Adding Value, Growing Opportunities

Annual Report 2009

The Siam Cement Public Company Limited

96 YEARS

SCG

Adding Value, Growing Opportunities

SCG, a leading business conglomerate that moves forward toward becoming the leader in ASEAN alongside enhancing competitiveness in the global market, has conducted business in tune with good corporate governance and sustainable development concept. SCG has persistently invested in organizational and employee development and encouraged innovation in products, services, processes, and business models to create higher value for consumers. Moreover, the Group is also committed to contributing to the sustainable progress of the communities where SCG operates.

SCG was established in 1913 following a Royal Decree of His Majesty King Rama VI to produce cement, a main building material for infrastructure projects that contributes to the progress of the country in that period. The Group has diversified into five core businesses encompassing SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, and SCG Distribution.

In 2009, SCG received many awards and recognitions. Chiefs among them are Overall in Thailand Most-admired Company from Asian Wall Street Journal, Best Managed Company from Asiamoney, Asia's Best Company in CG and CSR from FinanceAsia, HRH Princess Maha Chakri Sirindhorn's Trophy for Thailand Corporate Excellence Awards in Human Resources Management for the 8th consecutive year and Innovation and Creativity for the 4th consecutive year from Thailand Management Association and Sasin, The Most Innovative Company 2009 from Nation Multimedia Group and Faculty of Commerce and Accountancy, Chulalongkorn University, SET Awards in CSR Excellence from the Stock Exchange of Thailand, Gold Class in Outstanding Sustainability in the Sector of Building Materials & Fixtures from Dow Jones Sustainability Indexes (DJSI), and ranking No.1 of Thailand for the 2nd consecutive year and No. 14 of Asia for CSR Disclosure from CSR Asia Business Barometer 2009.

Contents

Investor Information

Stock code	SCC (Listed on the Stock Exchange of Thailand – SET)
Registration No.	0107537000114
Type of Business	Holding company
Website	www.scg.co.th
Year of Establishment	1913
First trade date	April 30, 1975
Address	1 Siam Cement Road, Bangsue, Bangkok 10800
Registered capital	1,600 Million Baht
Paid-up capital	1,200 Million Baht Comprised of 1,200 Million ordinary shares
Par value	1 Baht par value
Fiscal year	January 1 – December 31 of each year
Shareholders	The Crown Property Bureau Group holds approximately 31.935% shares while the remaining shares are held by other institutional and individual shareholders

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5 Years Share Prices (2005–2009)

Compared to SET Index

SET
SCC Local
SCC Foreign

Financial Overview

The Siam Cement Public Company Limited and Its Subsidiaries

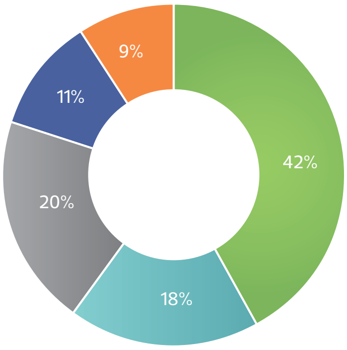
	2009	2008	2007	2006	2005
STATEMENTS OF INCOME (MILLION BAHT)					
Net Sales	**238,664**	293,230	267,737	258,175	218,265
Costs and expenses	**216,767**	281,457	247,719	231,337	191,793
Profit before income tax, finance costs, depreciation and amortization and includes dividends from associates (EBITDA)	**47,116**	38,783	50,008	57,151	53,507
Net profit without non-recurring items [1]	**24,408**	16,479	25,841	30,157	30,713
Net profit [2]	**24,346**	16,771	30,352	29,451	32,236
BALANCE SHEETS [3] (MILLION BAHT)					
Assets	**315,992**	285,776	248,256	226,264	199,370
Liabilities	**184,571**	174,428	139,717	132,699	128,677
Shareholders' equity and minority interest	**131,421**	111,348	108,539	93,565	70,693
Shareholders' equity	**104,510**	87,220	86,131	75,023	63,947
FINANCIAL RATIO					
Total number of shares issued (Million Shares)	**1,200**	1,200	1,200	1,200	1,200
Book value per share (Baht)	**87.1**	72.7	71.8	62.5	53.3
Earnings per share (Baht)	**20.3**	14.0	25.3	24.5	26.9
Dividends per share (Baht)	**8.5**	7.5	15.0	15.0	15.0
Dividends payout ratio on net profit (%)	**41.9**	53.6	59.3	61.2	55.8
Return on net sales (%)	**10.2**	5.7	11.3	11.4	14.8
Return on equity (%)	**25.4**	19.3	37.7	42.4	53.3
Return on assets (%)	**8.1**	6.3	12.8	13.8	16.5
EBITDA on total assets (%)	**15.7**	14.5	21.1	26.7	27.4
Debt to equity ratio (Times) [4]	**1.4**	1.6	1.3	1.4	1.8
Price earnings ratio (Times) [5]	**11.6**	7.4	9.2	9.9	9.1
Net debt to EBITDA ratio (Times)	**2.6**	3.1	2.0	1.8	1.9

1 Profit before gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others - net of income tax expense.
2 Net profit attributable to equity holders of the parent.
3 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. 27.
4 Debt to equity ratio = Liabilities divided by total shareholders' equity and minority interest.
5 Price is the year ended price at which a security is traded in the local board of SET.

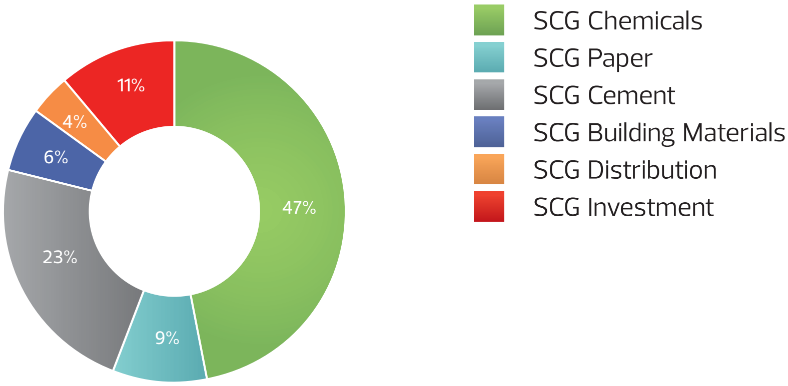
Operating Results

The Siam Cement Public Company Limited and Its Subsidiaries

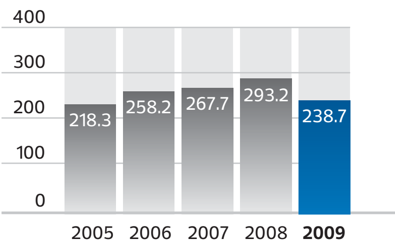
Sales breakdown 2009



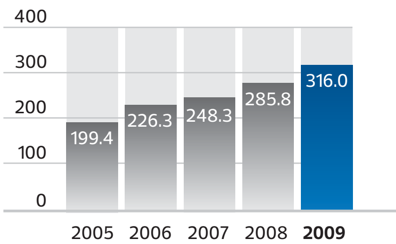
Net profit* breakdown 2009



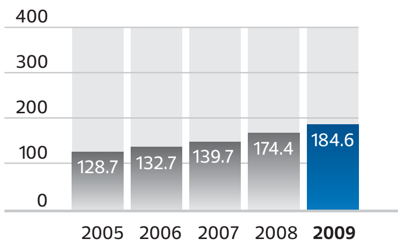
Net sales
Billion Baht



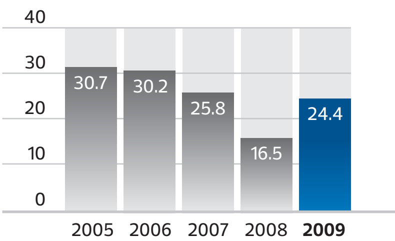
Assets
Billion Baht



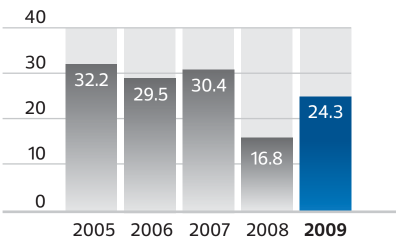
Liabilities
Billion Baht



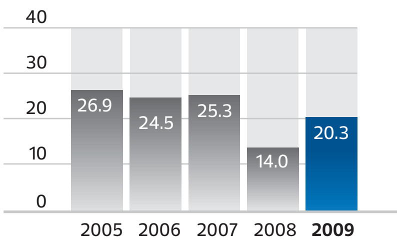
Net profit without non-recurring items
Billion Baht



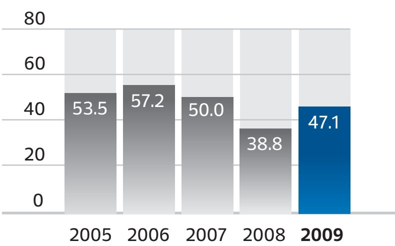
Net profit*
Billion Baht



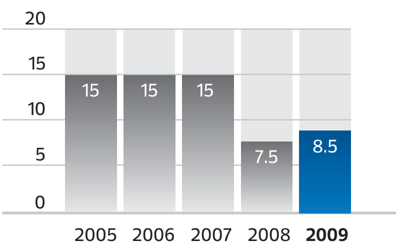
Earnings per share
Baht/share



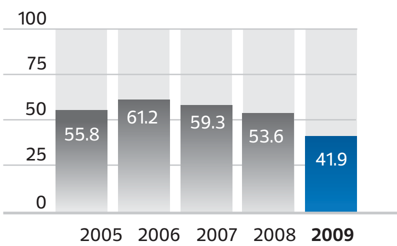
EBITDA
Billion Baht



Dividends per share
Baht/share



Dividends payout ratio on net profit*
Percent



* Net profit attributable to equity holders of the parent.

Message from the Board of Directors

The global economic downturn in 2009 persisted as a result of the US financial crisis in the previous year that reverberated around the world. Further, the Thai economy was dampened by the domestic political turmoil coupled with sluggish exports amid the world economic situation and the slow recuperation of the government and private investment, attributable to several difficulties.

Nevertheless, thanks to SCG's adaptation to the emerging challenges and volatility with the focus on prudent financial management and ongoing expansion into new markets, SCG managed to achieve better operating results in 2009 compared to the previous year and a more solid financial status. SCG reported a total revenue of 238,664 Million Baht and a net profit of 24,346 Million Baht. By taking into account the Group's performance, the overall financial status, and the global economic conditions, the Board of Directors resolved to propose to the ordinary general meeting of shareholders on March 31, 2010 the full-year dividends of 8.50 Baht per share, representing 42% of the consolidated net profit, of which the interim dividends of 3.50 Baht per share were paid on August 27, 2009. The final dividends of 5.00 Baht per share will be paid on April 28, 2010.

In 2010, the world economy shows signs of recovery, which will help boost Thailand's exports. This together with the increase in public investment will contribute to better outlook for the Thai economy. SCG continues to operate prudently and manage risks carefully to achieve sustainable growth. To that effect, SCG has therefore implemented the following approaches.

Winning Customers' Minds through Development of HVA

SCG pledges to enhance customer satisfaction levels by studying customer real needs. The efforts enable SCG to develop a diverse range of high value-added products and services (HVA) to address the evolving demand and create a better living whilst contributing to a sustainable environment and society. Examples include Idea Work, premium-grade paper from SCG Paper with a smooth, high white finish that provides improved print quality and is quality tested to be efficient and resist paper jams, and Super Cement from SCG Cement, a new formula cement that meets the needs of customers for quality and budget. The HVA offerings also extend to SCG Experience, a modern center showcasing SCG innovative building and home decoration products with the use of cutting-edge technology to create inspiring customer experiences. In addition, SCG has also introduced the SCG eco value label that encompasses eco-friendly products and services based on ISO14021 Environmental Labels and Declarations.

In 2009, sales from HVA grew continuously from the previous year, accounting for 25% of the total sales. Research and development expenses amounted to 880 Million Baht, which increase steadily every year.

SCG has combined several product brands into one brand to ensure customer confidence and create better brand awareness. Chief among them is the merging of differing building product brands into the "Tra Chang" brand, reflecting the trademark of premium quality and the demonstrated commitment to developing products and services. Such brand development efforts are part of SCG's synergistic strategy to add value to the brand and enhance management efficiency to accommodate future growth.

Expanding into the ASEAN Region

The major progress in SCG's expansion into the ASEAN region includes the packaging paper plant in Vietnam with an investment of approximately 6,000 Million Baht that began production and distribution in the 2nd quarter of 2009. In the early of 2010, SCG Paper acquired a 100% stake in New Asia Industries Company Limited, Vietnam's leading producer and distributor of corrugated containers with a total investment of 770 Million Baht.

As for the fully integrated petrochemicals complex in southern Vietnam, this is under study regarding investment and financial structure. This will be the first step in tapping the emerging market with high economic value. In late 2009, SCG signed a framework agreement with Qatar Petroleum International, a Qatar state enterprise, which has jointly invested in and will supply feedstock for the project.

Besides, SCG has opened additional overseas trading offices in Poland, Russia, and South Africa. Currently, there are a total of 35 overseas trading offices in 22 countries. At the same time, SCG has expanded export markets access to other regions encompassing more than 100 nations across the world.

Contributing to Society and Environment for Mutual Sustainable Growth

SCG employs the world's best environmentally-friendly technology to ensure the well-being of the nearby communities and staff. The Group is dedicated to minimizing its operating impact on health, environment, and society along with living in harmony with the communities in which it operates. All stakeholders are given opportunities to participate in the operations transparently in line with the sustainable development approach.

On September 29, 2009, the Central Administrative Court has ordered the government agencies concerned to temporarily suspend 76 industrial projects in the Map Ta Phut area, Rayong province. Later, in December 2, 2009, the Supreme Administrative Court upheld the suspension of most of the projects. This has adversely affected SCG Chemicals' investment projects in the area, both its subsidiaries and joint ventures. However, SCG has worked closely with the government agencies and the involved parties to resolve the problem and minimize the impact on its investment projects as well as on all stakeholders. At present, the priority for SCG is to comply with the Section 67 of the 2007 constitution in order to create public confidence in our strong determination to live and grow alongside the community in a cooperative manner.

In 2009, SCG took pride in many of its corporate social responsibility (CSR) activities that have achieved the great success and been greatly extended. For instance, the "SCG Conserving Water for Tomorrow Project" has constructed over 16,000 check dams and restored the conditions of existing run-down check dams to health. The knowledge and lessons learned from the construction of check dams by SCG and the communities in Lampang were documented for sharing with other communities.

Also SCG Cement successfully eliminated 300,000 tons per year in greenhouse gas emissions, thanks to the complete installation of waste heat power generator at every cement plant, which allows the recapturing of waste heat from the cement production process for electricity generation.

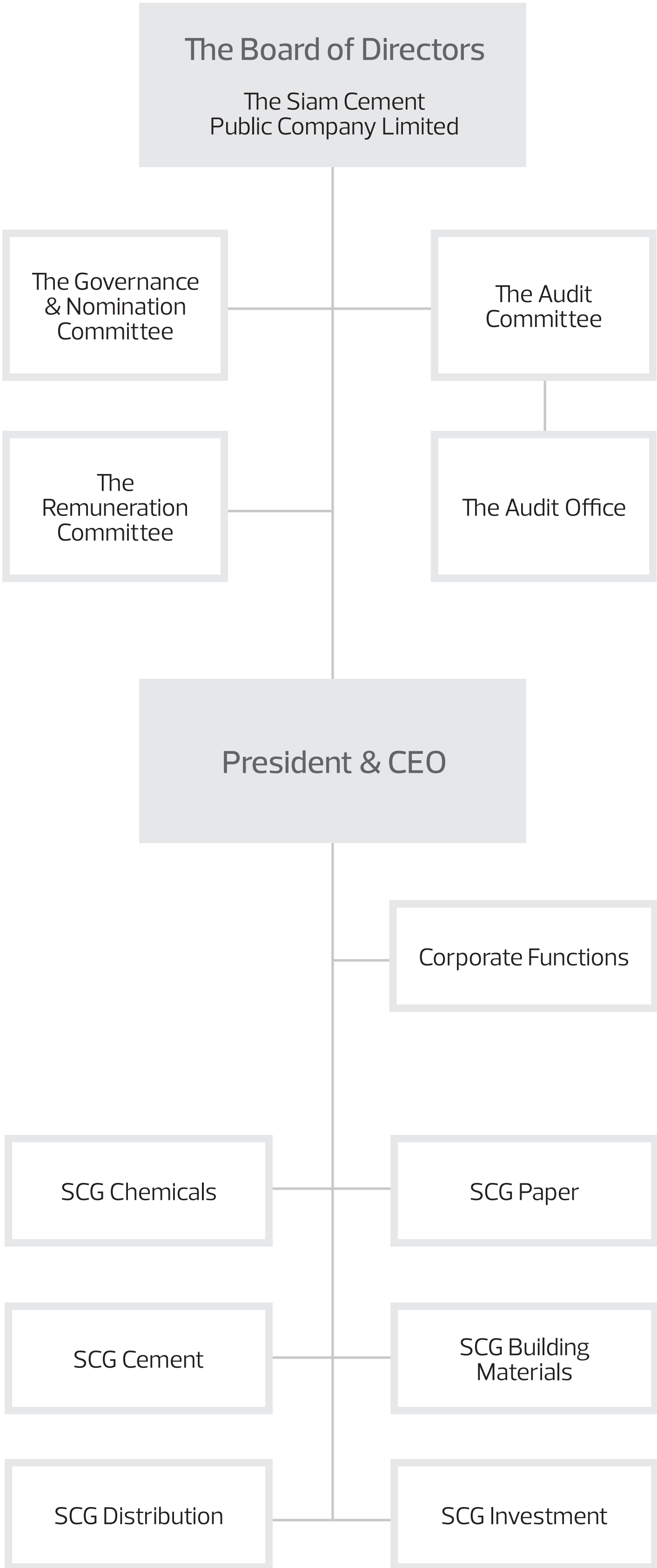
Finally, the Board of Directors wishes to express appreciation to all shareholders, debenture holders, joint-venture partners, customers, staff, stakeholders, and domestic and international financial institutions for the continued support that has helped render our success today. The Board has full confidence in SCG and will conduct its businesses prudently, in accordance to the code of conduct and good corporate governance. By doing so, this will ensure the fullest and fairest benefits for all concerned parties and become an organization that grows sustainably alongside Thailand and the ASEAN region.

