

Since 2000 Chairman, Ruamkijaungthong Warehouse Ltd.

Since 2000 Chairman, Pan-Paper 1992 Company Limited

Since 2001 Specialist Senior Engineering (Industrial Engineer), Council of Engineers

Since 2001 Chairman, Chaiyananbangplee Parkland Company Limited

Since 2002 Law Councillor of Ministry of Labour

Since 2003 Chairman, SIAM P.P. International Company Limited

Since 2003 Chairman, Tongkah Harbour Public Company Limited

Since 2004 Chairman, Ekaratpattana Company Limited

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)

Since 2004 Independent Director and Chairman of the Audit Committee, Thai Rung Union Car Public Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Panas Simasathien

Age 75

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

2000	Directors Certification Program (DCP) 2/2000, Thai Institute of Directors Association
2001	The Corporate Governance of Family Business : A Path to Sustainable Success, Thai Institute of Directors Association
2002	Strengthening Corporate Governance Practices in Thailand, Thai Institute of Directors Association
2004	Effective AGMs for Better Communication with Your Shareholders, Thai Institute of Directors Association
2004	Developing CG Policy Statement, Thai Institute of Directors Association
2004	Director Independence and Handling of Conflict of Interests, Thai Institute of Directors Association
2005	DCP Refresher Course 1/2005, 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 Public Company Limited
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
1992	Minister of Finance
1993-1995	Chairman, Electricity Generating Authority of Thailand
1994-2006	Member of The Securities and Exchange Commission
1996-2006	Chairman of the Executive Committee, Saha Union Public Company Limited
1997-2005	Deputy Chairman, The National Economic and Social Development Board

Other Current Positions

Since 1992	Deputy Chairman and Chairman of the Executive Committee, Siam Piwat Company Limited
Since 1993	Chairman, Scandinavian Leasing Public Company Limited
Since 2000	Director, The Crown Property Bureau
Since 2003	Chairman, The Council of State, Group 12
Since 2005	Chairman, The National Economic and Social Development Board
Since 2006	Deputy Chairman, Union Textile Public Company Limited
Since 2007	Deputy Chairman, Saha Union Public Company Limited
Since 2007	Deputy Chairman, Union Technolog (2008) Public Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Yos Euarchukiati

Age 65

Positions in SCC Director
Member of the Remuneration Committee

Education

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

Seminar

2000	Chairman 2000 Program 1/2000, Thai Institute of Directors Association
2001	The Board's Role in Setting Effective

Compensation Policy, Thai Institute of Directors Association

Previous Experience

1965-1968 Managing Director, Thai Chipboard Company Limited
1968-1974 Managing Director, Thai Plastic and Chemicals Company Limited
1974-1981 Senior Executive Vice President, Bank of Asia for Industrial & Commercial Company Limited
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, The Crown Property Bureau
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
2000-2005 Director, National Petrochemical Public Company Limited

Other Current Positions

Since 1990 Chairman, Thai Plastic and Chemicals Public Company Limited
Since 1997 Advisor - Financial and Investment, The Crown Property Bureau
Since 2001 Chairman of the Executive Board of Director, CPB Equity Company Limited
Since 2001 Chairman, CPB Property Company Limited
Since 2006 Director, Minor International Public Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Arsa Sarasin

Age 71

Director qualified to be Independent Director

Positions in SCC Director
Member of the Governance and Nomination Committee

Education

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

Seminar

2003 Directors Accreditation Program (DAP) 5/2003, Thai Institute of Directors Association
2007 Audit Committee Program (ACP), Thai Institute of Directors Association

Previous Experience

1959-1961 Department of Economic Affairs
1963-1965 Second Secretary, Royal Thai Embassy, Tokyo, Japan
1967-1970 Chief of South Asia Middle East and Africa Division, Department of Political Affairs
1970-1971 First Secretary, Royal Thai Embassy, Kuala Lumpur, Malaysia
1971-1972 Director, South East Asia Division, Department of Political Affairs
1972-1974 Secretary to the Minister of Foreign Affairs
1974-1975 Director, Office of Policy and Planning, Office of the Permanent Secretary
1975-1977 Director-General, Department of Economic Affairs, Ministry of Foreign Affairs
1977-1980 Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy, 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, U.S.A.
1988-1991 President, Padaeng Industry Company Limited
1991-1992 Minister of Foreign Affairs
1994-2004 President of the Thai-Lao Association
1995-1999 Vice Chairman of the Board of Directors, Bangkok Bank 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 1996 Chairman, Amata City Company Limited
Since 1998 Honorary Chairman of The Foundation for International Human Resources Development
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 Company Limited
Since 2004 Chairman of the Board of Governors, Amata Spring Country Club

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Chumpol NaLamlieng

Age 60

Positions in SCC Director
Member of the Remuneration Committee

Education

1964 B.S. Mechanical Engineering, University of Washington, U.S.A.
1967 MBA, Harvard Business School, U.S.A.

Seminar

2001 Chairman 2000 Program, 2/2001 Thai Institute of Directors Association

Previous Experience

1993-2005 President, The Siam Cement Public Company Limited

Other Current Positions

Since 1995 Director, Dole (Thailand) Limited
Since 2004 Chairman, Singapore Telecommunication Limited
Since 2005 Director, British Airways Public Company Limited
Since 2007 Director, Siam Commercial Bank Public Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Tarrin Nimmanahaeminda

Age 62
Director qualified to be Independent Director

Positions in SCC Director
Member of the Audit Committee

Education

1968 B.A. (Government, Honor) Harvard University, U.S.A.
1970 MBA (Finance) Stanford University, U.S.A.

Previous Experience

1984-1992 President and Chief Executive Officer, Siam Commercial Bank Public Company Limited
1992-1995 Minister of Finance (September 1992 - May 1995)
1997-2001 Minister of Finance (November 1997 - February 2001)
1999-2000 Chairman of Development Committee, The World Bank Group
1996-2005 Member of the House of Representative

Other Current Positions

Since 1988 Vice Chairman, Princess Maha Chakri Sirindhorn Foundation
Since 1992 Director and Treasurer, The Prostheses Foundation
Since 2003 Chairman, Siam Piwat Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Kan Trakulhoon

Age 52

Positions in SCC President & CEO

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

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

Previous Experience

1999-2002	President, Cementhai Ceramics Company Limited
2002-2005	Director, Thai British Security Printing Public Company Limited
2003-2004	Vice President, The Siam Cement Public Company Limited
2003-2005	Director, Thai Cane Paper Public Company Limited
2004-2005	Executive Vice President, The Siam Cement Public Company Limited

Other Current Positions

Being Chairman and Director of non-listed companies under SCG totaling 14 companies

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year

Mr. Worapol Jennapar

Secretary to the Board of Directors

Secretary to the company

Shareholdings of Directors as at December 31, 2007

Directors	The Siam Cement Public Company Limited					Affiliated companies	
	Ordinary shares (shares)			Debentures (units)		Ordinary shares (shares)	
	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
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	-	-	-	-
2. ACM Kamthon Sindhvananda	20,000	-	4,000 Increase personally	51,500	(18,000)	-	-
3. Mr. Snoh Unakul	30,000	-	-	-	-	-	-
4. Mr. Sivavong Changkasiri	68,000	-	24,000 Increase personally	-	-	98,750*	60,000
5. Mr. Sumet Tantivejkul	-	-	-	11,000	-	-	-
6. Mr. Yos Euarchukiati	127,000	-	-	-	-	20,017,780*	-
7. Mr. Pricha Attavipach	2,600	27,500	5,500 Decrease personally, Increase spouse	-	-	-	-
8. Mr. Panas Simasathien	80,000	-	-	15,000	5,000	-	-
9. Mr. Arsa Sarasin	-	65,800	(6,000) Decrease personally, spouse	-	-	-	-
10. Mr. Chumpol NaLamlieng	1,001,000	-	-	50,000	(50,000)	1,000,000*	1,000,000*
11. Mr. Tarrin Nimmanahaeminda	-	-	-	-	-	-	-
12. Mr. Kan Trakulhoon	-	-	-	20,000	20,000	100,000*	(350,000)* (249,000)**

Notes :

1. The Siam Cement Public Company Limited has a registered capital of Baht 1,600,000,000 and paid-up of capital of Baht 1,200,000,000.
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:
   - Any company that has the authority to control the appointment and removal of directors with full management authority or that has majority management authority.
   - Holds more than 50 percent of issued shares.
3. According to SEC regulation, common shares of a company including those held by a spouse and minor children.
4. The Public Limited Companies Act requires divulging the ordinary shares and debentures in the company and in affiliated companies held solely by a Board member as an individual.
5. The Siam Cement Public Company Limited debentures are Baht 1,000 per unit.
6. * Ordinary shares of The Thai Plastic and Chemicals Public Company Limited.
7. ** Ordinary shares of Thai Cane Paper Public Company Limtied.
8. Currently, SCG's affiliated companies issue no debentures.

The Attendance of the Directors in 2007 (Times)

Directors	Board of Directors (Total 12 directors) Total 9 times/year	The Audit Committee (Total 4 members) Total 7 times/year	The Governance and Nomination Committee (Total 5 members) Total 4 times/year	The Remuneration Committee (Total 3 members) Total 8 times/year	The Shareholders Annual General Meeting 2007 (Total 12 directors) on March 28, 2007
1. H.E. Dr. Chaovana Nasylvanta [1]	5/6				1
2. Mr. Chirayu Isarangkun Na Ayuthaya [2]	7/8		1/3		-
3. ACM Kamthon Sindhvananda	9/9	7/7			1
4. Mr. Paron Israsena [3]	1/1	1/1			-
5. Mr. Snoh Unakul	9/9		4/4		1
6. Mr. Sivavong Changkasiri	9/9			8/8	1
7. Mr. Sumet Tantivejkul	9/9	7/7	4/4		1
8. Mr. Pricha Attavipach	9/9	7/7			1
9. Mr. Panas Simasathien	9/9		3/4		1
10. Mr. Yos Euarchukiati	8/9			7/8	1
11. Mr. Arsa Sarasin [4]	9/9	5/5	1/1		-
12. Mr. Chumpol NaLamlieng	9/9			8/8	1
13. Mr. Tarrin Nimmanahaeminda [5]	2/2	0/1	1/1		-
14. Mr. Kan Trakulhoon	9/9				1

Notes :

1 Resigned from the company's directorship and chairmanship on September 1, 2007.

2 - Has been a company's director since March 28, 2007.
- Has been Chairman of the Board of Directors since September 1, 2007.
- Was a member of the Governance and Nomination Committee during March 28 - October 24, 2007.

3 Retired by rotation on March 28, 2007 and refrained from being re-elected as director.

4 - Was a member of the Audit Committee during March 28 - October 24, 2007.
- Was a member of the Governance and Nomination Committee during January 1 - March 28, 2007 and from October 24, 2007 - present.

5 Has been a company's director, a member of the Audit Committee and the Governance and Nomination Committee since October 24, 2007. The Audit Committee meeting on November 7, 2007 was scheduled in advance. Mr. Tarrin has just been elected and also engaged with another appointment, so he was unavailable to attend the meeting.
- The five independent directors are number 3, 7, 8, 11, and 13
- The four Audit Committee members are number 3, 7, 8, and 13
- The five Governance and Nomination Committee members are number 5, 7, 9, 11, and 13
- The three Remuneration Committee members are number 6, 10, and 12

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

Independent directors of the company	Training courses	
	Directors Certification Program (DCP)	Directors Accreditation Program (DAP)
1. ACM Kamthon Sindhvananda	-	Class 18/2004
2. Mr. Sumet Tantivejkul	Class 30/2003	-
3. Mr. Pricha Attavipach	Class 39/2004	-
4. Mr. Arsa Sarasin	-	Class 5/2003
5. Mr. Tarrin Nimmanahaeminda	-	-

Top Executives

SCG top executives are comprised of eight members: President & CEO of The Siam Cement Public Company Limited together with other executives including the Vice President & CFO of the company and Presidents responsible for each business unit, namely, SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, SCG Distribution, and SCG Investment. These 7 executives report directly to the President and CEO. SCG top executives are 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.

Mr. Kan Trakulhoon

Age 52

Positions in SCG President & CEO

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

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

Previous Experience

1999-2002	President, Cementhai Ceramics Company Limited
2002-2005	Director, Thai British Security Printing Public Company Limited
2003-2004	Vice President, The Siam Cement Public Company Limited
2003-2005	Director, Thai Cane Paper Public Company Limited
2004-2005	Executive Vice President, The Siam Cement Public Company Limited

Other Current Positions

Being Chairman and Director of non-listed companies under SCG totaling 14 companies

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Roongrote Rangsiyopash

Age 44

Position in SCG Vice President and CFO

Education

1985	B.Eng, Chulalongkorn University
1987	M.S. (Industrial Engineering), University of Texas At Arlington, U.S.A.
1993	MBA, Harvard Business School, U.S.A.