Bangkok, January 27, 2010

Chirayu Isarangkun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

Organizational Structure



The Board of Directors

1 **Chirayu Isarangkun Na Ayuthaya**
Chairman

2 **Kamthon Sindhvananda**
Director

3 **Snoh Unakul**
Director

4 **Sumet Tantivejkul**
Director

5 **Pricha Attavipach**
Director

6 **Panas Simasathien**
Director

7 **Yos Euarchukiati**
Director

8 **Arsa Sarasin**
Director

9 **Chumpol NaLamlieng**
Director

10 **Tarrin Nimmanahaeminda**
Director

11 **Pramon Sutivong**
Director

12 **Kan Trakulhoon**
Director,
President & CEO

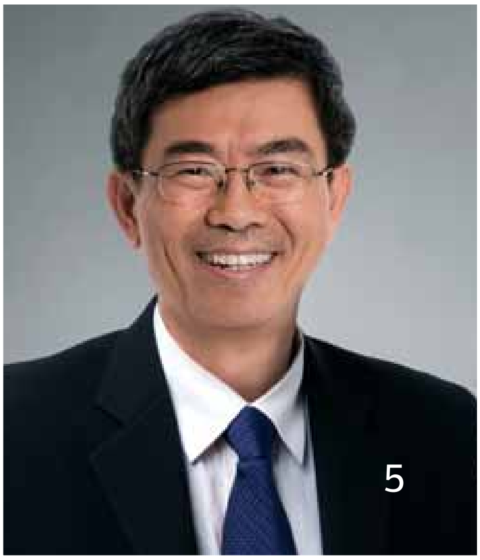
SCG Top Executives

1 **Kan Trakulhoon**
President & CEO
SCG

2 **Roongrote Rangsiyopash**
Vice President & CFO
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

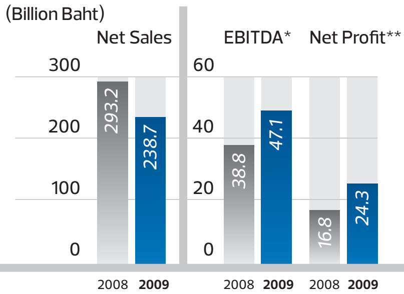
8 **Damri Tunshevavong**
President
SCG Investment

Operating Results

Summary of Operating Results

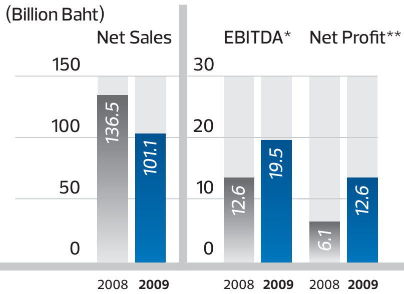
SCG

Consolidated net sales were 238,664 Million Baht, Consolidated EBITDA was 47,116 Million Baht, increased by 21% from the last year, as a result of the rapid adaptation of every business unit to the emerging challenges as well as prudent financial management and ongoing expansion into new markets locally and internationally. In 2009, consolidated net profit was 24,346 Million Baht.



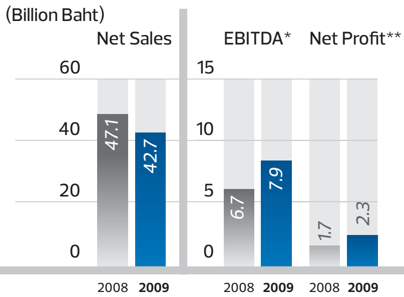
SCG Chemicals

Net sales were 101,115 Million Baht while net profit was 12,556 Million Baht. EBITDA was 19,482 Million Baht, increased by 55% from the previous year due to one-time stock loss of over 4,000 Million Baht in the 4th quarter of 2008. The business unit is committed to developing a wide range of high value-added products and services to accommodate the needs of customers.



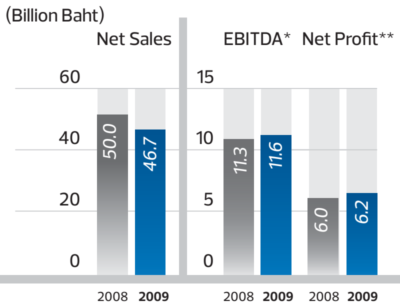
SCG Paper

Net sales reached 42,729 Million Baht while net profit amounted to 2,286 Million Baht. EBITDA was 7,901 Million Baht, increased by 19% from the previous year as a result of lower raw material cost and increased production capacity. It aims to increase competitiveness by developing business in a sustainable manner, creating innovation, and expanding its markets to ASEAN region.



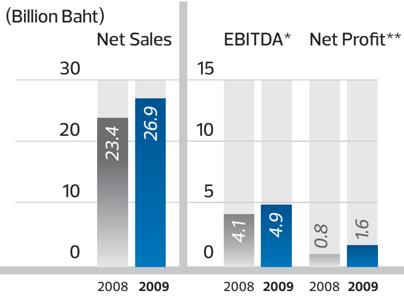
SCG Cement

Net sales were 46,661 Million Baht and net profit was 6,214 Million Baht. EBITDA increased 3% from the previous year to 11,616 Million Baht as a result of energy savings from the waste heat power generator. The business unit is committed to boosting export and expanding investment in ASEAN region.



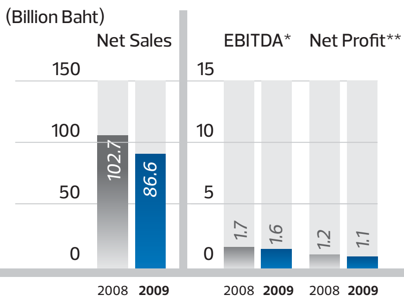
SCG Building Materials

Net sales were 26,873 Million Baht and net profit was 1,617 Million Baht. EBITDA was 4,907 Million Baht, increased by 20%. The business unit focuses on providing integrated innovative products as well as developing services to facilitate the customers lifestyle and expanding market in ASEAN especially Vietnam.



SCG Distribution

Net sales were 86,641 Million Baht and net profit was 1,077 Million Baht. EBITDA was 1,581 Million Baht, decreased by 9% from the previous year due to the global economic downturn and volatility of oil price. The business unit plans to open more retail stores in Thailand and more overseas trading offices. It also develops distribution system and improves the customer relationship management system.



* Includes dividends from associates. ** Net profit attributable to equity holders of the parent.

SCG CHEMICALS

Consolidated Financial Information

(Million Baht)

	2009	2008	2007	2006	2005
Information from Balance Sheets *					
Current assets	**31,339**	28,039	36,009	29,849	19,408
Assets	**165,964**	138,504	123,205	109,391	78,656
Liabilities	**96,998**	78,355	59,824	52,775	38,788
Shareholders' equity and minority interest	**68,966**	60,149	63,381	56,616	39,868
Information from Statements of Income					
Net sales	**101,115**	136,527	130,223	122,645	86,084
Costs and expenses	**89,407**	133,694	118,533	107,801	74,477
Net profit without non-recurring items **	**12,681**	5,869	13,741	17,545	16,263
Net profit ***	**12,556**	6,136	16,982	17,574	16,656
EBITDA ****	**19,482**	12,598	22,611	26,199	19,653

* 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. 27.

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

*** Net profit attributable to equity holders of the parent.

**** Profit before income tax, finance costs, depreciation and amortization and includes dividends from associates.

Operating Results

In 2009, chemicals business improved from previous year. Prices of Naphtha and Polyolefins continuously increased from year-end 2008 due to demand growth from world economic recovery, especially in China and Asian countries, rise of crude oil prices, and delayed start-ups of new Olefins and Polyolefins capacities from the Middle East. Average Naphtha price in 2009 was 553 USD per ton, lower than 2008's average by 274 USD per ton. Average Polyolefins price in 2009 was 1,134 USD per ton, decreased from 2008's average by 342 USD per ton.

Total sales of SCG Chemicals amounted to 101,115 Million Baht, decreased by 26% from the previous year due to lower product prices. However, EBITDA increased by 55% to 19,482 Million Baht as the businesses experienced over 4,000 Million Baht stock loss in the 4^{th} quarter of 2008. Similarly, net profit increased by 105% from the previous year to 12,556 Million Baht.

Organizational Development

Business Development

• Developed over 30 products variety, including durable goods, consumer goods, and infrastructure goods. In 2009, sales from high value-added products grew to over 26% of the total sales.

• Established an overseas trading office in Dubai, United Arab Emirates in order to accelerate sales in Europe, Middle East and Africa. It has also expanded market coverage to over 100 countries.

• Increased manpower at Shanghai and Guangzhou offices in China to accommodate higher sales.

• Acquired around 1,200 Million Baht of shares in a medium-sized technology licensing company in the petrochemical and refinery industry in the US. This acquisition enhances the business unit's technological advancement and human resources capability development in research and process design & engineering.

• Bangkok Synthetics Co., Ltd., an associated company, invested in an NB Latex plant with the investment of 1,225 Million Baht and production capacity of 54,000 tons per year. This plant is expected to begin commercial operation in 2011.

Human Resources Development

• Established the human resources management committee to specially take care of staff in research and development function regarding their career path, performance and remuneration as well as provided training programs in collaboration with professionals and research institutes, both locally and internationally.

• Organized training programs to enhance leadership skill of management-level employees including Facilitative Leadership, Strategic Communication, and Global Mindset.

• Organized the career development program for new employees earning at least a bachelor's degree to improve their business perspective and enable them to rapidly adapt to the organization.

• Organized the Mini Constructionism-Chemicals Engineering Practice School for new operator-level employees to enhance their knowledge and skill before starting work.

"Our goal is to support our customers to grow alongside SCG, thus, **we focus on enhancing competitiveness of our customers who are converters, encouraging them to effectively develop products to meet the needs of market and consumers.** Meanwhile, we develop innovative products and services such as PE 100 resin to produce high-pressure resistant pipe without remaining odor or other residues and Shinkolite acrylic board which is designed to be flexibly bent or extended when needed. We also assist our customers in capital sourcing and asset management to help them operate well even in the economic downturn."

Yuttana Jiamtragan
Managing Director
SCG Performance Chemicals Co., Ltd.
Provider of high quality plastic resins

Innovation Development

• Designed production process for low odor HDPE resin which is a raw material for food packaging. Improved catalyst efficiency in the HDPE resin production in order to increase efficiency and reduce production costs.

• Collaborated with The Siam Refractory Industry Co., Ltd., in SCG Cement, to develop coating materials for cracking furnace which significantly reduces energy consumption. Replaced costly and time consuming conventional manual examination of inner cracking furnace with invented robots.

• Developed PVC Compound, a raw material used in power wire production. With its special characteristics including flame retardant and lower emission of acid fume and vapor during production process, it is safe for being used in tall building.

• Developed financial and e-Credit system to support business operation of customers during the economic downturn as well as reduce risks of debtors and manage financial cost and cash flow efficiently.

• Developed raw material to use in melamine stoneware production to substitute imported fiber stone and reduce costs.

• Integrated HDPE Compound production processes into a single process, resulting in reduction of energy consumption, transportation process and total production costs.

Business Strategy

• Develop a wide range of high value-added products and services to accommodate the needs of customers and enhance SCG Chemicals' competitiveness.

• Diversify market base to various regions and expand overseas trading office in key regions in order to receive timely market data and information while mitigate risks from market volatility.

• Enhance production process and distribution efficiency through the implementation of Total Productivity Management (TPM) and Total Quality Management (TQM) to reduce costs and control product quality with continued emphasis on environmental management.

• Develop green maintenance processes which play a crucial role in waste management, emission reduction, energy-saving, and green material usage to enhance sustainability of society and environment.

SCG PAPER

Consolidated Financial Information

(Million Baht)

	2009	2008	2007	2006	2005
Information from Balance Sheets					
Current assets	**13,121**	14,010	14,334	13,162	12,393
Assets	**47,942**	51,089	46,454	40,734	38,575
Liabilities	**19,780**	23,683	20,372	16,868	14,025
Shareholders' equity and minority interest	**28,162**	27,406	26,082	23,866	24,550
Information from Statements of Income					
Net sales	**42,729**	47,110	43,890	42,645	40,306
Costs and expenses	**39,740**	44,909	40,514	37,649	35,265
Net profit without non-recurring items *	**2,286**	1,658	2,353	3,574	3,689
Net profit **	**2,286**	1,658	2,353	3,574	3,689
EBITDA ***	**7,901**	6,660	7,943	9,634	9,496

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

** Net profit attributable to equity holders of the parent.

*** Profit before income tax, finance costs, depreciation and amortization and includes dividends from associates.

Operating Results

In 2009, the paper industry experienced the lower demand of printing paper and corrugated container in domestic market due to the economic downturn. However, the demand from ASEAN countries still increased, resulting in higher export volumes compared to 2008.

Total sales of SCG Paper amounted to 42,729 Million Baht, decreased by 9% from the previous year. EBITDA totaled 7,901 Million Baht, increased by 19%. Net profit amounted to 2,286 Million Baht, increased by 38%, compared to the previous year due to the increased capacity of printing & writing paper and packaging paper. Meanwhile, the product price decreased, but the business unit still achieved profit due to its effective cost management.

- **Pulp and Printing & Writing Paper:** Sales volume grew 18% from the previous year due to the launch of innovative paper products under "Idea" brand and the increasing export volumes in ASEAN region such as Vietnam, Malaysia and Middle East region. Average product prices decreased by 15% from the previous year.
- **Packaging Paper and Corrugated Container:** Sales volume grew 2% from the previous year due to the increasing export volumes and additional capacity from Vietnam plant. Meanwhile, the sales of corrugated containers dropped due to the slowdown in electric component and auto parts industry, comparing to 2008. Average product prices decreased by 15% from the previous year.

Organizational Development

Business Development

- Packaging paper plant of Vina Kraft Paper Co., Ltd. in Vietnam started commercial operation in the 2nd quarter of 2009 with a production capacity of 220,000 tons per year.
- Thai Container Group Co., Ltd. and Rengo Co., Ltd. (Japan) signed an agreement to acquire 100% of shares in New Asia Industries Company Limited, a packaging company in Vietnam. The investment, totalling approximately 770 Million Baht, was made in order to expand production and customer bases in the region.
- The Siam Forestry Co., Ltd. in collaboration with Saha Kojen (Chonburi) Co., Ltd. established Sahagreen Forest Co., Ltd. to study the possibility and develop biomass energy production project which will generate energy from bark, wood fragments and agricultural wastes.

Human Resources Development

- Developed employees' knowledge and skills in accordance with business growth strategy and prepared them to work overseas. Moreover, created a good work environment to ensure employees' strong physical and mental health, enabling them to produce high quality work.
- Promoted a culture of joint learning in a creative manner among similar professionals and created integrated learning in order to create innovation and new knowledge in the organization.
- Developed a self-learning system through e-Learning and vocational courses in manufacturing technology.

"Our priority is to accommodate the needs of customers. In addition to the development of Idea Green paper which reduces the use of tree consumption by 30% and gains overwhelming response from environmentally conscious consumers, in 2009, **we introduced Idea Work paper for modern offices that require the maximum efficiency.** It delivers excellent printing quality and works efficiently with all office printing equipments. We will continue to develop and offer better products and services to our consumers."

Danaidej Ketsuwan
Home & Office Solution Business Manager,
Marketing Office
SCG Paper Public Company Limited
Largest integrated paper manufacturer in Thailand and ASEAN

Innovation Development

• Developed Idea Work, super premium office paper with Nano Coating, resulting in a smooth and high white finish. New matrix fiber provides great runability and high thickness.

• Developed Note Pro paper especially for writing. Smooth sheet can quickly absorb ink, enabling users to produce clear text without ink stain on hands. It is suitable for notebooks and diaries.

• Developed a lightweight paper which is eyesight-friendly. The paper color is durable and ideal for offset printing. It was developed in response to the Ministry of Education's policy of using eyesight-friendly paper for textbooks.

• Developed Coffee Sleeve with ThermoZense sticker which can indicate temperature level of coffee.

Business Strategy

• Retain leadership position in the domestic market and increase competitiveness by reducing production costs and energy costs as well as enhancing production efficiency and innovation development. Expand investments in ASEAN region in order to cater to future growth.

• Focus on developing high value-added products and services while emphasizing environmental conservation in production process and create awareness among employees and concerned parties in order to achieve sustainable development.

• Foster good relationships with customers to better understand their needs, and therefore develop products that better meet the market demand.

SCG CEMENT

Consolidated Financial Information

(Million Baht)

	2009	2008	2007	2006	2005
Information from Balance Sheets					
Current assets	**9,013**	9,886	10,075	9,866	9,199
Assets	**60,681**	60,770	60,132	57,791	55,953
Liabilities	**12,424**	11,932	14,846	15,958	17,877
Shareholders' equity and minority interest	**48,257**	48,838	45,286	41,833	38,076
Information from Statements of Income					
Net sales	**46,661**	49,999	44,087	44,123	41,630
Costs and expenses	**38,694**	42,124	36,943	35,451	31,756
Net profit without non-recurring items *	**6,124**	6,004	5,467	6,649	7,920
Net profit **	**6,214**	6,006	5,463	6,652	7,916
EBITDA ***	**11,616**	11,272	10,198	12,200	13,235

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

** Net profit attributable to equity holders of the parent.

*** Profit before income tax, finance costs, depreciation and amortization and includes dividends from associates.

Operating Results

In 2009, the domestic cement industry had a combined capacity of 56 million tons while demand totaled 24 million tons, similarly to the previous year due to global economic downturn and domestic political turmoil.

Total sales of SCG Cement amounted to 46,661 Million Baht, decreased by 7% from the previous year, while EBITDA totaled 11,616 Million Baht, increased by 3% from the previous year. Net profit amounted to 6,214 Million Baht, rose 3% as a result of production costs reduction.

- **Grey Cement:** Total sales decreased by 3% with domestic sales and export sales volumes were in a similar level to the previous year. Kampot Cement plant in Cambodia ran at full capacity.
- **Ready-mixed Concrete:** Total sales decreased by 11% on a 9% decrease of domestic sales volume. In 2009, 14 more franchisees were enlisted.
- **Concrete Product:** Total sales decreased by 9% on a 5% and 10% decrease in domestic sales volume of Precast and Post Tension respectively. In 2009, 2 more franchisees were enlisted.
- **White Cement:** Total sales was in a similar level to the previous year because of flat domestic and export sales volumes.
- **Mortar:** Total sales was in a similar level to the previous year because of flat domestic and export sales volumes.
- **Refractory:** Total sales decreased by 7% on a 29% decrease of domestic sales volume while export sales volume was in a similar level to the previous year.

Organizational Development

Business Development

- Expanded mortar production capacity at Khao Wong and Thung Song plants by 450,000 tons per year each with total investment of 675 Million Baht. It is expected to started operation in the 1st quarter of 2011, resulting in total mortar production capacity of 2.25 million tons per year.
- Installed new machine at Ta Luang plant with the investment of 615 Million Baht to support continuous demand of limestone and enhance the standard of environmental conservation and reduction of possible impacts on environment in accordance with the Environmental Impact Assessment (EIA)
- Installed waste heat power generator at all grey cement production lines in Thailand and Cambodia with a combined capacity of 100 megawatts in the 4th quarter of 2009. With an investment of 5,850 Million Baht, the project can generate electricity which accounts for 30% of total power consumption, reduce electricity cost by around 1,600 Million Baht per year, and help reduce CO_2 emission by more than 300,000 tons per year when running at full capacity.