Seminar

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

Previous Experience

1996-1997	Vice President - Production, TileCera Inc., U.S.A.
1997-2000	President, TileCera Inc. U.S.A.
2000-2005	Corporate Planning Director, The Siam Cement Public Company Limited

Other Current Positions

Since 2005	Director, PTT Chemical Public Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Cholanat Yanaranop

Age 48

Position in SCG President, SCG Chemicals

Education

1982	Bachelor of Environmental Chemical Engineering, Second Class Honours, 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

1995-2005 Managing Director, Thai Polyethylene Company Limited
1995-2005 Managing Director, Thai Polypropylene Company Limited
1999-2002 Managing Director, Siam Polyolefins Company Limited
2002-2004 Managing Director, CCC Chemical Commerce Company Limited
2002-2005 Managing Director, CCC Polyolefins Company Limited
2004-2005 Executive Vice President, Cementhai Chemical Company Limited

Other Current Positions

Chairman of 6 companies under SCG Chemicals
Since 1999 Chairman of 5 companies under SCG-DOW Joint Venture
Since 2005 Director, PTT Chemical Public Company Limited
Since 2005 Director, Thai Plastic and Chemical Public Company Limited
Since 2006 Director, Bangkok Synthetic Company Limited
Since 2006 Director, BST Elastomer Company Limited
Since 2006 Director, Petroleum Institute of Thailand
Since 2007 President, The Thai Institute of Chemical Engineering and Applied Chemistry

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Chaovalit Ekabut

Age 49

Position in SCG President, SCG Paper

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

2004 Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association
2007 Directors Certification Program (DCP) 84/2007, 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 Company Limited
2002-2004 Managing Director, Thai Paper Company Limited
2004-2005 Executive Vice President, The Siam Pulp and Paper Public Company Limited

Other Current Positions

Since 2004 Chairman of Pulp and Paper Industry Club, The Federation of Thai Industries
Since 2005 Chairman, Thai Cane Paper Public Company Limited
Since 2005 Chairman, Thai British Security Printing Public Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Pramote Techasupatkul

Age 55

Position in SCG President, SCG Cement

Education

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

Previous Experience

1996-1998	Managing Director, Siam Yamato Steel Company Limited
1999-2000	President, Cementhai Roofing and Concrete Products Company Limited
2001-2002	Vice President, The Siam Cement Public Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Pichit Maipoom

Age 51

Position in SCG President, SCG Building Materials

Education

1981	B.E. (Mechanical Engineering), Second Class Honours, King Mongkut's Institute of Technology North Bangkok
1986	M.E. (Industrial and Management), Asian Institute of Technology
2005	Advanced Management Program (AMP), Harvard University, U.S.A.

Previous Experienc

1994-1996	Production Department Manager, The Siam Refractory Industry Company Limited
1996-1999	Plant Manager, The Siam Refractory Industry Company Limited
1999-2001	Production Division Manager, Thai Ceramic Company Limited
2001-2005	Managing Director, Thai Ceramic Company Limited
2004-2005	Executive Vice President, Cementhai Building Products Company Limited

Other Current Positions

Since 2004	Chairman, Ceramic Industry Club of Thailand, The Federation of Thailand Industries
Since 2005	President, Thai Ceramic Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Kajohndet Sangsuban

Age 54

Position in SCG President, SCG Distribution

Education

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

Seminar

2003	Finance for Non - Finance Directors Program 2003, Thai Institute of Directors Association
2004	Directors Accreditation Program 2004 (DAP), Thai Institute of Directors Association

Previous Experience

1996-2001	Managing Director, The Siam Gypsum Industry Company Limited
1999-2005	Managing Director, Cementhai Gypsum Company Limited
2001-2005	President, Cementhai Building Products Company Limited
2003-2006	Director, Millennium Steel Public Company Limited

Other Current Positions

Since 2001	Vice Chairman, Federal of Thai Industry

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Damri Tunshevavong

Age 54

Position in SCG President, SCG Investment

Education

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

Seminar

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

Previous Experience

1991-1994	Production Department Manager, Thung Song Cement Plant, The Siam Cement Company Limited
1995	Production Department Manager, Kaeng Koi Cement Plant, The Siam Cement Company Limited
1996-1998	Tha Luang Cement Plant Manager, The Siam Cement Public Company Limited
1999-2005	Managing Director, Siam Yamato Steel Company Limited
2004-2005	Executive Vice President, Cementhai Holding Company Limited

Other Current Positions

Since 1999	Director, Siam Yamato Steel Company Limited
Since 2005	Director, Iron and Steel Institute of Thailand
Since 2005	Director, Thai Cane Paper Public Company Limited
Since 2005	Director, Toyota Motor Thailand Company Limited

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Chief Officers in Finance and Accounting

Mr. Padungdej Indralak

Age 53

Position in SCG Corporate Treasurer Director

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

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

Mr. Anuwat Jongyindee

Age 50

Position in SCG Corporate Accounting Director

Education

1980	Bachelor of Science (Business Administration), Kasetsart University
1986	Master of Accountancy, Chulalongkorn University

Previous Experience

2004	Deputy Managing Director - Shared Services Function 2, Cementhai Accounting Services Company Limited
2003	Accounting Office Manager,The Siam Pulp and Paper Public Company Limited

Other Current Positions

Since 2005	Accounting Committee-Bookkeeping, Federation of Accounting Professio Under the Royal Patronage of His Majesty the King
Since 2006	Auditing Supervision Committee, Association of Provident Fund

Forbidden Qualifications

1. Never dishonestly committed an offence against property
2. Never entered into any transaction which may cause conflict of interest against SCG during the year

(2) Election of Directors and Executives

Election of Directors

The Governance and Nomination Committee is responsible for nominating candidates to replace directors who are retired by rotation, or whatever the case may be. 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, proven record of ethical standard and integrity, and independence of opinions. The Governance and Nomination Committee shall consider whether the qualifications of the persons to be nominated as committee directors meet the following requirements:

- Integrity and accountability
- Informed and rational judgment
- Maturity, security, good listening skills, assertive to express independent and different opinions
- Committed to ethics and professional standards

The Committee shall also consider the nominees' suitability in terms of knowledge, possession of required expertise in each committee to ensure that such committees will be able to lay out strategies and policies as well as supervise the effective implementation of such strategies.

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 who are retired by rotation 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's 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. If 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.

At the 2007 annual general meeting of the shareholders, the four Board members who completed their terms were 1) H.E. Dr. Chaovana Nasylvanta, 2) Air Chief Marshal Kamthon Sindhvananda, 3) Mr. Paron Israsena, and 4) Mr. Sivavong Changkasiri. According to the company's regulations, one third of the directors must retire from the office. Those who have longest serving are eligible to retire. Mr. Paron Israsena notified the Board's meeting that he refrained from being re-elected as director. The Governance and Nomination Committee, therefore, in considering the issue, acted in accordance with nomination criteria under the approval of the Board of Directors (directors who have a stake did not attend the meeting). Each director will propose the name of a qualified person to the Governance and Nomination Committee for consideration. At that time, seven

names were suggested, three of which were current directors with four appropriately qualified individuals from outside. The Governance and Nomination Committee agreed to propose four suitable candidates for the positions of the Board's members namely H.E. Dr. Chaovana Nasylvanta, Air Chief Marshal Kamthon Sindhvananda, Mr. Sivavong Changkasiri and Mr. Chirayu Isarangkun Na Ayuthaya. At the shareholders' meeting on March 28, 2007, the majority of the votes were for these four previously mentioned names.