Human Resources Development

- Developed employees' skills and knowledge in response to the business strategy. Created a corporate culture that promotes employees' creativity and customer-centric mindset, enabling them to develop products and services that meet customers' expectation. The efforts also extended to knowledge management.

"We utilize new technologies around the world in our production process, quality control, raw material costs reduction, environmental conservation, and new ready-mixed concrete service in order to **continuously develop CPAC ready-mixed concrete for various specific purposes** such as the concrete for agricultural drying yard and the concrete for seashore sites. We also develop concrete delivery service by using CPAC small site service system and allow customers to make payment through Counter Service in order to efficiently serve retail customers."

Boonrawd Kuptitanhi
Manager, Concrete Technology Development and Service
The Concrete Products and Aggregate Co., Ltd.
Producer of CPAC ready-mixed concrete

• Prepared employees for further business expansion both in the domestic and overseas market through various efforts, encompassing recruitment; development of needed skills and knowledge and embedding business ethics; and improvement of salaries, benefit packages and work environment for employees working in each country.

Innovation Development

• Developed cement for specific purposes such as Elephant sea water-resistant cement that prevents seashore infrastructure site corrosion caused by Sulphate; Elephant fast-setting cement that shortens concrete mold removal time and the Super Cement with a concentrated mixed cement formula.

• Developed CPAC agricultural drying yard concrete by applying the principle of heat absorbing of concrete. It helps reduce agricultural products moisture rapidly, helping farmers to sell their products faster at the better price.

• Developed white cement for plastering which offers a feel of a natural look.

• Developed silo & spraying system to provide a plastering solution for customers at their sites.

• Developed distribution network for ready-mixed concrete for faster delivery to customers.

Business Strategy

• Promote innovation development and add value to products and services to address the specific requirements of each customer group.

• Explore an opportunity to expand the investment in ASEAN region and push exports to maintain stable production capacity level amidst the uncertain global economic situation.

• Focus on investing in research and development as well as maintaining optimum working capital level while reducing costs and expenses to achieve maximum efficiency for long-term growth in accordance with the sustainable development concept.

SCG BUILDING MATERIALS

Consolidated Financial Information

(Million Baht)

	2009	2008	2007	2006	2005
Information from Balance Sheets					
Current assets	**8,677**	8,326	7,576	7,745	7,640
Assets	**22,991**	22,654	19,863	20,595	20,259
Liabilities	**13,916**	15,435	13,540	14,180	8,925
Shareholders' equity and minority interest	**9,075**	7,219	6,323	6,415	11,334
Information from Statements of Income					
Net sales	**26,873**	23,351	21,281	22,745	22,227
Costs and expenses	**25,135**	22,739	20,536	20,379	18,997
Net profit without non-recurring items *	**1,538**	754	950	1,799	2,749
Net profit **	**1,617**	778	950	1,939	3,071
EBITDA ***	**4,907**	4,085	3,928	4,856	5,387

* Profit before gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others - net of income tax expense.
** Net profit attributable to equity holders of the parent.
*** Profit before income tax, finance costs, depreciation and amortization and includes dividends from associates.

Operating Results

In 2009, building material industry endured the effect of the world economic downturn and the domestic political turmoil. However, the government's economic stimulus package including tax measures, a reduction in the transfer and mortgage registration fees, acceleration of the budget disbursements, and mega project investment, resulted in a modest growth in the property sector.

Total sales of SCG Building Materials amounted to 26,873 Million Baht, improved 15% from the previous year. EBITDA totaled 4,907 Million Baht, increased by 20%. Net Profit amounted to 1,617 Million Baht, increased by 108% from the previous year due to the development of integrated and innovative products and services offering as well as increasing shares of a subsidiary in ceramic business.

Organizational Development

Business Development

• To boost brand recognition among customers, the business unit synergized building materials brands into a single Tra Chang brand. These products included fiber-cement roof tiles, concrete roof tiles, ceramic roof tiles, translucent roof tiles, wood substitute product, wall, floor, fence, landscpae, thermal insulation and sound insulation. Besides, ceramic tiles, faucets and sanitary wares are united under a single COTTO brand.

• Restructured and rebranded CPAC Dsign to Tra Chang Landscape, expanding the business to cover comprehensive landscape solution from design to products selection and installation.

• Entered into a joint venture with Sekisui Chemical Co., Ltd. (Japan) to manufacture modular houses with the sales target of 100 units by 2010.

• Opened seven branches of COTTO STUDIO, the integrated showroom and service center of COTTO's ceramic tiles and sanitary ware.

• Increased Roofing Center coverage throughout the country to 38 branches and introduced new services, Ceiling and Wall Solution.

Human Resources Development

• Provided career development plan and training programs in areas of Product Design and Development, Introduction to Green Building, Macro Trend, and Intellectual Property Law to employees in research and technology section.

• Improved living condition for expatriates and carried on English program for employees.

• Organized basic meditation courses for employees' self development and Freshy Networking Program for employees with less than three years work experience in order to strengthen relationship among them.

Innovation Development

• Launched modular house, an innovative home building technology where all components are manufactured in a plant and installed at site, allowing house owners to move in faster.

"We develop more convenient offerings for customers by integrating SCG premium quality building materials such as roofing, ceiling and wall, bathroom, surface covering and landscape solutions into systems. Additionally, we offer consulting service, design service, budget assessment, warranty, and after-sales service to **meet lifestyle of consumers who require both quality product and convenient services** for better living standard."

Thanongchai Aswinchaichote
Home Solution Center Manager
SCG Building Materials Co., Ltd.
Producer and provider of comprehensive building materials products under brand Tra Chang and COTTO

• Developed COTTO ceramic tile "Eco Touch Series" and grazed porcelain tile "Eco Rockrete Series" which contain more than 60% of recycled raw material and consume less energy in production process.

• Developed COTTO tile installation systems including Speed Surface: Interlock and Cladding System: A|C|T Technique which help speed up installation.

• Developed CPAC Monier Everclean Collection with special coating technique resulted in a smoother roof surface which enables self-cleaning feature and long-lasting color.

• Developed fiber-cement roof tile with pearl color under Tra Chang brand, lightweight but strong.

• Developed roofing system "Top Hat Solution", offering installation service with 10-year quality warranty.

• Developed Cylence sound insulation that reduce and absorb noise inside the building especially in sound-sensitive areas such as seminar room, home theater, studio and industrial plant.

Business Strategy

• Commit to providing customers with a full range of innovative products and services as well as convenient distribution channels in accordance with the concept of One-Stop Shop such as Home Solution center.

• Enhance the effectiveness of marketing efforts in domestic and international markets as well as promote the development of environmentally-friendly products in accordance with SCG Eco Value, which is in line with the internationally-accepted ISO 14021 standard.

• Focus on Vietnam market, especially high-rise building segments such as hotels, which generate high volume and sales of products while creating brand exposure to the public.

Consolidated Financial Information

(Million Baht)

	2009	2008	2007	2006	2005
Information from Balance Sheets					
Current assets	**6,941**	7,807	8,528	8,214	6,406
Assets	**10,110**	10,903	11,143	10,610	8,560
Liabilities	**7,333**	7,557	8,834	8,576	7,337
Shareholders' equity and minority interest	**2,777**	3,346	2,309	2,034	1,223
Information from Statements of Income					
Net sales	**86,641**	102,672	86,440	81,519	76,070
Costs and expenses	**85,821**	101,582	85,415	80,495	74,932
Net profit without non-recurring items *	**1,077**	1,211	939	944	1,079
Net profit **	**1,077**	1,211	939	1,021	1,079
EBITDA ***	**1,581**	1,739	1,576	1,498	1,546

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

** Net profit attributable to equity holders of the parent.

*** Profit before income tax, finance costs, depreciation and amortization and includes dividends from associates.

Operating Results

In 2009, the distribution industry was affected by the global economic downturn, volatile oil price and domestic political turmoil, resulting in the 18% decline of domestic building materials market while the export decreased by 10% and the import decreased by 15%

Total sales of SCG Distribution amounted to 86,641 Million Baht, decreased by 16% from the previous year. EBITDA amounted to 1,581 Million Baht, decreased by 9%, while the net profit totaled 1,077 Million Baht, decreased by 11%

- **SCG Network Management Co., Ltd.:** Sales decreased by 9% from the previous year due to the domestic building materials demand decline.
- **SCG Logistics Management Co., Ltd.:** Sales decreased by 13% from the previous year due to the decreased annual average oil price.
- **SCT Co., Ltd.:** Sales decreased by 28% from the previous year due to the decline of imported raw materials including coal and steel scrap, coupled with the decreased prices of exported products such as cement.

Organizational Development

Business Development

SCG Network Management Co., Ltd.:

- Appointed new authorized dealers to reach 450 dealers nationwide.
- Opened 17 more Home Mart stores, making 84 stores nationwide. Joined forces with dealers to develop local sub-dealers into 10 Home Express stores, making 42 stores nationwide.
- Launched Pro Shop service for technicians in 9 dealer stores as well as implemented membership program in order to provide better services to 22,000 members. Organized Nai Chang Dee program to develop 120 quality technicians.

SCG Logistics Management Co., Ltd.:

- Built the 2nd warehouse and freight container yard with the total space of 25,000 square meters at Laem Chabang Port in Chonburi province in order to enhance export service capacity.
- Set up standard of environmental conservation and community relations in order to manage stockpile and coal shipment.

SCT Co., Ltd.:

- Expanded market in Eastern Europe and Africa by opening the new overseas trading offices in Poland, Russia and South Africa. The company currently operates 35 trading offices in 22 countries.
- Established 3 bailing stations in Vietnam in order to supply the raw materials to SCG Paper plant.
- Set up a coal stockpile in the Philippines with the capacity of 72,000 tons to use in the production of SCG Paper and other customers.

Human Resources Development

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

"As a unit that has to directly contact consumers both in Thailand and ASEAN region through Home Mart stores and other networks, we are committed to studying the lifestyle of each group of customers in order to enable SCG business units to develop products, services and solutions to better serve customers. Moreover, **we focus on the development of product distribution system and collaborative relationship engagement system** to accommodate the requirement of consumers and create the maximum benefit for dealer to ensure their competitiveness in the future."

Bodin Dilokworachote
Marketing Division Director
SCG Network Management Co.,Ltd.
Operator of building materials distribution network
Home Mart stores

Innovation Development

• Established the innovative construction and design center under the name "SCG Experience". The center utilizes cutting-edge technologies in organizing products exhibition as well as providing services to house owners and relevant parties.

• Used the customer relationship management system to link data among manufacturers, distributors, stores and end-users, enabling the business unit to increase sales by more than 2,000 Million Baht per year.

• Renovated the building of SCT Co., Ltd. and turned it into an energy-efficient building which is the first in Thailand awarded the Gold Label Energy Efficiency and Environmental Friendly Building.

• Installed RFID system to manage transportation for the maximum efficiency.

Business Strategy

SCG Network Management Co., Ltd.:

• Develop Multi Channel Distribution in order to accommodate the needs of customers both in the domestic market and ASEAN markets such Cambodia, Vietnam and Indonesia.

• Improve Home Mart stores and make it become the top-of-mind building material store for consumers by providing comprehensive services and creating impressive customers' experience.

SCG Logistics Management Co., Ltd.:

• Utilize customer data management in all process in order to accommodate the needs of customers, retain key customers, and increase volume in transportation of each customer.

• Enhance Multi-Modal Transportation efficiency in order to reduce costs and enhance competitiveness.

SCT Co., Ltd.:

• Enhance efficiency and expand trading network internationally in order to seek new production bases and sources of quality raw materials along with strengthen the existing customer base and explore new markets.

• Develop high value-added products and services, covering upstream business and downstream business.

Good Corporate Governance Report

Principles of Corporate Governance

SCG conducts business with responsibility and fairness, adheres to the long-practiced principles defined by the ethical framework, and constantly improves appropriately with changes in the economy and society, while balancing the sustainable benefits of all stakeholders.

SCG considers corporate governance to be a part of its business policy which the Board of Directors has agreed to review and evaluate on an annual basis. Also, improvements, amendments and changes have been made in accordance with the changing economic and social situation. The Board of Directors has assigned the Governance and Nomination Committee to take charge of corporate governance matters as well as to consider trends and movements at the international level. For example, the rules and practices of the world's leading companies and stock exchanges are compared with those of SCG in order to find areas for improvement. The Board of Directors, moreover, specifies corporate governance as one of the main items on the agenda at the Board of Directors' meeting. The company also publishes and distributes booklets of SCG Corporate Governance policies and SCG Code of Conduct to its employees featuring activities to create clear understanding about the corporate governance guidelines to ensure effective practice. Those interested are welcome to study the content and details shown on SCG's website, www.scg.co.th

In 2007, SCG updated SCG Code of Conduct by adding guidelines of each business, examples, clearer practices, and setting up the Whistleblower Policy, in order to protect an employee who files a complaint or reports improprieties or suspected violations of laws, SCG rules, regulations, and code of conduct. Moreover, a working team responsible for devising the policies and providing consultancy regarding SCG Code of Conduct has been formed, chaired by SCG Vice President & CFO, while top management from functions responsible for matters regarding to ethics and top management from the business units act as a team member. The working team will monitor the performance and give an advice on concerning issues. Moreover, the internal audit office is also responsible for channels to receive any complaints and the Whistleblower Policy.

In 2009, the working team has monitored the performances, knowledge sharing and promotion of the SCG Code of Conduct to its employees as well as the provision of related consultancies via the "SCG Code of Conduct Website", "SCG Code of Conduct Guidance System" and "Whistleblower Policy System". The results were reported to the Governance and Nomination Committee on a regular basis to ensure that all practices are correct and in compliance with the code. The record shows that in 2009, SCG employees visited the SCG Code of Conduct website for 7,665 times and filed eleven complaint issues through the Whistleblower Policy System, which nine of them have been concluded while the rest two are on the investigation process.

SCG sees its corporate governance and code of conduct as essential guidelines for the organization; therefore, the emphasis is strongly laid upon principles and practices concerning responsibility and fairness towards all stakeholders. The principles include a clear outline of the structure, components, duties, independence and the performance of the Board of Directors, transparency of information disclosure, a strict auditing system and risk management policies. These build trust and create additional value among the shareholders. SCG has disclosed related information through various media, for example, the annual report, 56-1 form, websites of the Stock Exchange of Thailand (SET) and of SCG to allow easy access to the information through a greater variety of channels for the stakeholders.

In addition, the stakeholders have the opportunity to participate in improving the company's operating results through communications with the Investor Relations Department via e-mail, invest@scg.co.th. All suggestions will be carefully considered prior to reporting to SCG top executives and the Board of Directors for acknowledgement and consideration.

Guidelines to SCG Corporate Governance

The Rights of Shareholders

SCG ensures that shareholders, both as investors and owners of the company, are entitled to all basic rights at acceptable and trusted standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the company, the right to attend the shareholders' meeting, the right to propose the agenda of the meeting, the right to nominate a person to be a director, the right to express opinions independently, the right to make decisions on important affairs of the company e.g. the election of directors, approval of significant transactions influencing the direction of the company, amendment of Memorandum of Association, Articles of Association and regulations of the company, etc. Shareholders have the right to vote at meetings according to the number of shares owned by each shareholder, whereby one share is for one vote and no particular share allows them privilege to limit the rights of other shareholders.

Apart from the above mentioned rights of the shareholders, SCG has carried out additional tasks to encourage and facilitate shareholders in the exercising of their rights.

1. Provide essential, clear and up-to-date information for shareholders regarding the company's business. Even though some information is not required to be disclosed by law, if SCG considers that it is of significance to the shareholders, the company will notify the shareholders of the information through SCG's website and SET.
2. All shareholders will receive significant and sufficient detailed information concerning the date and the agendas prior to the date of shareholders' meeting. Such information will be posted on SCG's website around two months before the related documents are submitted to shareholders not less than 14 days prior to the meeting. The shareholders' right to attend the meetings and the right to vote on resolutions will be clearly stated in the notice of the meeting submitted by the company.
3. In a case where shareholders are unable to attend a meeting, they are entitled to appoint a representative e.g. an independent director or a person to act as their proxy, using any proxy form attached to the notice of the meeting. The company has prepared the proxy forms in compliance with the specifications defined by the Ministry of Commerce in which the shareholders can exercise their voting rights as wished. These forms can also be downloaded from SCG's website. In addition, SCG provides to shareholders the duty stamp to be sealed on the proxy form for their convenience.

   Shareholders who arrive after the meeting has commenced are able to vote on the agenda item being considered provided that a resolution is not yet made. They shall constitute part of the quorum starting from the agenda item that they are in attendance and exercise their voting rights unless the meeting states otherwise.
4. Prior to the meeting, one or several shareholders holding in aggregate of at least 5% of all the issued shares of the company have the right to suggest issues to be included in the agenda of the ordinary general meeting of shareholders for the year 2010. Shareholders were allowed to exercise such right from November 2 to December 1, 2009 so that the Governance and Nomination Committee could screen the issues before presenting them to the Board of Directors for consideration. Should the proposed issue be included on the meeting agenda, the company shall specify in the notice of the meeting that such agenda was proposed by a shareholder. However, in case the proposed issue is rejected, the company shall inform shareholders of the reasons at the ordinary general meeting of shareholders.

   Moreover, any shareholder is entitled to nominate any qualified candidates for the election of the Board member in advance. The Governance and Nomination Committee shall consider the proposed nominees together with other nominated persons according to the company's criteria for the nomination of directors. The committee then presents the nominees to the Board for consideration before proposing them to the shareholders' meeting for approval.

   However, there was no agenda or candidate proposed by any shareholder prior to the meeting.
5. On the date of the meetings, the company uses the barcode system for registration to ensure convenience of shareholders as each reference number is already included in the registration form and proxy form. In addition, for each agenda, the company will collect the ballot paper from the shareholders who vote "disapprove" or "abstain" in order to deduct the votes from the total entitled voting rights. The company applies the e-voting system to perform the calculation with the use of PDA (Personal Digital Assistant) and socket scanner in order to ensure immediate voting results prompt for announcement right after the end of each agenda. Shareholders are entitled to verify each voting result after the meeting.
6. One-third of the directors must retire from office on a rotation basis in each ordinary general meeting of shareholders and the election of directors to replace the retired directors takes place during the meeting. Shareholders will be informed that in a case where the nominated persons do not exceed the number of directors required for that election, all of them shall be elected as directors. However, if the numbers of candidates exceed the number of directors required, each candidate is then elected individually. During the meeting, shareholders are entitled to freely propose the name of an individual for directorship of the company.
7. At the meetings, shareholders are allowed to freely express their opinions, give suggestions, and raise questions on any agenda item before casting votes to ensure that shareholders have

sufficient detailed information on the matters. Should shareholders have questions or inquiries, specialists in specific fields are available to answer queries under the responsibility of the Board.