However, on August 25, 2007, H.E. Dr. Chaovana Nasylvanta, the chairman, resigned from the directorship in order to serve as privy councilor to His Majesty the King. As a consequence, the Board of Directors agreed to appoint Mr. Chirayu Isarangkun Na Ayuthaya as the Chairman and assigned the Governance and Nomination Committee to nominate directors to replace those who had stepped down. On August 27, 2007, the chairman of Governance and Nomination Committee sent a notice to every director asking them to propose the name of a person fit for the position along with a resume. The Committee then considered and proposed the names of suitable candidates to the Board. The Secretary to the Board of Directors gathered the five names of the nominees proposed by directors to present to the Governance and Nomination Committee who initially agreed that the five suggested names were suitable according to the nomination guidelines defined by the Board's resolution. In addition, the five candidates met the qualifications of independent directors according to the company's definition of independent directors.

After the Governance and Nomination Committee conferred and discussed the issue thoroughly as well as carefully considering the qualifications, they unanimously agreed that Mr. Tarrin Nimmanahaeminda replace H.E. Dr. Chaovana Nasylvanta owing to his expertise in economics and finance, leadership, vision, proven record of ethical standards and integrity, and ability to express opinion freely. The Committee proposed the candidate at the Board's meeting on October 24, 2007, and Mr. Tarrin Nimmanahaemind was elected to take the position as a director.

Selecting Senior Executive Replacements

The senior executive selection process for SCG 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 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 Directors 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 2007

1. Assessment of Remuneration of Board Members and Executives in 2007

Directors and Committees

With regard to other leading corporations, the remuneration of directors and committee members will take into account experience, duties, roles and responsibilities and use the IOD survey as an annual benchmark. The remuneration will be considered by the Remuneration Committee and submitted to the Board of Directors for shareholders' approval on an annual basis.

Executives

The annual remuneration of SCG top executives will be considered by the Remuneration Committee and approved by the Board of Directors. The remuneration will be assessed case by case with transparency and fairness, taking into consideration the performance of each executive as well as the country's economy and the company's performance. The assessment of the remuneration will be based on the following criteria :

1. Percentage of EBITDA on Operating Assets (standard is set to not less than 15 percent). SCG and each of its business unit will be given a target percentage of EBITDA annually in order to have a benchmark for evaluation and comparison.
2. Comparison of the business unit's performance to the same industry both in local and global markets.
3. Ability to improve the operation.

2. 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 Baht 1,800,000 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 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 portion, or Baht 216,000 per month, and the other eleven board members 1 portion, or Baht 144,000 per month.

Director Bonuses

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

3. Remuneration for the Committees

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

	Annual fixed fee (Baht)	Attendance fee (Baht)
The Audit Committee		
Chairman	96,000	24,000
Director	64,000	16,000
The Governance and Nomination Committee		
Chairman	72,000	18,000
Director	48,000	12,000
The Remuneration Committee		
Chairman	72,000	18,000
Director	48,000	12,000

The chairman of the committees' remuneration gets 1.5 portion while each member of the committees get 1 portion.

The Remuneration for the Board of Directors and the Committees in 2007

Directors	Remuneration (Baht)				Directors' Bonus paid in 2007	Total (Baht)
	The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee		
1. H.E. Dr. Chaovana Nasylvanta [1]	1,728,000	-	-	-	7,200,000	8,928,000
*2. Mr. Chirayu Isarangkun Na Ayuthaya [2]	1,597,935	-	39,485	-	1,246,409	2,883,829
**3. ACM Kamthon Sindhvananda	1,728,000	264,000	-	-	4,800,000	6,792,000
4. Mr. Paron Israsena [3]	418,065	31,484	-	-	3,553,591	4,003,140
5. Mr. Snoh Unakul	1,728,000	-	96,000	-	4,800,000	6,624,000
***6. Mr. Sivavong Changkasiri	1,728,000	-	-	216,000	4,800,000	6,744,000
****7. Mr. Sumet Tantivejkul	1,728,000	176,000	144,000	-	4,800,000	6,848,000
8. Mr. Pricha Attavipach	1,728,000	176,000	-	-	4,800,000	6,704,000
9. Mr. Panas Simasathien	1,728,000	-	84,000	-	4,800,000	6,612,000
10. Mr. Yos Euarchukiati	1,728,000	-	-	132,000	4,800,000	6,660,000
11. Mr. Arsa Sarasin [4]	1,728,000	116,647	32,517	-	4,800,000	6,677,164
12. Mr. Chumpol NaLamlieng	1,728,000	-	-	144,000	4,800,000	6,672,000
13. Mr. Tarrin Nimmanahaeminda [5]	325,162	11,872	20,904	-	-	357,938
14. Mr. Kan Trakulhoon	1,728,000	-	-	-	4,800,000	6,528,000
Total	**21,349,162**	**776,003**	**416,906**	**492,000**	**60,000,000**	**83,034,071**

Notes :

1 Resigned from the company's directorship and chairmanship on September 1, 2007.

2 - Has been a company's director since March 28, 2007.
- Has been chairman of the Board of Directors since September 1, 2007.
- Was a member of the Governance and Nomination Committee during March 28 - October 24, 2007.

3 Retired by rotation on March 28, 2007 and refrained from being re-elected as director.

4 - Was a member of the Audit Committee during March 28 - October 24, 2007.
- Was a member of the Governance and Nomination Committee during January 1 - March 28, 2007 and from October 24, 2007 - present.

5 Has been a company's director, a member of the Audit Committee and the Governance and Nomination Committee since October 24, 2007.

* Chairman of the Board of Directors

** Chairman of the Audit Committee

*** Chairman of the Remuneration Committee

**** Chairman of the Governance and Nomination Committee

4. Executive Remuneration

The total remuneration for 8 executives in the form of salaries and other compensation such as bonuses and variable payment amounted to Baht 105,870,000. For 2007, the company made the contributions of Baht 6,001,200 to the provident fund for the executives, being the company's employees.