8. For any item on the agenda at the shareholders' meeting, the shareholders can call for vote casting by secret ballots if one shareholder makes such request with the approval of five other shareholders. The shareholders' meeting shall resolve to approve the vote casting by secret ballots with a majority of votes.
9. An agenda on the Board's remuneration is included to inform the shareholders of the amount and type of remuneration received by each director including meeting allowance and the Board's bonus. The detailed information can be found in the company's annual report on page 62-63.

The Equitable Treatment of Shareholders

The company is aware and shall provide equitable treatment to every individual shareholder, major or minor, as well as institutional or foreign investors. To that effect, SCG strives to find tools to ensure equality especially for minor shareholders which are:

Assigning Independent Directors to Take Care of Minor Shareholders

The minority shareholders can contact the independent directors directly to give suggestions, express opinions or file complaints through e-mail: ind_dir@scg.co.th. The independent directors are responsible for handling each matter appropriately. For example, in case of a complaint, the independent directors will investigate and seek proper solutions to complaints. On the other hand, if there is a suggestion that is considered to affect the stakeholders or the business, the independent director will report it to the Board of Directors meetings for consideration and include it in the agenda of the shareholders meeting.

Internal Information Control

The Board of Directors has established measures to control the usage and prevent the misuse of internal information (insider trading) for the personal benefit of the concerned person, namely the Board of Directors, SCG top executives and employees working in related departments (including their spouses and children who are minors).

- All concerned persons are prohibited from trading the company shares for a two-week period prior to and a 24-hour period after the release of the company's quarterly and annual financial statements (blackout period).
- Should they have knowledge of confidential information that could have any impact on the company's share price; they are prohibited from trading the company shares until after a 24-hour period from the public disclosure.

The Secretary to the Board and the Corporate Secretary will inform the directors, SCG top executives, and related employees, of the prohibition period at not less than one week prior to such period.

In addition, the Board of Directors will monitor all required actions in accordance with the related standards. Any changes in shareholding of directors must be reported in the Board of Directors' meetings. In this regard, it will be included in the agendas of the Board of Directors meeting on a quarterly basis.

Conflict of Interest Prevention

The Board has established policies and measures as follows:

- SCG has a clear and transparent shareholder structure. There is no cross-holding of major shareholders, thereby, preventing any conflict of interests or transfer of benefits to one party or another. The shareholder structure of SCG and its subsidiaries is published in the company's annual report, also the Board member's ordinary shares and debentures.
- There is a clear separation of duties and responsibilities of the Board, the management, and shareholders, thereby, ensuring no overlapping of their duties and responsibilities. The directors or executives who may have interests in any agenda under consideration must not attend the meeting nor vote on such agenda. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefits of shareholders.
- The company has an established policy governing the use of internal information and has incorporated it into employee regulations with penalties for the executives or employees in the event the internal information is disclosed to the public or used for personal benefit.
- Directors, top executives, employees responsible for related functions as well as their spouses and minors are prohibited from trading stock futures with reference to the SCC ordinary shares in order to ensure compliance with the SCG Corporate Governance.
- SCG Code of Conduct includes the additional guidelines that prohibit employees from using the company's assets or spending working hours to search, contact or conduct share-trading activities on a regular basis for personal gains or for others without justifiable reasons and not for SCG's interests.

The Role of Stakeholders in Corporate Governance

SCG conducts business with the highest responsibility to ensure sustainable and mutual benefits to all related parties. The Board of Directors oversees the management system to ensure that the company acknowledges the right of stakeholders, both as stated by law and as clearly written in SCG Corporate Governance and SCG Code of Conduct. The company also ensures that those rights are protected and the shareholders, employees, customers and business partners are treated equally.

Shareholders: Besides the basic rights of shareholders and the rights stipulated by the law and the company's regulations, such as the right to request a verification of the number of shares, the right to receive share certificates, the right to attend the shareholders' meetings, the right to vote at the meetings, the right to freely express opinions at the shareholders' meetings, and the right to receive a fair return, SCG also gives shareholders the right, as the owner of the company, to make suggestions and comments on the company's affairs to the independent directors. Each comment and suggestion will be carefully considered and presented to the Board of Directors.

Employees: SCG truly believes that employees are the most valuable assets and is determined to ensure that every employee is proud of and confident in the organization. In the previous year, SCG organized activities to promote a collaborative working environment to drive innovations and enhance the competence of employees, readying them for working overseas and coping with volatile economic situations. Furthermore, the company focuses on promoting employees' health, safety, as well as excellent working conditions and competitive remuneration.

Customers: It is of great concern to SCG that customers be provided with the maximum benefits in terms of quality and price, and the company is determined to develop and maintain sustainable relationships with customers. It has set up a support office to provide product information, solve problems and receive complaints in order to ensure total satisfaction for customers.

Business partners: SCG operates its business within a competitive context by strictly upholds promises, SCG Code of Conduct and commitments to trading partners including quality products and on-time delivery.

Competitors: SCG operates its business within a competitive context by being fair and strictly following the laws and SCG Code of Conduct. No dispute with competitors arose during 2009.

Creditors: SCG practices under the terms of loans and obligations of its creditors such as business creditors and depositors. The company, moreover, organizes various projects in order to keep good relations with creditors such as debenture relations.

Society: SCG ensures that its business operation is fair to related parties according to its business philosophy. The Group supports activities which develop the quality of life and create happiness to community and society in which SCG operates both those in Thailand and ASEAN countries. SCG has organized many CSR activities, especially those focusing on the development of youth's potential. Therefore, the Group focuses on developing children's potential in respect of education, science & technology, sports, and arts through a variety of activities. These includes the financial supports provided to charitable organizations and foundations, provision of scholarships to students with good academic results, provision of "SCG Sharing the Dream" scholarships for youth in ASEAN, provision of the summer internship in the "SCG Excellent Internship Program" and, establishment of the "SCG Badminton Academy", which is the first international standard badminton academy in Thailand with the aim to elevate the skills of young badminton players. "The Thailand Rescue Robot Championships" is also held to encourage the potential of youth in respect of innovation and technology. The Thai youth team won the World Rescue Robot for the 4th consecutive year, the victory that brought about the fame and pride to Thailand.

Furthermore, the Group encourages its employees and related parties to partake in activities that are beneficial to the community and society in order to achieve sustainable growth. SCG also supports its employees to come up with constructive activities for the community and society on a regular basis. Even amid the economic downturn, SCG continues to devote its creativity, knowledge and capability to enhance the efficiency of these projects to maximize the benefits of the community and society.

Environment: SCG sets the guidelines for sustainable development which are applied to the operations of all its businesses, aiming to set exemplary examples in respect of the environmental management and conservation. The green technology represents the dedication and determination of SCG that never stop creating and improving every business process for the better and sustainable environment. The concept is integrated in the designs of the plants, improvement and development of the production process, machinery and technology to make them more eco-friendly and to minimize the impact to the community. SCG ensures a systematic management is in place for its production process, products and services, restoration and improvement of natural resources, and environmental conservation under the concept of 3Rs (Reduce, Reuse/Recycle, Replenish). Additionally, the company constantly raises awareness regarding environmental conservation and encourages its employees and related parties to participate in saving the environment.

In 2009, SCG has introduced SCG eco value label as its own standard for eco-friendly products and services. The products and services that are certified by this label must be produced using special technologies which have the minimum effect on the environment and must be better than the normal ones, based on the ISO 14021 standards.

Moreover, all business units of SCG continuously attempt to reduce the emission of carbon dioxide or the greenhouse gases in the production of such products and services.

SCG continues its focus on water conservation. The "SCG Conserving Water for Tomorrow" project is held for the 4th consecutive year. The company provides support to the community for check dam building, which can help maintaining the balance of nature and leading to sustainable growth of the community. At the end of 2009, SCG, together with communities and networks, have built more than 16,000 check dams. Moreover, the company also strives to build a check dam in people's mind to raise awareness of the public and the community about water and environment conservation in order to achieve the sustainable growth. Details of SCG's environmental and social activities are available in the Sustainability Report, which has been published since 2001, through www.scg.co.th

Disclosure and Transparency

SCG realizes the importance of information disclosure as it greatly affects the decision-making of investors and stakeholders. It is, therefore, necessary to control and define measures concerning the disclosure of information, both financial and non-financial. Information disclosed via the SET Community Portal and SCG's website shall be complete, sufficient, reliable and up-to-date, written in both Thai and English.

SCG is committed to obeying the law, regulations and obligations mandated by the Securities and Exchange Commission (SEC), SET and other related government sectors.

Regular amendment takes place to ensure that the law, regulations and obligations SCG abided by are up-to-date and to guarantee transparency in conducting business, for example:

1. Disclose accurate, complete and timely financial information and non-financial information.
2. Prepare the report of the Board's responsibility for financial statements and present it along with the Audit Committee's report in an annual report.
3. Require the company's directors and executives report the interests of themselves and related person which are vested interests relating to management the of the company or subsidiaries through the Corporate Secretary, who will gather, store and submit the documents to the Chairman of the Board of Directors and the Chairman of the Audit Committee for acknowledgement within 7 days the company receives the documents.
4. Disclose procedures about Board selection and its performance assessment.
5. Disclose the performance and attendance record of each member of the committee.
6. Disclose detailed information on the operation and investment structure in subsidiaries and associate companies.
7. Disclose information on the remuneration each director receives as a member of the committee.
8. Disclose the policy on the remuneration for the directors and the top executives, including forms, types and amount of remuneration for each member of the committees.
9. Disclose the policy on environmental and social responsibilities and related performance.
10. Report on corporate governance policies and related performance.
11. Reveal significant investment projects and relevant effects to the projects. For example, in 2009, the company disclosed information about the investment in petrochemical projects with Qatar Petroleum International in Vietnam, the investment in New Asia Industries, a corrugated containers business in Vietnam, and the order of the Administrative Court regarding the halt of the investment in petrochemical projects in Map Ta Phut area.

Moreover, in 2009, the Board of Directors still upheld the guidelines on the disclosure of information related to SCG so as to systematize the company's information disclosure and avert any damage caused by improper disclosure. This reassure shareholders, investors, the general public, and all stakeholders that SCG is committed to disclosing information clearly, equitably, and in compliance with the law. To that effect, the existing practices have been compiled and formulated into SCG's Disclosure Policy set out in 2008. The company has designated the persons responsible for disclosing non-public information as well as establishing guidelines on disclosure of different types of information to the public and setting up critical periods in which extreme caution should be taken prior to the disclosure of information to the public. The detail of the guideline is available for the stakeholders and the general public on SCG's website.

The Investor Relations Department of SCG is responsible for communications with institutional investors, shareholders, analysts, and related government sectors on an equal and fair basis. Should the shareholders require additional information, they can contact the Investor Relations Department directly via invest@scg.co.th. In 2009, SCG has arranged activities such as analyst conference on a quarterly basis, roadshow in America, Europe, and Asia, and company visit that enabled President and Vice President to meet investors and analysts to present the operating results, financial reports and status, management discussion & analysis, and industry trends. Besides, SCG regularly responds to inquiries from investors through email and telephone.

In 2009, SCG was recognized by the Securities Analyst Association as it was awarded the Investor Relations Award and the Favorite Analyst Award for its transparency in disclosing information to investors and analysts.

The Responsibilities of the Board of Directors, Structure, and Committee

The Structure of the Board of Directors

The Board of Directors comprises nationally accepted knowledgeable and competent persons who are responsible for drawing up corporate policy and collaborating with the top executives in making the operating plans both short-term and long-term plans, including financial policy, risk management policy and the organization overview. The Board shall play an important role in overseeing, monitoring and assessing the performance of the company and the top executives on an independent basis.

The number of directors is currently limited to twelve, comprises eleven non-executive directors, and one executive director, being the Company's President. The five independent directors who have qualifications as stated in the Company's regulation which is stricter than SEC's.

The Board has further established the following committees, Audit Committee, Governance and Nomination Committee, and Remuneration Committee, to be responsible to their specific areas and report directly to the Board for its consideration or acknowledgement.

Non-executive directors hold a meeting among them to evaluate the performance of the President on an annual basis. The President will not attend this meeting in order to ensure that the non-executive directors can express their opinions independently.

In addition, for the months which the Board of Directors meeting is not held, all directors will be continuously informed of the operating results, since the company will submit to the directors the related documents, together with information about significant movements occurred during the month in order to keep them informed of any progress.

The Audit Committee comprises four independent directors, all of which are well accepted and have a full understanding of and experience in accounting or finance. Mr. Tarrin Nimmanahaeminda, with his extensive knowledge and experience, is responsible for the review of the trustworthy of the financial statements. The committee members' duties include a review to ensure that the operation has been carried out in accordance with the company's regulations as well as the laws and regulations of the compliance–related agencies. Moreover, they are committed to promote the development of the financial and accounting report system to meet the international standards and to ensure that the company has an appropriate, modern and efficient internal control system, internal audit system, and risk management system.

The Audit Committee acts and expresses opinions independently, with the internal audit office acting as an operation unit directly reporting to the Audit Committee. The Audit Committee also works regularly with external auditors, consultants and specialists in law and accounting areas. The Audit Committee must set up meetings with the company's external auditor, which exclude the management, at least once a year in order to hear their comments. 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 Governance and Nomination Committee comprises five of the company's directors, all of which are non-executive directors. The Chairman of the Governance and Nomination Committee is an independent director. The committee is responsible for proposing, revising and supervising the company's corporate governance matters. The committee is also in charge of the nomination of persons qualified as directors to replace those who are retired by rotation, or whatever the case maybe.

In addition, they revise the performance evaluation system of the Board of Directors and other committees and the succession plan of the President.

The Remuneration Committee comprises three of the company's directors. The committee is responsible for monitoring and studying changes and trends in the remuneration of the Board of Directors and SCG top executives to suggest remuneration policies that can motivate SCG top executives to lead the company towards prosperity as well as to retain smart and ethical employees with the organization.

In this regard, each committee has the rights and duties as specified by each committee's regulations. An evaluation of performance and a revision of the operation results of committees are conducted annually, at least once a year. The Board of Directors, moreover, is entitled to form other committees to handle any particular situations as seen appropriate.

Limitation of Numbers of Listed Companies which Each Director Can Hold Directorship

In 2009, the Board of Directors set a policy to limit the number of listed companies in which each director can hold directorship. This policy aims to ensure maximum interest of the company, since it allows directors to manage the time dedicated to these duties in an efficient manner. The Board of Directors agrees that each director should hold directorship for a maximum of five listed companies, except being assigned otherwise by the Company.

In addition, SCG has a guideline for the President in case of being appointed as director of another company. The matter will be proposed to the Board of Directors for approval. In 2009, the Board of Directors endorsed the appointment of the President as an outside director of Kubota Corporation, Japan.

Separation of the Roles of the Board of Directors and the Management

The company defines clear roles and responsibilities of the Board of Directors and the management. The Board shall be responsible for establishing the policies and overseeing the management's implementation of those policies. The top executives, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. Therefore, the Chairman and the President of the company shall not be the same person, providing that both are nominated and elected by the Board. Furthermore, the Board is responsible for establishing a succession plan of the top executives, which is subjected to annually reviewing.

The Chairman shall not be the management and shall not participate in the management of SCG's business nor shall the Chairman be authorized to sign to bind the company. This is to clearly define separate roles between supervision of the company's overall policy and management of the business.

SCG top executives comprise eight executives including SCG President & CEO, SCG Vice President & CFO, and President of each business: SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, SCG Distribution, and SCG Investment who report directly to SCG President. The eight executives are authorized to manage the company's operations in accordance with the policies set by the Board, take responsibility for the company's operating results, control expenses and capital expenditures limits as approved by the Board in the annual operating plan, manage human resources in line with the prescribed policy, resolve problems or conflicts that affect the company, and maintain effective communication with the stakeholders.

Board of Directors' Meetings

It is the duty of a member of the Board to constantly attend the Board's meetings to acknowledge and make decisions on SCG's operations. The Board holds at least eight scheduled meetings per year, providing that the agendas are set clearly in advance prior to each meeting. In addition, special meetings to consider and determine on the urgent matters can be organized.

At the meetings, the Chairman and the President of the company jointly determine which items on the agendas are relevant to the meetings. Every individual member of the Board is entitled to propose the agenda items.

In 2009, the Board held twelve meetings, eight scheduled meetings and four special meetings. Prior to each meeting, all members received the agendas and supporting documents well in advance to allow adequate time for preparation.

When considering the matters presented to the Board, the Chairman of the Board presides over and duly conducts the meetings. All members of the Board are allowed to express their opinions independently. Resolutions are passed with a majority vote, providing that one director is eligible for one vote. A director with any interest in the issue under consideration or a director ineligible to vote is excused and/or is absent during voting. In case of a tied vote, the chairman of the meeting will cast his vote to reach a resolution.

SCG executives are allowed to attend the Board's meetings to provide useful information to the Board, and to learn directly about the Board's initiatives and policies for effective implementation. However, the executives are not allowed to attend the meeting for certain agendas which are reserved only for the Board of Directors or for non-executive directors in order to ensure independence of such consideration.

In addition, the Board attaches significance to managing conflict of interests of the concerned parties with prudence, fairness, and transparency. The information shall also be fully disclosed. Any director with vested interests in the matter under consideration must not be involved in the decisions process.

After the meeting, the Corporate Secretary is responsible for preparing the minutes for all directors. The minutes must then be approved at the first agenda of the following Board's meeting which is duly signed by the Chairman. Directors may make comments, corrections, or additions to ensure the greatest accuracy and completeness.

After approval, minutes of the meeting are stored securely in the corporate secretary office together with all related documents backed up electronically to facilitate data searches.

The Secretary to the Board of Directors and the Corporate Secretary

The Secretary to the Board

The Board appointed Mr. Worapol Jennapar as the Secretary to the Board of Directors responsible for providing advice to the Board regarding the performance of duties in compliance with the law, preparing the minutes of the Board's meetings and attending every Board's meeting. The appointed Secretary to the Board is deemed by the Board to be highly knowledgeable and experienced, especially in laws, allowing him to provide appropriated advice to the Board in laws, rules, regulations, and SCG Corporate Governance.

The Corporate Secretary

The Board appointed Mr. Amnuay Apichainun as the Corporate Secretary responsible for organizing the meetings of the Board, committees, and shareholders. The Corporate Secretary is also in charge of preparing the minutes of the Board's meetings, the minutes of shareholders' meetings, and annual reports as well as filing documents as stipulated by law. The appointed Corporate Secretary is deemed by the Board to be appropriate as he is knowledgeable in managing corporate secretarial work, having served as the director of the corporate secretary office which supports the corporate secretarial work to comply with the laws, rules, regulations, and SCG Corporate Governance.

Remuneration for the Board and the Top Executives

SCG sets appropriate remuneration for members of the Board and the top executives at rates comparable to those of leading listed companies in SET or other top companies in the same industries. Remuneration for the Board is also being considered based on SCG's operating results before being proposed for approval in the shareholders' meeting. Remuneration for the top executives is set by the Board of Directors, based on their responsibilities, performance, and the operating results of each business.