1. The Remuneration for the Directors and Executives of Subsidiaries, Which are SCG's Core Businesses

(as at the year ended December 31, 2007)

1.1 Director Remuneration Listed Accordingly to the Core Businesses:

Directors of the core businesses, which encompass SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials and SCG Distribution, are the executives who are not subjected to remuneration paid for being the directors. Names of the directors in each business are listed here.

SCG Chemicals Co., Ltd.

1. Mr. Kan Trakulhoon*
2. Mr. Pramote Techasupatkul
3. Mr. Roongrote Rangsiyopash
4. Mr. Cholanat Yanaranop**

SCG Paper Public Company Limited

1. Mr. Kan Trakulhoon*
2. Mr. Kajohndet Sangsuban
3. Mr. Pramote Techasupatkul
4. Mr. Damri Tunshevavong
5. Mr. Pichit Maipoom
6. Mr. Cholanat Yanaranop
7. Mr. Roongrote Rangsiyopash
8. Mr. Chaovalit Ekabut**

SCG Cement Co., Ltd.

1. Mr. Kan Trakulhoon*
2. Mr. Kajohndet Sangsuban
3. Mr. Pichit Maipoom
4. Mr. Damri Tunshevavong
5. Mr. Roongrote Rangsiyopash
6. Mr. Pramote Techasupatkul**

SCG Building Materials Co., Ltd.

1. Mr. Kan Trakulhoon*
2. Mr. Kajohndet Sangsuban
3. Mr. Pramote Techasupatkul
4. Mr. Roongrote Rangsiyopash
5. Mr. Pichit Maipoom**

SCG Distribution Co., Ltd.

1. Mr. Kan Trakulhoon*
2. Mr. Pramote Techasupatkul
3. Mr. Damri Tunshevavong
4. Mr. Cholanat Yanaranop
5. Mr. Pichit Maipoom
6. Mr. Roongrote Rangsiyopash
7. Mr. Kajohndet Sangsuban**

Remarks: * Chairman
** President

1.2 The Total Remuneration for Executives of Subsidiaries Which are SCG's Core Business

1) Remuneration paid as money such as monthly salary, bonus and variable payment.

2) Other compensation such as provident fund contributions. Details of other compensation are as follows :

Subsidiaries which are core businesses	Number of executives	Total remuneration in the form of money (Baht)	Other compensation (Baht)
SCG Chemicals Co., Ltd.	4	13,406,985	894,720
SCG Paper Public Company Limited	4	11,448,200	840,120
SCG Cement Co., Ltd.	4	22,841,900	1,449,600
SCG Building Materials Co., Ltd.	4	11,630,175	846,720
SCG Distribution Co., Ltd.	4	11,301,600	812,160

Remarks: Number of executives and remuneration for the above-mentioned executives, excluding the presidents of subsidiaries that are the SCG's core businesses, included the number and remuneration of the executives of the Siam Cement Public Company Limited, as appeared on page 168 of the annual report 2007.

(4) Principles of Good Corporate Governance In compliance with the good corporate governance, SCG executes business with responsibility and fairness together with adheres to the inheriting philosophy under the code of conduct which is developped to fit to changing economics and society. In considering that SCG's good corporate governance is a part of SCG's business policy, SCG annually follows up and assesses its business practices including improving, correcting, updating to date. (As specified in the Sustainability Report, a session of the 2007 Annual Report pp. 8-17)

(5) Internal Information Controls (As specified in the Sustainability Report, a session of the 2007 Annual Report pp. 14)

(6) Internal Controls (As specified in the Sustainability Report, a session of the 2007 Annual Report pp. 14-16)

5.3 SCG's and Subsidiaries' Policy on Payment of Dividends

The company has a policy on paying dividends to the shareholders based on the operating results of the company, concerning the corporate structure, financial position, investment plan as well as paying frequency, providing that a fixed ratio for dividend payment has not been set. In 2007, the company made a net profit of Baht 30,352 million, resulting in the retained earnings for appropriation at the ordinary general meeting of shareholders, the Board resolved to declare the annual dividends for the year 2007 at Baht 15 per share or eqaul to 59 percent of net profit.

Detail of Other Dividend Distribution

Year	Interim dividends (Baht/share)	Final dividends (Baht/share)	Annual dividends (Baht/share)	Dividends payout ratio on net profit (%)
2003	2.50	3.50	6	36
2004	5.50	9.50	15	49
2005	7.50	7.50	15	56
2006	7.50	7.50	15	61
2007	7.50	7.50	15	59

6. Connected Transactions

The Board of Directors accentuates the importance of considering and granting approval for connected transactions or related transactions or transactions that may cause conflicts of interest. In this regard, the SCG Code of Conduct has set out a policy for determining transactions, as follows:

Connected Transactions Between The Company and its Subsidiaries

SCG comprises a large number of companies whose businesses are bound to make transactions with one another in such manners as service providing, trading of raw materials and products, financial support, technical or human resource assistance, etc. In operating businesses or performing duties related to such matters, all employees and parties concerned are required to comply with the laws, the rules and regulations of the government agencies as well as the rules of SCG and any criteria and conditions prescribed by local communities.

Transactions with External Entities

In making transactions with external entities or other companies, the company shall proceed through fair methods and comply with terms and conditions as agreed upon honestly and openly. The company shall also avoid making transactions that may cause troubles or damages to external parties.

The company has specified guidelines and procedures for consideration of granting approval for connected transactions, related transactions or transactions with potential conflicts of interest for the best interest of the company in accordance with rules and regulations as prescribed by law. The directors and management shall inform potential stakes to the company in advance. The company, in turn, shall consider the appropriateness of transactions, and in cases where such transactions need approval in accordance with the regulations and procedures as prescribed by law, the management shall propose such matters to the company's Board of Directors or at the shareholders' meetings and shall disclose the information to investors in a transparent manner. Under no circumstances shall directors or management concerned be allowed to participate in the process of approval consideration.

In any case, the SCG Code of Conduct and Corporate Governance allow the company to make transaction decisions based on market price mechanism, which is the company's normal, efficient tool of effective business operation.

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 2007 Listed by Types

1. Transactions Regarding of Financial Assistance

1.1 Loans

1.1.1 Three transactions between the company and subsidiaries amounted to Baht 108.45 million :

- Production of Batching Plant for ready-mixed concrete business of the Concrete Products and Aggregate Co., Ltd.
- Installation of Batching Plant in Srinakarin Factory (Supalai Park) of the Concrete Products and Aggregate Co., Ltd.
- Installation of Batching Plant in Ban Phai Factory, Khon Kaen, of the Concrete Products and Aggregate Co., Ltd.

1.1.2 Four transactions between subsidiaries amounted to Baht 89.71 million:

- Improvement of bunker oil tanks and wastewater conveyance system in Kiln 6 of The Siam Cement (Kaeng Khoi) Co., Ltd.
- Installation of bucket elevator in replacement of air lift in Kiln 4 of The Siam Cement (Kaeng Khoi) Co., Ltd.
- Procurement and installation of 7 Concrete Belt Conveyor sets of the Concrete Products and Aggregate Co., Ltd.

- Production of spraying machine and mortar silo of Siam Mortar Co., Ltd.

1.2 Loan Warrants

1.2.1 Three transactions each between the company and subsidiaries amounted to Baht 29,847.69 million :

- Warrant of Long-term Loans for Olefins Complex 2 project of Map Ta Phut Olefins Co., Ltd.
- Project to increase the production capacity of Map Ta Phut Olefins Co., Ltd.
- Installation of waste-heat power generation with a production capacity of 4.0 megawatts for Kampot Cement Co., Ltd.

2. Transactions Relating to Assets

2.1 Investments

2.1.1 One transaction worth Baht 115 million between the company and a subsidiary :

- Improvement of SCG's database and procurement systems

2.2 Other assets

2.2.1 One transaction worth Baht 15 million between subsidiaries:

- Land lease for project to plant eucalyptus by Siam Forestry Co., Ltd. in 2007

3. Normal Transactions and Support Transactions

3.1 Machinery procurements

3.1.1 One transaction between subsidiary and subsidiary's major shareholder worth Baht 855 million :

- Project to increase the production capacity of corrugated paper boxes of SCG Paper in the East of Thailand.

All of the above 14 transactions occurring in 2007, 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 person that holding no more than 10 percent of total shares of the subsidiary.
2. The value of the transaction does not exceed 0.03 percent of value of the company net tangible assets.
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.
4. It is a fair transaction that will not lead to the transfer of business interests.

Details of connected transaction between the group and a company or a person which/who may have a potential conflict.

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (in million Baht) SCC	Chemicals	Paper	Cement	Building Materials	Distribution	Investment and others	Pricing policy
1. Transactions with associates										
1.1 SCG Chemicals										
Service expenses and others			-	395	-	10	-	9	1	Market price applied with third party transactions
	SIAM MITSUI PTA CO., LTD.	50								
	SIAM POLYETHYLENE CO., LTD.	50								
	GRAND SIAM COMPOSITES CO., LTD.	46								
	THAI MMA CO., LTD.	46								
	THAI MFC CO., LTD.	45								
	BANGKOK SYNTHETICS CO., LTD.	22								
	PTT CHEMICAL PUBLIC COMPANY LIMITED	21								
	THAI PET RESIN CO., LTD.	20								
Sales			-	18,716	-	-	-	366	-	Market price applied with third party transactions
	SIAM POLYETHYLENE CO., LTD.	50								
	BANGKOK SYNTHETICS CO., LTD.	22								
	PTT CHEMICAL PUBLIC COMPANY LIMITED	21								
	THAI PET RESIN CO., LTD.	20								
Purchases			-	25,325	2	-	-	31	-	Market price applied with third party transactions
	SIAM MITSUI PTA CO., LTD.	50								
	SIAM STYRENE MONOMER CO., LTD.	50								
	SIAM POLYETHYLENE CO., LTD.	50								
	SCG PLASTICS (CHINA) CO., LTD.	49								
	GRAND SIAM COMPOSITES CO., LTD.	46								
	THAI MMA CO., LTD.	46								
	BANGKOK SYNTHETICS CO., LTD.	22								
	PTT CHEMICAL PUBLIC COMPANY LIMITED	21								
	RIKEN (THAILAND) CO., LTD.	16								
	INTER PLASTIC CO., LTD.	11								
Loans			2,090	-	-	-	-	-	-	Agreed interest rate
	SIAM MITSUI PTA CO., LTD.	50								
	GRAND SIAM COMPOSITES CO., LTD.	46								
Guarantees			1,522	200	-	-	-	-	-	Contract rate
	THAI MMA CO., LTD.	46								
	MEHR PETROCHEMICAL COMPANY (PRIVATE JOINT STOCK)	40								
	THAI PET RESIN CO., LTD.	20								
1.2 SCG Paper										
Sales			-	-	12	-	-	-	-	Market price applied with third party transactions
	SIAM TOPPAN PACKAGING CO., LTD.	48								
Purchases			-	-	179	-	-	-	-	Market price applied with third party transactions
	SIAM TOPPAN PACKAGING CO., LTD.	48								

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (in million Baht)							Pricing policy
			SCC	Chemicals	Paper	Cement	Building Materials	Distribution	Investment and others	
Guarantees	SIAM TOPPAN PACKAGING CO., LTD.	48	-	-	33	-	-	-	-	Contract rate
1.3 SCG Building Materials										
Service expenses and others			-	-	-	1	-	131	10	Market price applied with third party transactions
	THE SIAM SANITARY FITTINGS CO., LTD.	45								
	THE SIAM MOULDING PLASTER CO., LTD.	40								
	SIAM SANITARY WARE INDUSTRY CO., LTD.	36								
	SIAM SANITARY WARE INDUSTRY (NONGKAE) CO., LTD.	36								
	THE SIAM GYPSUM INDUSTRY (SARABURI) CO., LTD.	29								
	THE SIAM GYPSUM INDUSTRY (SONGKHLA) CO., LTD.	29								
Sales			-	6	-	-	6	1,947	-	Market price applied with third party transactions
	MARIWASA SIAM CERAMIC, INC.	46								
	THE SIAM SANITARY FITTINGS CO., LTD.	45								
	THE SIAM MOULDING PLASTER CO., LTD.	40								
	SIAM SANITARY WARE INDUSTRY CO., LTD.	36								
	SIAM SANITARY WARE INDUSTRY (NONGKAE) CO., LTD.	36								
	THE SIAM GYPSUM INDUSTRY CO., LTD.	29								
	THE SIAM GYPSUM INDUSTRY (SARABURI) CO., LTD.	29								
	THE SIAM GYPSUM INDUSTRY (SONGKHLA) CO., LTD.	29								
	LAFARGE SIAM ROOFING CO., LTD.	25								
Purchases			-	115	459	13	1,985	63	-	Market price applied with third party transactions
	MARIWASA SIAM CERAMIC, INC.	46								
	SOSUCO CERAMIC CO., LTD.	45								
	THE SIAM SANITARY FITTINGS CO., LTD.	45								
	THE SIAM MOULDING PLASTER CO., LTD.	40								
	SIAM SANITARY WARE CO., LTD.	36								
	SIAM SANITARY WARE INDUSTRY CO., LTD.	36								
	SIAM SANITARY WARE INDUSTRY (NONGKAE) CO., LTD.	36								
	THE SIAM GYPSUM INDUSTRY CO., LTD.	29								
	THE SIAM GYPSUM INDUSTRY (SARABURI) CO., LTD.	29								
	THE SIAM GYPSUM INDUSTRY (SONGKHLA) CO., LTD.	29								