Apart from the ordinary remuneration, the shareholder meeting on March 24, 2004, passed a resolution approving the company to pay a bonus to Board of Directors but the amount cannot exceed 0.5% of total dividends paid to shareholders. The Board of Directors is responsible for consideration of the appropriate amount of bonus and the amount to be paid to each director. The resolution is effective from the date of approval until there are any future resolutions. The bonus of directors will be considered based on the growth of profit the company, while the bonus of top executives is considered based on performance of each business and individual performance.

Details of remuneration for the Board of Directors, both monthly payment and annual bonus, as approved by the shareholders' meeting, including the remuneration for member of the committees in 2009 are reported individually on page 60-61 of the annual report.

Performance Appraisal and Knowledge Enhancement

Performance Appraisal of the Board

In 2009, the performance evaluation form of the Chairman was introduced to directors. The directors are required to appraise the performance of the Chairman, since his role in defining the policy and ensuring good corporate governance is essential to the company. In addition, both existing evaluation forms for directors, as a whole and self-assessment forms, are improved by re-categorizing as well as adding and removing certain topics to ensure appropriate coverage of each evaluation area. The results of assessment are reviewed with the intention of finding ways for the continual improvement of the Board's performance.

SCG improved the handbook for directors, which includes the summary of laws, rules and regulations related to the directors in order to ensure that the information is clear, up to date and in compliance with the current practice. The handbook is distributed to all directors for use as reference in respect of basic information.

For new directors, the Director Induction Program was established to facilitate the prompt performance of the duty of the new directors. SCG has commissioned the Corporate Secretary coordinates the work in three areas:

1. To compile the necessary information for directors to ensure their compliance with law, rules, and regulations related to the directors.
2. To provide important information essential for the directors' performance of duty such as the Articles of Association, the director handbook, the handbook for directors of listed companies, summary of operating results for use as quick reference.

3. To arrange for a meeting with the Chairman, directors, the executives or head of each function to acknowledge and make queries about the SCG business in depth.

Moreover, SCG encourages all members of the Board and the top executives to attend various seminars and courses beneficial to their responsibilities, allowing them to constantly meet and exchange opinions with directors and the top executives of different organizations. Some of these courses are organized by SCG Academy, and some are by governmental agencies or by independent organizations, such as Thai Institute of Directors Association. SEC requires directors of all listed companies to complete at least one of the following training courses: Directors Certification Program (DCP), Directors Accreditation Program (DAP) or Audit Committee Program (ACP). Experiences gained from these courses are useful for SCG's development.

To support the Board's responsibilities, SCG has appointed the Secretary to the Board and Corporate Secretary to work in coordination with the Board and the top executives. In addition, the corporate secretary office is responsible for overseeing legal matters, relevant standard practices and activities of the Board to ensure the implementation of the Board's resolutions.

Performance Assessment of SCG President and Top Executives

The Board and the Remuneration Committee assess the performance of the President based on the company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration for the President and top executives of SCG and propose such amount to the Board for approval, taking into account the following the information of the current and previous years.

1. The business units' operating results based on the percentage of EBITDA on Operating Assets. The target EBITDA percentage for each business unit of SCG shall be set forth every year for the assessment and comparison purposes.
2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.
3. Business development capability.

In addition, a survey on manager-level employees' opinions to the president and the top executives has been included into the consideration of the Remuneration Committee.

Nomination of Board Members

The Governance and Nomination Committee is responsible for selecting qualified candidates to replace the directors who are retiring on rotation at the end of their terms, or whatever the case maybe, and proposing a list of nominees to the Board for resolution at the shareholders' meeting. The Governance and Nomination Committee selects the candidates with credentials in a wide range of professions, great leadership, breadth of vision, a proven record of ethical and integrity, and able to share their opinions independently.

Furthermore, the Governance and Nomination Committee shall consider the personal qualities of the candidates for the Board members as follows:

- Integrity and accountability
- Informed judgment
- Maturity and stability, being a good listener and capable of expressing opinions differently and independently
- Commitment to work principles and professionalism

Special expertise and certain knowledge required for the Board are also taken into consideration so that the Board can formulate strategies and policies and oversee implementation of the strategies effectively.

Internal Control and Audit System

1. Internal Control

The internal control is an essential part of the business operation. SCG sees the importance of the internal control system so development has been made to ensure it is compatible to the internationally accepted standards of the Committee Sponsoring Organization of the Treadway Commission (COSO) in respect of the environment, control, risk assessment, control activities, information technology, internal communications, monitoring and evaluation. Moreover, SCG ensures that its organization is structured in a suitable nature for the business plan and that appropriate segregation of duties is applied to all functions. The Group recruits and develops its staff to thrive in the changing business conditions and encourages them to adhere to the corporate governance and SCG Code of Conduct. SCG raises awareness of the risk assessment and cultivates the idea throughout the organization that risk management is the responsibility of all employees. The Group also develops tools for the effective and timely internal communications and applies information technology to manage various internal control procedures such as gathering, processing, filing and reporting the information using the modern and appropriate computer system for its current business operation. In addition, SCG puts emphasis on development of the internal control assessment in terms of finance, operation and compliance with related laws, rules and regulations ensure the effectiveness and efficiency. The Group monitors the internal control system in order to ensure constant compliance that leads to the sustainable development. In 2009, the activities are summarized as follows:-

1.1 **Internal Control Instruction and Practice Guidelines**

The internal control instruction is put in place as the reference for all SCG businesses to ensure effective and efficient operations at the same standards. It contains the key internal control issues which covers practices of all significant business activities. This creates prudent business operations, since it was developed and improved through corporation of all related functions in order to enable coordination in their operation, leading to achievements as per the business plan and goals. The internal control instruction also ensures the efficient, transparent and verifiable corporate governance system of SCG, which builds confidence of shareholders, investors and stakeholders in line with corporate governance principles. Furthermore, in 2009 the guidelines for practice of related functions were revised to suit the current business environment and international standards.

1.2 **The Internal Control Report System**

The internal control system is an important tool in the business operation. Apart from the establishment and development of the internal control system that meet the COSO standards, SCG also stipulates that top executives are directly accountable for the effectiveness and efficiency of the internal control system of the organization, especially the correctness of the financial reports as defined by the accounting standards and adequacy of information disclosure in the financial statements. This means top executives responsible for finance and accounting are to prepare a report on the assessment of internal control, which has impact on the financial reports of the Group, and present it to the Audit Committee on an annual basis. In November 2009, the mentioned report was submitted to the Audit Committee, which included the execution and follow-up on the evaluation of internal control compliance relating to the credibility of the financial information, the existence of the continuous monitoring process for the internal control self-evaluation of related functions, measures applied to eliminate weaknesses or obstructions occurred during the year and the assessment on adequacy and efficiency of the material internal control systems of each function. The audit office reports the evaluation results of each unit as per the annual audit plan to the Audit Committee on a monthly basis and presents the report to the Audit Committee Meeting on a quarterly basis.

1.3 **Internal Control under the Concept of Total Quality Management**

SCG has applied the Total Quality Management (TQM) concept for many years and it concurred with the internal control system to ensure prudent business operations in compliance with the laws, rules and regulations. The principles are based on the reasonable quantitative and qualitative data verification, provable by scientific methods in order to improve the quality of works and to achieve customer satisfaction, or customer centricity. Therefore, TQM is to learn to see problems from different angles and to think outside the box in order to reach new solutions. It is also about constantly trying to improve the better way of work while maintaining compliance with the internal control system. In 2009, corporate functions were entrusted to apply TQM to their routine operations with appropriate and continuous internal control system in place. Customers are placed in the center and strategies are set out to achieve total satisfaction and maximum benefits of both internal and external customers.

1.4 **Electronics-Control Self Assessment: eCSA**

In the past, the internal control assessment was carried out manually. However, to provide supervisors with the mechanism that enables assessment of performance and compliance with the regulations in a timely manner, SCG switched to the Electronics-Control Self Assessment (eCSA). This computer system allows users to track progress with convenience and yields quick and accurate results, which enables the Group to revise its strategies and to solve any problems or obstacles in a timely manner. The system was initially developed for key business transactions i.e. procurement, sales and marketing, inventory management.

2. The Internal Audit

The Audit Committee is responsible for supervision of the internal audit office to ensure independence, fairness and sound corporate governance and code of conduct. The Committee assesses the efficiency of the internal control system, the correctness of the financial statements, the adequacy and transparency of the information disclosure, the assessment of risk management activities and trustworthy IT systems to ensure that everything goes in the same direction with the business plan and the constant changes of the business environment. The objective is to enable employees at all levels to perform their duties with competency and efficiency that meet the standards of the good corporate governance principle.

2.1 **Medium-term and Annual Audit Plan**

In 2009, the medium-term audit plan was reviewed with the vision to "ensure preventive audit which are creatively and up-to-date with the current situations, adherence to corporate governance and code of conduct, and lead to the sustainable development". The mission was incorporated in the annual audit planning, which includes promoting and improving preventive audit facilitated by modern technology, communicating the result to related parties, independent and fair consultations, fostering participation by all parties to add value to the organization, strictly adhering to the audit ethics, continuous development of knowledge, skills and quality of the audit in line with the change of environment and technology, providing support to staff in respect of internal audit scholarship, encouraging our internal auditors to complete the requirements of international standard for internal audit certifications, putting in place the assessment process and receiving recommendations from the audited functions. Additionally, strategies revised in alignment with the vision, mission and business environment of SCG with emphasis on proactively creating value-added activities for each business, planning the audit in time and ensuring that communications regarding preventive measures are made in a timely manner.

2.2 **Setting the Key Performance Indicators (KPI)**

In 2009, SCG has set and improved the key performance indicators (KPI) to ensure alignment with the vision, strategies, mission and changes of the business operations, especially in the area where changes are made to enhance effectiveness and efficiency of audit work and to improve the audit process to cover changes. Moreover, the KPIs are the tool for the follow-up on performance of auditors at all levels in order to ensure that the quality of work meet the international standards. Also introduced was the audit competency evaluation, which is applied to the evaluation and development of our auditors at all levels in order to enhance the skills they need to improve their performance. The internal auditors are encouraged to acquire additional knowledge and skills needed in applying for certifications and to meet the international standards.

2.3 **Development of IT Audit System**

In 2009, a website was developed as the communication portal to give knowledge and advices on internal audit system, risk management, internal control self-assessment, the scope of authority, and correct practice, all of which minimized errors and enabled the Group to cope with any incidents in a timely manner. As a result, the audit was carried out with higher efficiency and required less manpower. The IT internal control self-assessment manual is also issued for each business to use as reference in order to ensure reliable IT systems with sound control and security as required by the SCG e-policy. Efficient tools and filing systems are provided to create a learning database which facilitates improvement of the electronic system for audit work, since it is the reference source for the auditors when they carry out the audit of the IT services and the web applications of SCG's subsidiaries.

2.4 **Development of Website Consultancy System**

One problem identified in the audit is that the wrongdoer does not have intention to commit wrong deeds and some break rules simply because they are not aware of its existence. Therefore, a website consultancy system was developed to provide advice and answers for employees so that they can make inquiries about rules, regulations, the internal control and the scope of authority etc. Providing timely recommendations leads to correct practice, which is in line with our policy to minimize errors and to perform the preventive audit. This is very helpful for all businesses, since it helps reducing operational weaknesses and flaws. Moreover, questions are categorized to make it more convenient for employees to study and communicate with their colleague, which enhances the efficiency of the preventive audit.

Supplementary Information

Investment in subsidiaries, associates, jointly-controlled entity and other companies of which their operations are significant.

	Name	Location (Head Office/ Factory)	Telephone	Principal Business / Products	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	66-2586-4762	Holding company	7,108	100	100
2	Thai Polyethylene Co., Ltd.	Rayong	66-3868-3393-7	Polyethylene	2,300	100	100
3	Thai Polypropylene Co., Ltd.	Rayong	66-3868-3393-7	Polypropylene	2,889	100	100
4	SCG Plastics Co., Ltd.	Bangkok	66-2586-6161	Trading	5	100	100
5	SCG Performance Chemicals Co., Ltd.	Bangkok	66-2586-4115	Trading	3	100	100
6	SCG Polyolefins Co., Ltd.	Bangkok	66-2586-6161	Trading	0.3	100	100
7	Rayong Engineering & Plant Service Co., Ltd.	Rayong	66-3868-5040-8	Engineering and plant service	2	100	100
8	Protech Outsourcing Co., Ltd.	Rayong	66-3860-8657-8	Engineering and plant service	0.3	100	100
9	RIL 1996 Co., Ltd.	Rayong	66-3868-9471-2	Industrial estate	1,100	100	100
10	Vina SCG Chemicals Co., Ltd.	Bangkok	66-2586-5435	Holding company	883	100	100
11	SCG Chemicals (Singapore) Pte. Ltd.	Singapore	(65) 6297-9661	Holding company	804	100	100
12	Tuban Petrochemicals Pte. Ltd.	Singapore	(65) 6297-9661	Holding company	2,828	100	100
13	Hexagon International, Inc.	USA	66-2586-4444	Holding company	0.03	100	100
14	Rayong Pipeline Co., Ltd.	Rayong	66-3868-9471-2	Rights of way, and use	200	91	91
15	Map Ta Phut Tank Terminal Co., Ltd.	Rayong	66-3868-9471-2	Warehouse and transportation service	700	81	81
16	PT. TPC Indo Plastic & Chemicals	Indonesia	(6231) 3952-9458	PVC resins	1,020	78	78
17	Alliance Petrochemical Investment (Singapore) Pte. Ltd.	Singapore	(65) 6221-5318	Holding company	1,881	65	68
18	Map Ta Phut Olefins Co., Ltd.	Rayong	66-3893-7000	Raw materials for plastic resins	17,779	55	67
19	Rayong Olefins Co., Ltd.	Rayong	66-3868-5040-8	Raw materials for plastic resins	7,700	47	64
20	Rayong Olefins (Singapore) Pte. Ltd.	Singapore	(65) 6297-9661	Raw materials procurement	0.5	64	64
21	Flowlab & Service Co., Ltd.	Rayong	66-3891-1321-2	Calibration service	4	51	51
22	Thai Plastic and Chemicals Public Company Limited	Bangkok	66-2676-6000	Plastic resins and PVC compound	875	46	46
23	TPC Paste Resin Co., Ltd.	Bangkok	66-2676-6200	PVC paste resins	1,330	46	46
24	The Nawaplastic Industries (Saraburi) Co., Ltd.	Bangkok	66-2586-3930-5	PVC pipe and fittings	400	46	46
25	Nawa Plastic Industries Co., Ltd.	Bangkok	66-2586-3930-5	PVC pipe and PVC products	426	46	46
26	Nawa Intertech Co., Ltd.	Rayong	66-2586-3930-5	Molding	40	46	46
27	Chemtech Co., Ltd.	Vietnam	(84650) 784-992	PVC pipe and fittings	103	46	46
28	Total Plant Service Co., Ltd.	Samut Prakarn Rayong	66-2385-9515-16 66-3868-7320-23	Engineering and plant service	1,180	46	46
29	Minh Thai House Component Co., Ltd.	Vietnam	(848) 3754-2989	PVC doors and windows	36	37	37
30	Viet-Thai Plastchem Co., Ltd.	Vietnam	(84650) 710-993	PVC compound	75	33	33

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31	TPC Vina Plastic and Chemicals Corporation Co., Ltd.	Vietnam	(848) 3823-4730	PVC resins	745	32	32
32	Siam Stabilizers and Chemicals Co., Ltd.	Rayong	66-3868-3451-3	Stabizer	190	27	27
	Associates, Jointly-controlled Entity and Other Companies						
33	Long Son Petrochemicals Co., Ltd.	Vietnam	(848) 3825-7226	Raw materials for plastic resins Polyethylene and Polypropylene	1,646	61	61
34	Siam Mitsui PTA Co., Ltd.	Rayong	66-3868-5100	Raw materials for PET resins	4,800	49	50
35	Siam Styrene Monomer Co., Ltd.	Rayong	66-3868-3215-6	Raw materials for polystyrene	4,050	50	50
36	Siam Synthetic Latex Co., Ltd.	Rayong	66-3868-3215-6	Synthetic latex	3,337	50	50
37	Siam Polyethylene Co., Ltd.	Rayong	66-3868-3215-6	Polyethylene	4,455	49	50
38	Siam Polystyrene Co., Ltd.	Rayong	66-3868-3215-6	Polystyrene	995	50	50
39	Rayong Terminal Co., Ltd.	Rayong	66-3868-9471-2	Tank and Terminal service	620	-	50
40	PT. Siam Maspion Terminal	Indonesia	(6231) 395-2945-8	Terminal service	327	50	50
41	SD Group Service Co., Ltd.	Bangkok	66-2365-7000	Holding company	78	50	50
42	SCG Plastics (China) Co., Limited	Hong Kong	(852) 2544-9991	Trading	4	49	49
43	Thai MMA Co., Ltd.	Rayong	66-3868-5040-8	Raw materials for coating resins	5,590	46	47
44	Grand Siam Composites Co., Ltd.	Rayong	66-3868-4241	Polypropylene compound	64	46	46
45	Thai MFC Co., Ltd.	Rayong	66-3868-4241	Melamine compound	200	45	45
46	Mehr Petrochemical Company	Iran	(9821) 8850-0641	Polyethylene (HDPE)	1,203	41	41
47	PT. Trans-Pacific Polyethylene Indonesia	Indonesia	(6221) 574-5880	Polyethylene (LDPE)	472	39	39
48	PT. Trans-Pacific Polyethylindo	Indonesia	(6221) 574-5880	Polyethylene (HDPE)	337	39	39
49	GTC Technology US, LLC	USA	66-2586-4444	Chemical Technology Licensing	642	25	25
50	GTC Technology International, LP	USA	66-2586-4444	Chemical Technology Licensing	429	25	25
51	Bangkok Synthetics Co., Ltd.	Bangkok	66-2679-5120	Raw materials for synthetic rubber	1,173	22	22
52	PTT Chemical Public Company Limited	Bangkok	66-2265-8400	Raw materials for plastic resins	15,010	22	22
53	PT. Trans-Pacific Petrochemical Indotama	Indonesia	(6221) 574-5880	Raw materials for aromatics	9,815	20	20
54	Thai PET Resin Co., Ltd.	Rayong	66-3868-5900	Raw materials for PET resins	900	20	20
55	Mitsui Advanced Composites (Zhongshan) Co., Ltd.	China	(86) 760-533-2138	Polypropylene compound	596	20	20
56	Nawacam Co., Ltd.	Cambodia	(85523) 882-072	PVC pipe and fittings	7	18	18
57	Riken (Thailand) Co., Ltd.	Bangkok	66-2501-1054	PVC compound	120	16	16
58	PT. Srithai Maspion Indonesia	Indonesia	(6231) 891-3630	Melamine compound	118	10	10
59	PT. Trans-Pacific Polypropylene Indonesia	Indonesia	(6221) 574-5880	Polypropylene	220	10	10
60	PT. Trans-Pacific Styrene Indonesia	Indonesia	(6221) 574-5880	Plastic resins, styrene monomer	314	10	10

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	SCG Paper **Subsidiaries**						
61	SCG Paper Public Company Limited	Bangkok	66-2586-3333	Holding company and bleached pulp	1,563	98	98
62	Thai Paper Co., Ltd.	Bangkok	66-2586-3333	Printing and writing paper	1,200	98	98
63	Thai Union Paper Public Company Limited	Samut Prakarn	66-2754-2100-10	Printing and writing paper	430	98	98
64	Siam Kraft Industry Co., Ltd.	Bangkok	66-2586-3333	Kraft paper	250	98	98
65	Thai Kraft Paper Industry Co., Ltd.	Bangkok	66-2586-3333	Kraft paper	1,000	98	98
66	United Pulp & Paper Co., Inc.	Philippines	(632) 870-0100	Kraft paper	4,328	98	98
67	Thai Union Paper Industry Co., Ltd.	Bangkok	66-2586-3333	Gypsum board paper and duplex	1,200	98	98
68	Siam Cellulose Co., Ltd.	Bangkok	66-2586-3333	Bleached pulp	300	98	98
69	InfoZafe Co., Ltd.	Pathum Thani	66-2586-3333	Shredding business	70	98	98
70	The Siam Pulp & Paper Holding Co., Ltd.	Bangkok	66-2586-3333	Holding company	180	98	98
71	The Siam Forestry Co., Ltd.	Bangkok	66-2586-3333	Forestry	20	98	98
72	Panas Nimit Co., Ltd.	Bangkok	66-2586-3333	Forestry	2	98	98
73	Thai Panason Co., Ltd.	Bangkok	66-2586-3333	Forestry	2	98	98
74	Thai Panadorn Co., Ltd.	Bangkok	66-2586-3333	Forestry	2	98	98
75	Thai Panaram Co., Ltd.	Bangkok	66-2586-3333	Forestry	2	98	98
76	Suanpa Rungsaris Co., Ltd.	Bangkok	66-2586-3333	Forestry	2	98	98
77	Siam Panawes Co., Ltd.	Bangkok	66-2586-3333	Forestry	3	98	98
78	Thai Panaboon Co., Ltd.	Bangkok	66-2586-3333	Forestry	3	98	98
79	Thai Wanabhum Co., Ltd.	Bangkok	66-2586-3333	Forestry	3	98	98
80	Phoenix Pulp & Paper Public Company Limited	Khonkaen	66-2586-3333	Bleached pulp and Printing & writing paper	1,200	98	98
81	Phoenix Utilities Company Limited	Khonkaen	66-2586-3333	Utilities	375	98	98
82	Thai Cane Paper Public Company Limited	Bangkok	66-2440-0707	Kraft paper	3,583	85	85
83	Thai Containers Group Co., Ltd.	Bangkok Pathumthani Samut Prakarn Ratchaburi	66-2586-5991	Corrugated boxes	784	69	69
84	Thai Containers Songkhla (1994) Co., Ltd.	Songkhla	66-2586-3333	Corrugated boxes	280	69	69
85	Thai Containers Khonkaen Co., Ltd.	Khonkaen	66-2586-3333	Corrugated boxes	150	69	69
86	Thai Containers Rayong Co., Ltd.	Rayong	66-2586-3333	Corrugated boxes	650	69	69
87	Thai Containers Saraburi Co., Ltd.	Saraburi	66-3625-1724-8	Corrugated boxes	450	69	69
88	Thai Containers (TCC) Co., Ltd.	Prachinburi Chonburi Pathumthani	66-3720-8568-70	Corrugated boxes	1,100	69	69
89	Vina Kraft Paper Co., Ltd.	Vietnam	(848) 268-0240-2	Kraft paper	3,778	69	69
90	TCG Rengo Subang (M) Sdn. Bhd.	Malaysia	(603) 5636-3610 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 Public Company Limited	Samut Prakarn	66-2754-2650-8	Securities document	110	49	49
93	Thai British Depost Co., Ltd.	Samut Prakarn	66-2754-2650-8	Digital printing	34	25	25

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	Associates and Other Companies						
94	Siam Toppan Packaging Co., Ltd.	Samut Prakarn	66-2709-3110-7	Offset-printed cartons	500	48	48
95	P&S Holdings Corporation	Philippines	(632) 870-0100	Holding company	263	39	39
	SCG Cement						
	Subsidiaries						
96	SCG Cement Co., Ltd.	Bangkok	66-2586-3060-1	Holding company	4,894	100	100
97	The Concrete Products and Aggregate Co., Ltd.	Bangkok	66-2555-5000	Holding company and ready-mixed concrete	9,140	100	100
98	The Siam Cement (Kaeng Khoi) Co., Ltd.	Saraburi	66-3624-0000-78	Cement	625	100	100
99	The Siam Cement (Ta Luang) Co., Ltd.	Saraburi	66-3635-1200-18	Cement	575	100	100
100	The Siam Cement (Thung Song) Co., Ltd.	Nakorn Sri Thamaraj	66-7553-8222	Cement	700	100	100
101	The Siam Cement (Lampang) Co., Ltd.	Lampang	66-5427-1500	Cement	589	100	100
102	Siam Mortar Co., Ltd.	Saraburi	66-3624-5428-68	Dry mortar	443	100	100
103	The Siam White Cement Co., Ltd.	Saraburi	66-3635-1200-18	White cement	200	100	100
104	The Siam Refractory Industry Co., Ltd.	Bangkok	66-2586-3242-52	Refractory	150	100	100
105	Cementhai Energy Conservation Co., Ltd.	Bangkok	66-2586-2410	Energy service	1,310	100	100
106	SCI Plant Services Co., Ltd.	Saraburi	66-3628-9131	Technical services and plant installation	50	100	100
107	Siam Research and Innovation Co., Ltd.	Saraburi	66-3627-3152-63	Research and development	100	100	100
108	SCI Eco Services Co., Ltd.	Nonthaburi	66-2962-7295-7	Industrial waste disposal	12	100	100
109	CPAC Concrete Products (Cambodia) Co., Ltd.	Cambodia	(85516) 745-999	Post-tension	17	100	100
110	Cementhai Building Materials (Singapore) Pte. Ltd.	Singapore	(65) 6297-9661	Holding company	14	100	100
111	PT. Semen Jawa	Indonesia	(6221) 350-9491 Ext 103	Cement	301	95	95
112	Kampot Cement Co., Ltd.	Cambodia	(85523) 996-839	Cement	1,551	93	93
113	CPAC Lao Co., Ltd.	Laos	(85620) 246-5553	Ready-mixed concrete	17	70	70
114	Myanmar CPAC Service Co., Ltd.	Myanmar	(959) 501-4702	Ready-mixed concrete	10	70	70
115	CPAC Cambodia Co., Ltd.	Cambodia	(85516) 282-930	Ready-mixed concrete	5	69	69
116	Kampot Land Co., Ltd.	Cambodia	(85523) 996-839	Land investment	0.2	45	45
	Associates and Other Companies						
117	Asia Cement Public Company Limited	Bangkok	66-2641-5600	Cement	4,671	10	10
118	Holcim (Bangladesh) Co., Ltd.	Bangladesh	(8802) 988-1002-3	Cement	62	10	10

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	SCG Building Materials						
	Subsidiaries						
119	SCG Building Materials Co., Ltd.	Bangkok	66-2586-3333	Holding company	1,651	100	100
120	The Siam Fibre-Cement Co., Ltd.	Saraburi	66-2586-3838	Fiber cement roof	200	100	100
121	The Fibre-Cement Products (Lampang) Co., Ltd.	Lampang	66-5433-7301-5	Fiber cement roof	530	100	100
122	Tip Fibre-Cement Co., Ltd.	Bangkok	66-2255-6355	Fiber cement roof	25	100	100
123	SCG Landscape Co., Ltd. (Formerly : The CPAC Concrete Products Co., Ltd.)	Saraburi	66-2586-6801-50	Concrete blocks for floor, wall and fence Light-weight concrete	1,630	100	100
124	Siam Fiberglass Co., Ltd.	Saraburi	66-3637-3441-4	Insulation and glass wools	422	100	100
125	Cementhai Gypsum Co., Ltd.	Bangkok	66-2586-3333	Holding company	470	100	100
126	Cementhai Ceramics Co., Ltd.	Bangkok	66-2586-3333	Holding company	614	100	100
127	Thai Ceramic Co., Ltd.	Bangkok	66-2586-4094-8	Floor and wall ceramic tiles	450	100	100
128	The Siam Ceramic Group Industries Co., Ltd.	Saraburi	66-3638-0240-6	Floor and wall ceramic tiles	960	100	100
129	Cementhai Home Services Co., Ltd.	Bangkok	66-2586-4111	Home related services	60	100	100
130	Thai Ceramic Power Co., Ltd.	Saraburi	66-2586-4094-8	Electricity plant	45	100	100
131	Cementhai Gypsum (Singapore) Pte. Ltd.	Singapore	(65) 6297-9661	Holding company	626	100	100
132	Cementhai Ceramic (Singapore) Pte. Ltd.	Singapore	(65) 6297-9661	Holding company	1,799	100	100
133	Cementhai Roof Holdings Philippines, Inc.	Philippines	(632) 813-1666	Holding company	133	100	100
134	Cementhai Ceramics Philippines Holdings, Inc.	Philippines	(632) 813-1666	Holding company	252	100	100
135	Sosuco and Group (2008) Co., Ltd.	Bangkok	66-2938-9833	Marketing and Sales of floor and wall ceramic tiles	50	90	90
136	Saraburirat Co., Ltd.	Saraburi	66-2586-6801-50	Concrete floor and wall tiles	96	83	83
137	PT. Surya Siam Keramik	Indonesia	(6221) 5696-2458	Ceramic floor tiles	87	80	80
138	The CPAC Roof Tile Co., Ltd.	Saraburi Lamphun Nakorn Sri Thamaraj	66-2586-3333	Concrete roof tiles	211	75	75
139	Thai Ceramic Roof Tile Co., Ltd.	Saraburi	66-2586-3333	Ceramic roof tiles	200	75	75
140	Thai Ceramic Holding Co., Ltd.	Bangkok	66-2586-3333	Holding company	200	75	75
141	CPAC Monier (Cambodia) Co., Ltd.	Cambodia	(85523) 220-351-2	Concrete roof tiles	43	75	75
142	CPAC Monier Vietnam Co., Ltd.	Vietnam	(8498) 558-3252	Concrete roof tiles	235	75	75
143	Thai-German Ceramic Industry Public Company Limited	Saraburi	66-3637-6100	Floor and wall ceramic tiles	986	62	62
144	Sosuco Ceramic Co., Ltd.	Bangkok	66-2938-9833	Ceramic tiles	800	54	54
145	SCG-Sekisui Sales Co., Ltd.	Bangkok	66-2586-3333	Marketing and Sale of Modular Houses Manufactured	100	51	51
146	CPAC Monier Philippines, Inc.	Philippines	(632) 813-1666	Concrete roof tiles	226	50	50
147	PT. Siam-Indo Gypsum Industry	Indonesia	(6221) 8832-0028	Gypsum boards	306	50	50
148	PT. Siam-Indo Concrete Products	Indonesia	(6226) 743-2140	Natural-fibre roofing sheets	446	50	50

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	Associates and Other Companies						
149	Sekisui-SCG Industry Co., Ltd.	Bangkok	66-2586-3333	Manufacturing for Modular Houses	200	49	49
150	Mariwasa Siam Holdings, Inc.	Philippines	(632) 628-1986-90	Holding company	1,093	40	46
151	Mariwasa Siam Ceramic, Inc.	Philippines	(632) 628-1986-90	Ceramic tiles	584	-	46
152	The Siam Sanitary Fittings Co., Ltd.	Bangkok	66-2973-5101-7	Faucets and fittings	200	33	45
153	TOTO Manufacturing (Thailand) Co., Ltd	Saraburi	66-3637-3647-66	Sanitary ware	550	40	40
154	The Siam Moulding Plaster Co., Ltd.	Saraburi	66-3637-3578-82	Moulding plaster	125	40	40
155	Mariwasa Holdings, Inc.	Philippines	(632) 628-1986-90	Holding company	267	40	40
156	CPAC Monier (Laos) Co., Ltd.	Laos	(85621) 243-440	Concrete roof tiles	33	38	38
157	Siam Sanitary Ware Co., Ltd.	Bangkok	66-2973-5040-54	Sanitary ware	60	36	36
158	Siam Sanitary Ware Industry Co., Ltd.	Saraburi	66-2973-5040-54	Sanitary ware	200	-	36
159	Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Saraburi	66-2973-5040-54	Sanitary ware	160	-	36
160	The Siam Gypsum Industry Co., Ltd.	Bangkok	66-2555-0055	Gypsum boards	150	29	29
161	The Siam Gypsum Industry (Saraburi) Co., Ltd.	Saraburi	66-3637-3500-9	Gypsum boards	470	-	29
162	The Siam Gypsum Industry (Songkhla) Co., Ltd.	Songkhla	66-7420-6000-5	Gypsum boards	120	-	29
163	PT. M Class Industry	Indonesia	(6202) 6743-6888	Clay roof tiles	222	28	28
164	Lafarge Siam Roofing Co., Ltd.	Rayong	66-2555-0055	Clay roof tiles	160	25	25
165	CMPI Holding, Inc.	Philippines	(632) 628-1986-90	Holding company	87	20	20

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	SCG Distribution						
	Subsidiaries						
166	SCG Distribution Co., Ltd.	Bangkok	66-2586-3333	Holding company	1,629	100	100
167	SCT Co., Ltd.	Bangkok	66-2586-4444	International trading	400	100	100
168	SCG Network Management Co., Ltd.	Bangkok	66-2586-3333	Domestic distribution	524	100	100
169	SCG Logistics Management Co., Ltd.	Bangkok	66-2586-4444	Logistics service	300	100	100
170	SCT Services Co., Ltd.	Bangkok	66-2586-4444	International trading	10	100	100
171	Homemart Home Solutions Co., Ltd.	Bangkok	66-2729-6761-3	Retail	26	100	100
172	SCG Retail Co., Ltd.	Bangkok	66-2586-3333	Retail	1	100	100
173	SCG Experience Co., Ltd.	Bangkok	66-2101-9922	Exhibition center & services	200	100	100
174	Cementhai SCT (Australia) Pty. Ltd.	Australia	(612) 9438-1225	International trading	5	100	100
175	Cementhai SCT (Guangzhou) Ltd.	China	(86) 208-365-2559	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	(9626) 551-7776 (9626) 552-6665	International trading	50	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) 501-8634 (632) 501-8630	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 (1310) 323-2438 (1310) 323-2528	International trading	4	100	100
182	SCG Trading (M) Sdn. Bhd.	Malaysia	(603) 5632-0168	International trading	20	100	100
183	PT. Cementhai SCT Indonesia	Indonesia	(6221) 351-8890	International trading	5	100	100
184	SCT Logistics (Vietnam) Co., Ltd.	Vietnam	(848) 6296-1282 (848) 6297-0492	Logistics service International trading and Local Distribution	64	100	100
185	SCT (Vientiane) Co., Ltd.	Laos	(856) 212-43435-6	International trading	1	100	100
186	Cementhai SCT (Cambodia) Co., Ltd.	Cambodia	(85523) 990-401-5	International trading	1	75	75
187	Cementhai SCT (Malaysia) Sdn. Bhd.	Malaysia	(603) 5632-0168	International trading	4	69	69
188	Siam Cement Myanmar Trading Ltd.	Myanmar	(959) 873-0462	International trading	3	60	60
189	Cementhai SCT Emirates (L.L.C)	United Arab Emirates	(9714) 321-7663	International trading	3	49	49
	Associates and Other Companies						
190	Thai Prosperity Terminal Co., Ltd.	Samut Prakarn	66-2754-4501-9	Shipping port	63	50	50
191	Survey Marine Services Co., Ltd.	Bangkok	66-2296-1490-2	Land rental	37	48	48
192	Green Siam Resources Corporation	Philippines	(632) 217-3983	Baling business	95	40	40
193	Siam Phulsawat Lighter Co., Ltd.	Bangkok	66-2427-2229 66-2872-3014-5	Lighter rental service	34	29	29
194	Jumbo Barges and Tugs Co., Ltd.	Bangkok	66-2872-3014-5	Transportation by lighter	365	27	27

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	SCG Investment and Others						
	Subsidiaries						
195	Cementhai Holding Co., Ltd.	Bangkok	66-2586-2104	Holding company	1	100	100
196	Cementhai Property (2001) Public Company Limited	Bangkok	66-2586-2104	Holding company	72	100	100
197	Property Value Plus Co., Ltd.	Bangkok	66-2586-2104	Land business and land lease service	820	100	100
198	SCG Accounting Services Co., Ltd.	Bangkok	66-2586-3333	Accounting, financial and tax services	5	100	100
199	SCG Legal Counsel Limited	Bangkok	66-2586-5777	Legal consultant	15	100	100
200	Bangsue Management Co., Ltd.	Bangkok	66-2586-3333	Maketable securities investment	180	100	100
201	Cementhai Captive Insurance Pte. Ltd.	Singapore	66-2586-3333	Insurance	34	100	100
202	SIL Industrial Land Co., Ltd.	Saraburi	66-3637-3333-5	Industrial sites	500	75	75
203	Rayong Industrial Land Co., Ltd.	Rayong	66-3889-2222-3	Industrial sites	1,000	75	75
	Associates and Other Companies						
204	The Siam Kubota Industry Co., Ltd.	Pathumthani	66-2909-0300-1	Agricultural machinery	333	40	40
205	Siam Kubota Tractor Co., Ltd.	Chonburi	66-3818-5130	Tractor	2,110	40	40
206	Siam Kubota Metal Technology Co., Ltd.	Chachoengsao	66-2267-1377	Cast iron	900	-	40
207	Siam Kubota Leasing Co., Ltd.	Pathumthani	66-2909-0300	Leasing	1,375	-	40
208	Siam Lemmerz Co., Ltd.	Saraburi	66-3637-3309-21	Aluminium alloy wheels	107	30	30
209	Siam AT Industry Co., Ltd.	Chonburi	66-3845-4266-8	Automotive parts	240	30	30
210	Thai Engineering Products Co., Ltd.	Pathumthani	66-2529-3518-22	Automotive parts	85	29	30
211	The Nawaloha Industry Co., Ltd.	Saraburi	66-3633-6531-4	Cast iron	300	30	30
212	Aisin Takaoka Foundry Bangpakong Co., Ltd.	Chonburi	66-3845-4671-7	Cast iron	475	30	30
213	The Siam Nawaloha Foundry Co., Ltd.	Saraburi	66-3628-8300	Cast iron	308	20	25
214	Nava 84 Co., Ltd.	Bangkok	66-2625-7966-70	Forestry	1,203	25	25
215	Musashi Auto Parts Co., Ltd.	Pathumthani	66-2529-1753-6	Motorcycle transmission parts	200	21	21
216	IT One Co., Ltd.	Bangkok	66-2271-5191	Technical services	80	20	20
217	Toyota Motor Thailand Co., Ltd.	Samut Prakarn	66-2386-1000	Automotives	7,520	10	10
218	Siam Yamato Steel Co., Ltd.	Rayong	66-3868-3723-30	Structural steel	3,000	10	10
219	Michelin Siam Group Co., Ltd.	Bangkok	66-2619-3000-19	Holding company in tyre business	2,667	10	10
220	Michelin Siam Co., Ltd.	Bangkok	66-2619-3000-19	Holding company in tyre business	1,792	-	10
221	Siam Furukawa Co., Ltd.	Saraburi	66-3637-3570-3	Automotive and motorcycle batteries	240	5	5
222	The Siam United Steel (1995) Co., Ltd.	Rayong	66-3868-5152-59	Cold-rolled steel	9,000	5	5
223	Siam Toyota Manufacturing Co., Ltd.	Chonburi	66-3821-3451-5	Automotive engines and automotive parts	850	4	4

* Directly and indirectly holding through the company, subsidiaries, associates and other companies.