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (in million Baht)							Pricing policy
			SCC	Chemicals	Paper	Cement	Building Materials	Distribution	Investment and others	
Loans			590	-	-	-	-	-	-	Agreed interest rate
	MARIWASA SIAM CERAMIC, INC.	46								
	SIAM SANITARY WARE CO., LTD.	36								
	SIAM SANITARY WARE INDUSTRY (NONGKAE) CO., LTD.	36								
Guarantees			116	-	-	-	-	-	-	Contract rate
	PT.M CLASS INDUSTRY	28								
1.4 SCG Investment and Others										
Service income			34	93	115	79	35	172	45	Market price applied with third party transactions
	IT ONE CO., LTD.	39								
Service expenses and others			-	-	-	14	-	-	12	Market price applied with third party transactions
	THE SIAM KUBOTA INDUSTRY CO., LTD.	40								
	THAI ENGINEERING PRODUCTS CO., LTD.	30								
	SIAM LEMMERZ CO., LTD.	30								
	THE SIAM NAWALOHA FOUNDRY CO., LTD.	25								
Sales			-	-	-	-	-	144	-	Market price applied with third party transactions
	THE SIAM KUBOTA INDUSTRY CO., LTD.	40								
Purchases			-	1	14	14	-	40	-	Market price applied with third party transactions
	THE SIAM KUBOTA INDUSTRY CO., LTD.	40								
	THE NAWALOHA INDUSTRY CO., LTD.	30								
	AISIN TAKAOKA FOUNDRY BANGPAKONG CO., LTD.	30								
	SIAM LEMMERZ CO., LTD.	30								
	THE SIAM NAWALOHA FOUNDRY CO., LTD.	25								
2. Transactions with other companies which have SCG executives holding a position in the company's board of directors										
2.1 SCG Investment and others										
Service expenses and others			-	15	-	51	-	66	26	Market price applied with third party transactions
	THE SIAM STEEL CORD CO., LTD. Mr. Prayong Hirunyawanich Director	10								
	MICHELIN SIAM CO., LTD. Mr. Prayong Hirunyawanich Managing Director Mr. Shene Luchai Director	10								

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (in million Baht)							Pricing policy
			SCC	Chemicals	Paper	Cement	Building Materials	Distribution	Investment and others	
	SIAM YAMATO STEEL CO., LTD. Mr. Kitti Sinsatapornpong Managing Director Mr. Damri Tunshevavong Director Mr. Chaovalit Ekabut Director	10								
	TOYOTA MOTOR THAILAND CO., LTD. Mr. Damri Tunshevavong Director	10								
	SIAM FURUKAWA CO., LTD. Mr. Athithorn Chitranondh Managing Director Mr. Damri Tunshevavong Director	5								
	THE SIAM UNITED STEEL (1995) CO., LTD. Mr. Payungsak Chartsutipol Deputy Managing Director Mr. Bantoon Juicharern Director	5								
Sales			-	-	-	-	-	1,112	-	Market price applied with third party transactions
	SIAM YAMATO STEEL CO., LTD. Mr. Kitti Sinsatapornpong Managing Director Mr. Damri Tunshevavong Director Mr. Chaovalit Ekabut Director	10								
Purchases			-	2	15	165	-	116	-	Market price applied with third party transactions
	SIAM YAMATO STEEL CO., LTD. Mr. Kitti Sinsatapornpong Managing Director Mr. Damri Tunshevavong Director Mr. Chaovalit Ekabut Director	10								
	SIAM FURUKAWA CO., LTD. Mr. Athithorn Chitranondh Managing Director Mr. Damri Tunshevavong Director	5								
	THE SIAM UNITED STEEL (1995) CO., LTD. Mr. Payungsak Chartsutipol Deputy Managing Director Mr. Bantoon Juicharern Director	5								
	SIAM TOYOTA MANUFACTURING CO., LTD. Mr. Damri Tunshevavong Vice-President Mr. Pichart Angchanpen Deputy Managing Director	4								

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:

- Investor Relations Department to be responsible for direct communication with both local and international investor.
- Press Conferences on a quarterly basis to announce operating results and Press Briefing to announce significant developments.
- Quarterly conference for investors and analysts.
- A website: www.scg.co.th
- Systematic distribution to the media of captioned photographs, press releases, and company profile.
- Periodical publications, such as annual report, sustainability report, shareholder newsletters, customer newsletters, and corporate profiles.
- Meetings with investors and other stakeholders in Thailand and overseas.
- Plant visits for shareholders, investors, analysts, NGO, community, and the media.

8. Report on Information Technology Application

Throughout 2007, SCG continually employed advanced information technology to enhance operating capabilities, increase competitiveness and work efficiency, and provide better products and services to customers.

To provide a more reliable full service to homeowner customers, SCG has implemented a Customer Relationship Management (CRM) solution at its customer service center to put customer and marketing information from all over the enterprise into a single system. CRM allows companies to gather and access information about customers' purchasing histories, preferences, and other data so they can be analyzed to find room for improvement.

SCG also used Radio Frequency Identification (RFID) to allow in-transit visibility of high cost shipments. The tracking system changes its status automatically when the shipment arrives at the destination, allowing for close monitoring of the transportation status and reducing officials' filing or data errors. Moreover, the implementation of mapping technology allows customers to identify their delivery locations by themselves which helps boost delivery speed and accuracy.

In order to enhance the inventory management efficiency of SCG Cement, the Group employed a Vendor Management Inventory (VMI) program that supports efficient automatic management and replenishment of inventories when they drop to the safety levels. The program enables lower overall inventory investment.

9. Financial Position and Operating Performance

1. Business Overview

In 2007, SCG's consolidated net sales showed an increase of 4 percent over the previous year to Baht 267,737 million. Consolidated net profit increased 3 percent to Baht 30,352 million assisted by the approximate Baht 4,500 million in non-recurring gains on sales of investment. However, net profit without non-recurring items decreased 14 percent to Baht 25,841 million, primarily due to a) the slowdown in the domestic economy, which has adversely affected SCG Cement, SCG Building Materials, SCG Distribution and SCG Paper, b) the decrease in equity income from SCG Chemicals (especially PTA related), c) higher energy prices, and d) the 9 percent appreciation of the Thai Baht from the year 2006 average of Baht 37.88 per US dollar to this year average of Baht 34.52 per US dollar. Similarly, consolidated EBITDA decreased 13 percent to Baht 50,008 million. Note that Tax for the year 2007 increased Baht 1,861 million to Baht 5,898 million, resulting from the sales (divestment) of The Aromatics (Thailand) Public Company Limited (ATC) and Siam Yamato Steel Co., Ltd.