Summary of Significant Information

1. Operating Results and Financial Status

1. Business Overview

SCG's consolidated net profit increased 45% from the previous year.

In 2009, SCG's consolidated net sales showed a decrease of 19% over the previous year to 238,664 Million Baht, primarily on lower product prices of chemicals and paper products in the global market. Consolidated net profit increased by 45% to 24,346 Million Baht, due to gains from cost cutting measures and efficient production improvement. Moreover, there was 5,000 Million Baht one-time stock loss in the 4^{th} quarter of 2008, which was mostly from SCG Chemicals. Similarly, consolidated EBITDA increased by 21% to 47,116 Million Baht.

Equity income for 2009 amounted to 7,200 Million Baht, increased 54% over the past year, with details as follows:

- SCG Chemicals associates: 5,234 Million Baht, an increase of 77% over the last year, mainly from improved operating results of PTA business
- Other associates: 1,966 Million Baht, an increase of 15% from last year.

2. Operating Results of Strategic Business Units

SCG Chemicals

In 2009, net sales decreased by 26% from the previous year to 101,115 Million Baht on lower products prices. However, EBITDA increased by 55% to 19,482 Million Baht. Similarly, net profit increased by 105% from last year to 12,556 Million Baht, due to the over 4,000 Million Baht one-time stock loss in the 4^{th} quarter of 2008.

SCG Paper

In 2009, net sales registered 42,729 Million Baht, down 9% from last year, due to lower paper price. EBITDA was 7,901 Million Baht, up 19%. Likewise, net profit was 2,286 Million Baht, up 38% from last year due to increased capacity and efficient cost management.

SCG Cement

In 2009, net sales decreased by 7% from last year to 46,661 Million Baht, while EBITDA increased by 3% to 11,616 Million Baht on energy savings from the Waste Heat Power Generator, and likewise net profit increased by 3% to 6,214 Million Baht.

SCG Building Materials

In 2009, net sales increased by 15% from last year to 26,873 Million Baht. Likewise, EBITDA gained 20% to 4,907 Million Baht and net profit increased by 108% to 1,617 Million Baht, assisted by the operations turnaround of Thai-German Ceramic Industry Public Company Limited (TGCI) and the consolidation of Sosuco Ceramic Co., Ltd. since the 1^{st} quarter of 2009.

SCG Distribution

In 2009 net sales decreased by 16% from last year to 86,641 Million Baht on lower prices, likewise EBITDA decreased by 9% to 1,581 Million Baht and net profit decreased by 11% to 1,077 Million Baht.

3. Financial Status

Assets

SCG continued financial stability with cash on-hand 28,937 Million Baht. Moreover, working capital days stood at 53 days which improved from last year.

Total assets of SCG as at December 31, 2009 valued 315,992 Million Baht with an increase of 10% over the year 2008, mainly from project investment. Moreover, Sosuco Ceramic Co., Ltd. (SCG's 54% portion) was consolidated into SCC's financial accounts in the 1^{st} quarter of 2009 as SCG had significant management control over its operation. Key components of total assets are property, plant and equipment at 48%, and investments in shares at 19%. Ranking of asset values by business units is SCG Chemicals, SCG Cement, and SCG Paper respectively.

Current Assets: amounted to 89,988 Million Baht as at December 31, 2009, increased by 7% over the past year. The main proportion was: inventories, cash and cash equivalents and trade accounts receivable. According to its efficient management of liquidity and working capital, at December 31, 2009, SCG's cash and cash equivalents was 28,937 Million Baht whereas working capital stood at 36,855 Million Baht with working capital days at 53 days, a significant improvement from the previous year at 61 days.

Property, plant and equipment: amounted to 151,804 Million Baht as at December 31, 2009, increased by 11% over the past year. This resulted from the acquisition of property, plant and equipment of the year amounted to 27,512 Million Baht which are mostly from under construction projects, while depreciation amounted to 11,957 Million Baht

Investments in associates and jointly-controlled entity: amounted to 58,690 Million Baht as at December 31, 2009, increased by 9,092 Million Baht or 18% from the past year, resulted from reasons as follows:

- Equity income accounted for using equity method was 4,130 Million Baht (Net of dividends received).
- Increase in investments amounted to 5,536 Million Baht, mainly from SCG Chemicals.

Liabilities

Finance costs decreased by 440 Million Baht from last year

Total liabilities as at the end of 2009 amounted to 184,570 Million Baht, an increase of 6% over the previous year which was mostly from long-term debts increase of 21,909 Million Baht for committed projects such as SCG Chemicals' 2nd naphtha cracker. During the year, SCG issued new debentures amounted to 30,000 Million Baht to replace 25,000 Million Baht in matured debentures. Net debt (interest-bearing debt less cash and cash equivalent) of SCG as at December 31, 2009 increased by 1,498 Million Baht over the past year to 122,019 Million Baht, while finance costs was 5,649 Million Baht, a decrease of 440 Million Baht from the previous year.

4. Financial Ratios

Significant improvement from the previous year.

In 2009, current ratio registered 1.7 times compared with 1.3 times at the end of 2008. Moreover, from net debt amounted to 122,019 Million Baht, net debt to EBITDA ratio was 2.6 times whereas was 3.1 times at last year. However, the mentioned net debt includes the approximately 35,728 Million Baht in debt of on-going projects which are under construction, and have yet to begin commercial operation. Without these in progress capacity expansion projects, net debt would have otherwise dropped to the approximately 86,291 Million Baht level, and would have resulted in the net debt to EBITDA ratio of 1.8 times. At the end of 2009, debt to equity ratio was 1.4 times, compared with 1.6 times at the end of 2008. However the ratio is low and remains relatively stable, reflecting SCG's strong financial structure.

Having considered the financial status and the operating results of 2009, the Board of Directors resolved to propose the ordinary general meeting of shareholders for approval of 2009 dividend payment of 8.50 Baht per share, representing a dividend payout ratio of 42% of consolidated net profit. SCG has already paid an interim dividend of 3.50 Baht per share on August 27, 2009. The final dividend will be paid at the amount of 5.00 Baht per share on April 28, 2010.

2. Risk Management Policy and Risk Factors

Risk Management

Roles and Responsibilities

The Board of Directors is accountable for setting and overseeing the risk management policy of SCG in order to give reasonable assurance that the risk management of the Group is effective. In this regard, the Audit Committee shall evaluate the efficiency of risk management on a quarterly basis. Each business unit has a risk management committee appointed by SCG management with the duties to assess, establish strategies, control, monitor, and prepare the report on management of key risks of SCG. The report is submitted to SCG management on a quarterly basis or when significant changes, which are material to the business operation. Furthermore, SCG cultivates its staff at all levels to recognize the importance of risks and partake in risk management.

Risk Management Process

The risk management process of SCG is in accordance with the international standards of the Committee Sponsoring Organization of the Treadway Commission (COSO). The components of risk management consist of consideration of internal environment, objectives setting, risk identifying, assessment and counteractions, control activities, IT and communications and result monitoring. The risk management of SCG is internationally accepted and is classified in the Gold Class level of the Dow Jones Sustainability Indexes for the year 2008 and 2009.

The risk management committee of each business unit conducts risk management assessment following the SCG's guidelines. The committee analyses situations faced by the business in terms of risk and opportunities that arise from them, prioritizes risks by taking into accounts factors like the likelihood and significance in order to identify key risks which require close attention. Strategies and measures are then set out to manage key risks to be at acceptable levels as well as to monitor the effectiveness of these strategies and measures to improve the risk management on a continual basis.

Types of Risks

1. Risks from external factors are those incurred from events outside the organization. Examples include fierce competition or decrease in demands due to economic crisis, political issues and other factors which may affect both the sales and profit of the Group. Furthermore, changes of the customers' trend makes it necessary for the Group to adjust its production processes, while developing human resources, making large investments, or adapting to match with the changes of laws, rules and regulations of related government agencies may result in the increase of the operating costs.
2. Risks from operation arise out of events within the organization and related to business operations. These factors include fluctuation of global raw material prices as well as foreign exchanges and interest rates which may affect the operation and liquidity of the Group, and research and development of products and services which may require large investments and incurs risks that the end results do not response well to customer's demands.
3. Risks from decision-making information are risks in relation to information that is influential to decision making such as financial information which is incorrect, incompliant with the laws and accounting standards and does not reflect the actual performance of the business unit. In addition, the appropriateness and relevance of the establishment of the organizational structure, the organization chart, goals and strategies may also have influence on the information on which decisions are based.

Overall Strategies of SCG

Significant risk mitigating and business operating strategies are:

1. Managing liquidity and working capital
2. Improving operational efficiency and monitoring cost effectiveness
3. Strengthening domestic market and expanding export coverage in potential international markets
4. Developing of high value-added products and services

Key Risks and Mitigation Strategies

1. **Risks from External Factors i.e. Political, Economic, Social and Environmental Conditions.**
   - Political turmoil in Thailand, Southern unrest, border issues and diplomatic disputes with neighboring countries, resulted in the halt of growth and slow progress of the Thai economy, as well as the government spending. Top executives monitor the situation closely to make proper adjustments to the Group's strategies.
   - The court trial on Map Ta Phut case. The Central Administration Court has ordered the government agencies to temporarily halt 65 projects in Map Ta Phut and neighboring area, 18 of which belong to SCG with the total value of approximately 57,500 million baht. Such temporary halt caused the financial impact, comprising expenses from removal of constructors out of the sites, additional costs to preserve the construction conditions to ensure safety and workability without damages, the cost of loss of opportunity, agreement cancellation expenses, interest, wages and expenses from loss of business operation, depending on the period of delay of each project. SCG is working closely with related government agencies and parties concerned to determine the total losses of each project in order to ensure minimum impact to all stakeholders.
   - Decrease in market demands for the construction materials due to the political factors and economic downturn resulted in the decline in sales of SCG Distribution, responsible to distribute SCG products, by 15.6% whilst the domestic demands for grey cement remained close to last year's record. SCG strived to maintain the leading position in the market and to increase its competitive adventage through development

of high value-added products and services to satisfy the various needs of customers and promotion of the eco-friendly products by the launch of SCG eco value label. In addition, the Group expands the markets and investments in regional markets in order to match with the future market growth in ASEAN.

- Contraction or decline in demands for paper and packaging products due to domestic and regional economic slowdown manifested a higher competition risk in both local and regional markets. SCG Paper has adjusted the action plans to reduce manufacturing costs, control fixed administrative expenses, develop new export channels, and reduce and control the level of working capital in order to enhance the capability to adjust itself when raw material prices fluctuate.
- Fluctuation of raw material and product prices following the global trends. The price of goods and raw materials of SCG Chemicals fluctuate according to the global price. In 2009, the Naphtha price decreased at an average of 274 USD/ton while the price of plastic resin decreased at an average of 342 USD/ton. SCG attempts to maintain its share in its strategic markets, driving sales in the markets which give better yields and expedites forward-selling to enhance its selling opportunity.

2. **Operational Risk**
   - Fluctuation of coal prices which is a primary source of energy. Coal price follows the global oil price which tends to increase because of rising demands from global economic recovery. As a result, the cement manufacturing costs were higher than the projection. SCG solved the certain problems by leveraging use of alternative energy, exploring new source of energy, entering into long-term sales and purchase agreement of coal, and investing in the projects associated with efficient energy generation and consumption. For instance, the waste heat power generator project.
   - Fluctuation of natural gas price : In 2009, the price of natural gas had an upward trend and increased by 23% from the beginning of the year. The rising price affected the business operations of SCG Building Materials by causing the higher manufacturing costs. SCG has enhanced the production efficiency and boosted utilization rate of alternative energy in order to mitigate the certain risk.

3. **Financial Risks**
   - Foreign exchange fluctuation affects many of SCG business units which involve import and export. Most of the risks can be mitigated through the natural hedges and other financial instruments such as Forward. In addition, as at the end of 2009, SCG had loans nominated in foreign currencies at 12% out of the total loans. The loan facilities have been utilized for SCG investment projects, which most of them have been generating income nominated in foreign currencies. Hence, the risk from foreign exchange rate fluctuation was primarily mitigated.
   - SCG has employed financial instruments such as Interest Rate Swap, primarily for changing the floating rate to fixed rate of long-term loans in order to effectively determine financial costs.

3. Shareholders Structure

(1) First 10 major shareholders as at December 31, 2009

	Shareholders	No. of ordinary shares	Percent of total shares
1.	THE CROWN PROPERTY BUREAU	360,000,000	30.000
2.	THAI NVDR CO., LTD.	126,861,882	10.572
3.	CHASE NOMINEES LIMITED 42	44,546,532	3.712
4.	NORTRUST NOMINEES LTD.	37,432,304	3.119
5.	BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG	26,014,636	2.168
6.	CPB EQUITY CO., LTD.	23,220,000	1.935
7.	STATE STREET BANK AND TRUST COMPANY	21,369,940	1.781
8.	SOCIAL SECURITY OFFICE	18,044,480	1.504
9.	OFFICE OF THE PRIVY PURSE	15,473,000	1.289
10.	BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	14,859,300	1.238

CPB Equity Co., Ltd. is the company fully-owned by The Crown Property Bureau.
The information of investors under Thai NVDR Co., Ltd. is shown on the website: www.set.or.th

As at August 14, 2009, the first major 10 NVDR holders were as follows:

	NVDR holders	No. of ordinary shares	Percent of total shares
1.	GERLACH & CO.-AGF FUNDS INC. AS MANAGER/TRUSTEE	15,893,615	1.32
2.	HSBC (SINGAPORE) NOMINEES PTE LTD.	11,732,690	0.98
3.	SOMERS (U.K.) LIMITED	8,457,500	0.70
4.	NORBAX INC.,13	6,424,700	0.54
5.	CITIBANK NOMINEES SINGAPORE PTE LTD-CITIBANK LDN RE FUND 203	5,533,100	0.46
6.	MELLON NOMINEE (UK) LIMITED	4,743,760	0.40
7.	NORTRUST NOMINEE LTD.	3,417,267	0.28
8.	GOLDMAN SACHS & CO	3,404,156	0.28
9.	MELLON BANK, N.A.	3,238,100	0.27
10.	STATE STREET BANK AND TRUST COMPANY	3,165,750	0.26

(2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at December 31, 2009)

Shareholders		No. of ordinary shares	Percent of total shares
1	THE CROWN PROPERTY BUREAU	360,000,000	30.000
2	CPB EQUITY CO., LTD.	23,220,000	1.935

Foreign Limit

The company has imposed limitations on the number of shares which can be held by the foreigners at 25% of fully paid-up capital. As at December 31, 2009, the company declared that 25% of fully paid-up capital shares are held by the foreigners.

4. The Board of Directors

The Board of Directors is comprised of:

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

Remark * Mr. Pramon Sutivong was nominated as a director of the company on April 29, 2009, to replace Mr. Sivavong Changkasiri.

Duly Authorized Directors

Two of the five directors, namely, Mr. Snoh Unakul, or Mr. Yos Euarchukiati, or Mr. Panas Simasathien, or Mr. Pramon Sutivong, or Mr. Kan Trakulhoon jointly signed their names.

Directors' Term on Board

At the ordinary general meeting of shareholders 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 SCG as well as evaluate the performance of the top executives.
5. The Board maintains proactive risk management systems as well as oversees 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 benefits for themselves or others, and shall not act in a conflict of interests or in competition with the company or SCG.
7. The Board directs the company's operations in compliance with 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 their duty in line with SCG Corporate Governance as well as the Stock Exchange of Thailand's Code of Best Practice for Directors of Listed Companies and Guidelines of Securities and Exchange Commission.
9. The Board is responsible for overseeing and monitoring the performance of each business unit and overall performance of SCG. The Board also gives policies to improve the company's operations and employee development.
10. The Board promotes awareness of the importance of business ethics among employees at all levels. It also promotes internal control and internal audit to ensure corporate integrity is maintained and to prevent any fraudulent practice.

11. The Board treats all shareholders, both major and minor shareholders, equally with regard to the 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 those with a relationship with the company, in addition to possession the following qualifications:

1. Holds not more than 1% of the total outstanding voting shares of the company, the company's major shareholder, a subsidiary or an associate or in any juristic person with a conflict of interests, including shares held by a person related to independent director.
2. Is neither a director that has a management authority nor an employee, staff, advisor on retainer, authority figures of the company, the company's major shareholder, a subsidiary, an associate, a subsidiary of the same tier (sister company), or any juristic person with a conflict of interests, both in the present and at least two years prior to taking the independent directorship.
3. Is not involved in the following business relationship with the company, the company's major shareholder, a subsidiary, an associate, or any juristic person with conflict of interests in a nature which may obstruct his independent judgment, both in the present and at least two years prior to taking the independent directorship.
   - 3.1 Is neither an auditor nor major shareholder, non-independent director, management, and the managing partner of the company's audit firm.
   - 3.2 Is neither professional service provider such as legal or financial advisor nor asset appraiser, whose service fee exceed 2 Million Baht per year, for the company, the company's major shareholder, a subsidiary, an associate, or any juristic person with a conflict of interests and is neither major shareholder, non-independent director, management nor the managing partner of the such service providing firm.
   - 3.3 Received no benefit directly or indirectly from business transactions namely, normal trading activities, rent or lease of property, transactions related to assets or services nor provide financial support to the company, the company's major shareholder, a subsidiary, an associate, amounting to 20 Million Baht or equivalent to 3% of the tangible assets of the company, whichever is lower. The term is applicable to total transactions occurred within one year prior to the date of business relationship and the independent director must not be major shareholder, non-independent director, management nor the managing partner of such firms.
4. No relationship by blood or legal registration, in a nature that makes the independent director a parent, spouse, brothers and sisters, children nor spouse of children of management, major shareholders, authority figures or nominees for management and authority figures of the company or a subsidiary.
5. Is not appointed as a representative of the company's director, major shareholders or shareholders who are related to the major shareholders of the company.
6. Can look after the interests of all shareholders equally.
7. Can prevent conflicts of interest.
8. Manage to attend the Board meetings and make independent decisions.
9. Is not a person whom SET has determined inappropriate to serve as an executive, according to SET regulations.
10. 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 general insurance laws, or money laundering laws, or any other law of a similar

nature, whether Thai or foreign, and is guilty of wrongful acts relating to trading in shares or the perpetration of deceptions, fraud, or corruption.