The major non-recurring items in 2007 are gains on sales of investment of ATC and Siam Yamato Steel Co., Ltd. totally amounted to Baht 4,500 million.

Equity Income for 2007 amounted to Baht 8,243 million, down 23 percent over the past year, with details as follows:

- SCG Chemicals Associates: Baht 5,980 million, a decrease of 32 percent over the last year, attributed to

Bangkok Synthetic Co., Ltd. (BST)'s Baht 1,400 million non-recurring gain in 2006, while the PTA business experienced an approximate total loss of Baht 900 million (SCG's 50 percent portion) during year 2007.

- Other Associates: Baht 2,263 million, an increase of 20 percent from last year, which stemmed from the losses in the CRT related business last year, which has since been closed.

2. Operating Performance of Strategic Business Units

SCG Chemicals

In 2007, net sales improved 6 percent from the previous year to Baht 130,223 million on higher product prices. However, EBITDA decreased 14 percent to Baht 22,611 million due to higher Naphtha price, decreased dividend income from associates, and the appreciation of the Thai Baht. Similarly, net profit without non-recurring items dropped 22 percent from last year to Baht 13,741 million from lower operating performance and decreased equity income from associates (drop in PTA margin and non-recurring gain from BST in the first quarter of the year 2006).

SCG Paper

Net sales in the year 2007 reached Baht 43,890 million, up 3 percent from last year in light of increase in sales volume. EBITDA was Baht 7,943 million, down 18 percent due to increased production costs and maintenance expenses, while net profit without non-recurring items was Baht 2,353 million, down 34 percent from last year.

SCG Cement

The 2007 net sales was flat from 2006 at Baht 44,087 million. The domestic sales volume decreased in line with the industry performance, with the grey cement price range of Baht 1,700-1,800 per ton, while the export sales volume increased 16 percent from last year, but realized FOB price decreased 2 percent. EBITDA dropped 16 percent from the previous year and net profit without non-recurring items dropped 18 percent, on higher energy and lower domestic sales volume.

SCG Building Materials

The residential housing market grew at a lower rate in 2007, affected by the same factors as in SCG Cement. As a result, net sales was down 6 percent from last year to Baht 21,281 million. EBITDA dropped 19 percent to Baht 3,928 million and net profit without non-recurring items similarly decreased 47 percent to Baht 950 million, due to squeezed margins (higher raw materials and energy prices), in addition to expenses related to the start-up of new plants. With the total conversion away from asbestos cement roofing and siding products at the beginning of 2007, SCG is actively investing in the production capacity of non-asbestos roofing and board products.

SCG Distribution

In 2007, SCG Distribution maintained it presence, with net sales of Baht 86,440 million, or up 6 percent from resilient trading of steel products. Similarly, EBITDA increased 5 percent from last year to Baht 1,576 million, but net profit without non-recurring items decreased 1 percent to Baht 939 million.

3. Financial Position

Assets

Total assets of SCG as at December 31, 2007 valued Baht 248,256 million with an increase of 10 percent over the year 2006. Key components of total assets are property, plant and equipment at 44 percent, and investments in associates at 19 percent. Ranking of asset values by business units is SCG Chemicals, SCG Cement, and SCG Paper respectively.

Current Assets: amounted to Baht 78,426 million as at December 31, 2007, increased 16 percent over the past year. The main proportion was: inventories 47 percent and trade accounts and notes receivable 34 percent. SCG provided allowance for doubtful accounts at Baht 934 million as at December 31, 2007, complying with their accounting policy of setting up allowance for doubtful accounts, which deemed sufficient to absorb possible losses. Moreover, outstanding overdue amounts of accounts receivable have credit bank guarantees to Baht 356 million.

Property, Plant and Equipment: amounted to Baht 108,988 million as at December 31, 2007, increased 17 percent over the past year. This is resulted from the acquisition of property, plant and equipment of the year amounted to Baht 28,277 million, while depreciation and impairment amounted to Baht 11,408 million.

Investments in Associates: amounted to Baht 46,135 million as at December 31, 2007, decreased Baht 225 million or 1 percent from the past year, resulted from reasons as follows:

Increased from:

- Investments increased Baht 8,243 million from equity income, while dividends received from associates in 2007 amounted to Baht 6,762 million, resulting to investments in associates up only Baht 1,481 million.

Dropped by:

- A partial divestment of Siam Yamato Steel Co., Ltd.

Liabilities

Total liabilities as at the end of 2007 amounted to Baht 139,717 million, an increase of 5 percent over the previous year. Current liabilities increased Baht 9,097 million, while non-current liabilities dropped Baht 2,079 million contributed by the issue of new debentures amounted to Baht 25,000 million to replace Baht 16,000 million in matured debentures. Net Debt (interesting-bearing debts less cash and cash equivalent) position of SCG as at December 31, 2007 dropped Baht 3,131 million over the past year to Baht 99,914 million.

Liabilities to Equity ratio at the end of 2007 was 1.3 times, compared with 1.4 times at the end of 2006. The ratio was low and remains relatively stable, reflecting SCG's strong financial structure. Interest and financial expenses in 2007 was Baht 5,273 million, an increase of Baht 104 million from the previous year while net debt to EBITDA ratio was 2.0 times.

From financial position and operating performance in 2007, the Board of Directors recommended Baht 15 per share, representing a dividends payout ratio of 59 percent of net profit (SCG has already paid the interim dividends of Baht 7.50 per share).

10. Financial Statements

10.1 The company's financial statements and the consolidated financial statements for the year 2007 compare with 2006. (pp. 27-130)

10.2 The remuneration for the auditors. (as at the year ended December 31, 2007)

Audit fee

For this fiscal year, the Siam Cement Public Company Limited and its subsidiaries paid the audit fee of Baht 27.90 million, excluding the remuneration paid by associates.

The Audit Fee for the Year 2007		
1. Annual audit fee of SCC's financial statements.	180,000	Baht
2. Annual audit fee of consolidated financial statements.	160,000	Baht
3. Annual audit fee of subsidiaries and quaterly review fee of SCC.		
- Number of subsidiaries	126	Companies
- Amount of fee	27.56	Million Baht
4. Totaling audit fee	27.90	Million Baht

Non-audit fee

For this fiscal year, the Siam Cement Public Company Limited and its subsidiaries did not receive other kind of services from the company where the auditors are working, and from the persons or the businesses concerned with the auditors and the company where they are working.

SCG ensures this report is environmentally friendly,
so we printed it on paper produced from agro-industry waste and recycled fiber,
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