11. No other impediments or impairments to express independent opinions concerning the operations of the company.
12. If qualified for the item 1-11, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the company, the company's major shareholder, a subsidiary, an associate, a subsidiary of the same tier (sister company) or any juristic person with a conflict of interests, on the basis of collective decision, whereby such actions are not deemed partaking of management.

In 2009, all five independent directors did not have a business relation or provide a professional service valued over the regulation announced by Capital Market Supervisory Board on the permission and approval on buying new shares.

The Audit Committee

The Audit Committee 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. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Audit Committee

The Audit Committee is authorized to fulfill the following duties:

1. 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, correctness, and adequacy.
2. Support the establishment of financial report development in compliance with the international accounting standards.
3. Review that the company has appropriate and effective internal control and internal audit systems, which comply with the international accepted approaches and standards.
4. Review that company has in place preventive operation systems to enhance operating effectiveness and efficiency.
5. Review corporate risk management system.
6. Review 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 correctness and effectiveness of the information technology system relating to internal control, financial reports, and risk management and suggest an up-to-date improvement occasionally.
9. Consider the connected transactions or those of possible conflict of interests to ensure compliance with all pertinent laws and requirements of SET.
10. Review that the assessment of the entire Audit Committee's performance and the self-assessment of each individual member's performance take place annually.
11. Review and comment on the operation of the audit office and coordinate 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 and contains opinions as required by SET.
13. Consider, select, propose the appointment, remuneration, and assess the performance of the company's auditor.
14. Set up meetings with the company's auditor, which exclude the management, at least once a year.
15. Review that the evaluation of the audit office is in compliance with international standards.
16. Consider the budgets and manpower of the audit office.
17. Give a comment to appoint, remove, transfer or terminate of employment of the director of the audit office.
18. Consider the independence of the internal audit office based on the scope of works, reports and line of command.
19. Take other actions in compliance with the law or assigned by the Board of Directors.

To fulfill its duties under the scope of authority, 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 authority and responsibility under the order of the Board of Directors. The Board is responsible for the company's operations and is directly accountable to shareholders, stakeholders and the public.

Responsibilities of the Audit Committee

1. In the case that the Audit Committee is informed by the auditor about suspicious behaviors of directors, managers or persons responsible for business operation of the company, which may violate the paragraph 2 of Section 281/2, the Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, it is to investigate the case and submit preliminary report to the Stock Exchange Commission (SEC) and the auditor within 30 days of the date it is informed.
2. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the company, the Audit Committee is to report such events to the Board of Directors in order to find remedy within a period deemed appropriate by the Audit Committee.
   (1) Transactions which may cause conflict of interest
   (2) Frauds or irregular events or material flaws to the internal control system
   (3) Violation of law pertaining to SEC, the regulations of SET, or other laws relating to business operation of the company.

Should the Board of Directors or management fail to amend the issues within a timeline as specified by the Audit Committee; a member of the Audit Committee may report the issue to SEC or SET.

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. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Governance and Nomination Committee

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

Corporate Governance

1. Draw up a policy on SCG Corporate Governance and present it to the Board of Directors.
2. Make recommendations, give advices 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 conflict of interests.
6. Should there be any alteration made to the directors' qualifications, the committee shall review the appropriateness for directorship.
7. Recommend 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 advices 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 Top Executives

1. Specify qualifications of a person to be nominated for directorship and lay down the director nomination process to replace the retiring director, considering diversified candidates with skills, experiences and expertise.
2. Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case maybe, 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.
4. Perform other duties as assigned by the Board of Directors.

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. Yos Euarchukiati
   Chairman
2. Mr. Chumpol NaLamlieng
   Member
3. Mr. Pramon Sutivong
   Member

The Remuneration Committee's Term on Board

The Remuneration Committee is subject to a three-year term. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Remuneration Committee

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. 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 top executive for the Board of Directors' approval, the Remuneration Committee shall assess the performance of each top 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 top executives.
6. Regularly review, study and track the changes and trends in remuneration for the Board of Directors and top executives and report its findings to the Board for approval.
7. Consider the annual remuneration for the Board of Directors and top 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

The twelve members of the Board of Directors have no forbidden qualification as following:

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. Chirayu Isarangkun Na Ayuthaya

Age 67

Position in SCC Chairman

Education

1964	BSc, Economics (Hons), London School of Economics, University of London, England
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

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 1998	Chairman, National Institute of Development Administration
Since 2007	Director, Siam Commercial Bank Public Company Limited

Air Chief Marshal Kamthon Sindhvananda

Age 83

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
2007	Honorary Degree, Doctor of Liberal Arts, Southeast Bangkok College
2007	Honorary Degree, Doctor of Engineering, Eastern Asia University

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
2006	Understanding the Fundamental of Financial Statement (UFS), Thai Institute of Directors Association

Previous Experience

1973-1975	Member of National Legislative Assembly
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 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 2003	Chairman, Prajadhipok-Rambhai Barni Foundation
Since 2004	Chairman, The Royal Scholarship for Thai Priest Project
Since 2005	Chairman, Suan Luang Rama IX Park Foundation

Mr. Snoh Unakul

Age 78

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

1972-1975, 1977-1979	Member, 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
1980-1989	Secretary-General, The National Economic and Social Development Board
1981-1991	Senator
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.

Other Current Positions

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

Mr. Sumet Tantivejkul

Age 70

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 Executives 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
2006 Audit Committee Program (ACP), Thai Institute of Directors Association

Previous Experience

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
1997-2000 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 2004 Chairman, Foundation for a Clean and Transparent Thailand
Since 2005 President of the University Council, Thammasat University

Mr. Pricha Attavipach

Age 71

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 39/2004, Thai Institute of Directors Association
2004 Finance for Non-Finance Directors, Thai Institute of Directors Association
2006 Audit Committee Program (ACP), Thai Institute of Directors Association

Previous Experience

1993-2001 Director, PTT Exploration and Production Public Company Limited
1996-1999 Permanent Secretary, Ministry of Industry
1997-1998 Chairman, Electricity Generating Authority of Thailand
1997-1999 Chairman, Petroleum Authority of Thailand
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 2000 Chairman, Ruamkijaungthong Warehouse Limited
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 Public 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
Since 2008 Chairman, Thai Sugar Terminal Public Company Limited
Since 2008 Chairman, Kasest Thai Sugar Refinery Company Limited
Since 2009 Chairman, Foundation for Industrial Development

Mr. Panas Simasathien

Age 77

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 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	
1982-1992	Chairman, Krung Thai Bank Public Company Limited
1982-1992	Permanent Secretary, Ministry of Finance
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 2000	Director, Board of 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	Chairman, Union Technology (2008) Public Company Limited
Since 2009	Chairman, Union Plastic Public Company Limited

Mr. Yos Euarchukiati

Age 67

Positions in SCC	Director Member of the Remuneration Committee
Education	
1964	B.Sc.(Eng.), University College London, London University, England
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	
1968-1974	Managing Director, Thai Plastic and Chemicals Company Limited
1974-1981	Senior Executive Vice President, Bank of Asia for Industrial and Commercial
1981-1992	President and Director, The Bank of Asia Company Limited
1992-1997	Vice Chairman, The Bank of Asia Public Company Limited
1994-1997	Advisor, Bureau of the Crown Property

2000-2002	Chairman, Thai Industrial Gases Public Company Limited
2000-2005	Director, National Petrochemical Public Company Limited
2006-2009	Director, Minor International 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

Mr. Arsa Sarasin

Age 73

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
2004	Finance for Non-Finance Directors, Thai Institute of Directors Association
2007	Audit Committee Program (ACP), Thai Institute of Directors Association

Previous Experience

1977-1980	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of Belgium & Chief of Mission to the European Community
1980-1982	Director-General, Department of Political Affairs, Ministry of Foreign Affairs
1982-1986	Permanent Secretary, Ministry of Foreign Affairs
1986-1988	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of United States of America
1991-1992	Minister of Foreign Affairs
1994-2004	Co-Chairman 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 Company Limited
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 for Amata Spring Country Club

Mr. Chumpol NaLamlieng

Age 62

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
2005-2009	Director, British Airways Public Company Limited

Other Current Positions

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

Mr. Tarrin Nimmanahaeminda

Age 64

Director qualified to be Independent Director

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

Education

1968	B.A. (Government, Cum Laude) Harvard College, U.S.A.
1970	MBA (Finance) The Stanford Graduates School of Business, U.S.A.

Previous Experience

1984-1992	President and Chief Executive Officer, Siam Commercial Bank Public Company Limited
1991-1992	Chairman of the Thai Bankers' Association
1992-1995	Minister of Finance (September 1992 - May 1995)
1996-2005	Member of the House of Representatives
1997-2001	Minister of Finance (November 1997 - February 2001)
1999-2000	Chairman of The Development Committee, The World Bank Group

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

Mr. Pramon Sutivong

Age 70

Positions in SCC Director
Member of The Remuneration Committee

Education

1963	Bachelor of Engineering, Major in Mechanical, University of Kansas, U.S.A.
1984	Master of Engineering, Major in Mechanical, University of Kansas, U.S.A.
1987	Advanced Management Program (AMP), Harvard University, U.S.A.

Seminar

2001	Chairman 2000 Program Thai Institute of Directors Association
2003	Directors Accreditation Program (DAP) Thai Institute of Directors Association
2009	Role of Compensation Committee (RCC 2009) Thai Institute of Directors Association

Previous Experience

1965-1980	Esso Standard Thailand Co., Ltd.
1981-1996	Managing Director, SCT Co., Ltd.
1984-1992	Vice President , The Siam Cement Public Company Limited
1992-1999	Senior Vice President , The Siam Cement Public Company Limited
1990-2005	Director, SCG Foundation
1998-2002	Chairman, International Chamber of Commerce Thailand
1999-2004	Chairman, Bankthai Public Company Limited
2006-2008	Member, National Legislative Assembly
2004-2009	Chairman, The Thai Chamber of Commerce
2005-2009	Chairman, Board of Trade of Thailand

Other Current Positions

Since 1997	Director, The Navakij Insurance Public Company Limited
Since 1999	Chairman, Toyota Motor Thailand Co., Ltd.
Since 1999	Chairman, Siamcompressor Industry Co., Ltd.
Since 1999	Director, Toyota Thailand Foundation
Since 2007	Director, Office of The Civil Service Commission
Since 2009	Senior Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
Since 2009	Honorary Director of the University Council, University of the Thai Chamber of Commerce

Mr. Kan Trakulhoon

Age 54

Positions in SCC Director
President & CEO

Education

1977	B.E. (Electrical), First Class Honours, Chulalongkorn University
1986	M.S. Engineering, 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 29/2003 (DCP), Thai Institute of Directors Association

Previous Experience

1999-2002 President, Cementhai Ceramics Company Limited

2003-2004 Vice President, The Siam Cement 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 13 companies

Since 2004 Member, East Asia Council, Insead

Since 2006 Member, World Business Council for Sustainable Development

Since 2006 Board Member, School of Engineering and Technology, Asian Institute of Technology

Since 2007 Member, Asia Business Council

Since 2009 Outside Director, Kubota Corporation (Japan)

Mr. Worapol Jennapar

Position in SCC Secretary to the Board

Mr. Amnuay Apichainun

Position in SCC Corporate Secretary

Shareholding of Directors as at December 31, 2009

	Directors	The Siam Cement Public Company Limited					Affiliated companies	
		Ordinary shares (shares)			Debentures (units)		Ordinary shares (shares)	
		Hold Personally	Held by spouses and minor children	Increase (decrease) during financial year	Hold Personally	Increase (decrease) during financial year	Increase (decrease) during financial year	Increase (decrease) during financial year
1.	Mr. Chirayu Isarangkun Na Ayuthaya	–	–	–	–	–	–	–
2.	ACM Kamthon Sindhvananda	28,000	–	1,000 Increase personally	61,500	–	–	–
3.	Mr. Snoh Unakul	30,000	–	–	–	–	–	–
4.	Mr. Sumet Tantivejkul	–	–	–	12,000	–	–	–
5.	Mr. Pricha Attavipach	4,100	33,500	1,500 Increase personally 6,000 Increase spouse	–	–	–	–
6.	Mr. Panas Simasathien	100,000	–	–	27,000	12,000	–	–
7.	Mr. Yos Euarchukiati	284,000	–	–	–	–	20,047,780*	30,000*
8.	Mr. Arsa Sarasin	–	90,100	10,600 Increase spouse	–	–	40,000*	–
9.	Mr. Chumpol NaLamlieng	1,001,000	–	–	–	–	1,000,000*	–
10.	Mr. Tarrin Nimmanahaeminda	–	10,000	–	–	–	–	–
11.	Mr. Pramon Sutivong	–	45,000	–	4,000	4,000	–	–
12.	Mr. Kan Trakulhoon	–	–	–	–	–	–	(194,600)*

Notes:

1. The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up of capital of 1,200,000,000 Baht (1,200,000,000 shares).
2. According to the Public Limited Companies Act, an "affiliated company" means a public limited company with a relationship to a private company, a public limited company, or 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% of issued shares.
3. According to SEC regulation, ordinary shares of a company include 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 1,000 Baht per unit.
6. *Ordinary shares of Thai Plastic and Chemicals Public Company Limited.

The Attendance of the Directors in 2009 (Times)

Directors	Board of Directors (total 12 directors) Total 12 times/year	The Audit Committee (total 4 members) Total 9 times/year	The Governance and Nomination Committee (total 5 members) Total 4 times/year	The Remuneration Committee (total 3 members) Total 6 times/year	The 2009 Ordinary General Meeting of Shareholders (total 12 directors) On March 25, 2009
1. Mr. Chirayu Isarangkun Na Ayuthaya	12/12				1/1
2. ACM Kamthon Sindhvananda	12/12	9/9			1/1
3. Mr. Snoh Unakul	12/12		4/4		1/1
4. Mr. Sumet Tantivejkul	11/12	8/9	4/4		1/1
5. Mr. Pricha Attavipach	12/12	9/9			1/1
6. Mr. Panas Simasathien	12/12		4/4		1/1
7. Mr. Yos Euarchukiati	11/12			6/6	1/1
8. Mr. Arsa Sarasin	12/12		3/4		1/1
9. Mr. Chumpol NaLamlieng	10/12			6/6	0/1
10. Mr. Tarrin Nimmanahaeminda	11/12	8/9	2/4		1/1
11. Mr. Pramon Sutivong	9/9			4/4	–
12. Mr. Kan Trakulhoon	12/12				1/1

Notes:
1. The five independent directors are number 2, 4, 5, 8 and 10.
2. The four Audit Committee members are number 2, 4, 5 and 10.
3. The five Governance and Nomination Committee members are number 3, 4, 6, 8 and 10.
4. The three Remuneration Committee members are number 7, 9 and 11.
5. Mr. Pramon Sutivong has been eleted as the company's director since April 29, 2009, in replacement of Mr. Sivavong Changkasiri who passed away.

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)	Audit Committee Program (ACP)
1. ACM Kamthon Sindhvananda	–	Class 18/2004	–
2. Mr. Sumet Tantivejkul	Class 30/2003	–	Class 11/2006
3. Mr. Pricha Attavipach	Class 39/2004	–	Class 11/2006
4. Mr. Arsa Sarasin	–	Class 5/2003	Class 11/2006
5. Mr. Tarrin Nimmanahaeminda	–	–	–

5. Top Executives

SCG top executives are comprised of:

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

SCG top executives are empowered with an authority to operate business under the policy, strategies and goals directed by the Board of Directors, which approves a clear and definite scope of responsibilities to ensure transparency and flexibility of operation.

The eight members of top executives have no forbidden qualification as following:

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 54

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

Previous Experience

1999-2002	President, Cementhai Ceramics Company Limited
2003-2004	Vice President, The Siam Cement 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 13 companies
Since 2004	Member, East Asia Council, Insead
Since 2006	Member, World Business Council for Sustainable Development
Since 2006	Board Member, School of Engineering and Technology, Asian Institute of Technology
Since 2007	Member, Asia Business Council
Since 2009	Outside Director, Kubota Corporation (Japan)

Mr. Roongrote Rangsiyopash

Age 46

Position in SCG Vice President & CFO

Education

1985	B.Eng, Mining, 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
Since 2008	Director, Thai-German Ceramic Industry Public Company Limited

Mr. Cholanat Yanaranop

Age 50

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.

Seminar

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

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
2007-2008	President, The Thai Institute of Chemical Engineering and Applied Chemistry

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 Chemicals 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 2008	Advisor, The Thai Institute of Chemical Engineering and Applied Chemistry

Mr. Chaovalit Ekabut

Age 51

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 2005	Chairman, Thai Cane Paper Public Company Limited
Since 2005	Chairman, Thai British Security Printing Public Company Limited
Since 2008	President, The Thai Pulp and Paper Industries Association

Mr. Pramote Techasupatkul

Age 57

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

Mr. Pichit Maipoom

Age 53

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.

Seminar

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

Previous Experience

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 2005	President and Managing Director, Thai Ceramic Company Limited
Since 2008	Honorable Chairman, Ceramic Industry Club of Thailand, The Federation of Thailand Industries
Since 2008	Director and Member of Executive Committee, Thai-German Ceramic Industry Public Company Limited

Mr. Kajohndet Sangsuban

Age 56

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, The Federation of Thai Industries
Since 2002	Director, Cementhai Ceramic Company Limited
Since 2008	Chairman of the Board of Directors and Executive Committee, Thai-German Ceramic Industry Public Company Limited

Mr. Damri Tunshevavong

Age 56

Position in SCG President, SCG Investment

Education

1976	B.E. (Electrical), Chulalongkorn University
2004	Advanced Management Program (AMP), Harvard University, U.S.A.
2009	Capital Market Academy Leadership Program (CMA-8) Capital Market Academy, The Stock Exchange of Thailand

Seminar

2004	Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association
2008	Director Certification Program (DCP) 106/2008, Thai Institute of Directors Association
2008	Audit Committee Program (ACP) 24/2008, Thai Institute of Directors Association
2009	Role of Chairman Program (RCP-22), Thai Instritute of Directors Association

Previous Experience

1991-1994	Production Department Manager, Thung Song Cement Plant, The Siam Cement Company Limited
1995	Production Department Manager, Kaeng Khoi 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

Corporate Officers in Finance and Accounting

Mr. Padungdej Indralak

Age 55

Position in SCG Corporate Treasurer

Education

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

Previous Experience

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

Other Current Position

Since 2007	Indonesian Executive Directors, SCG

Mr. Anuwat Jongyindee

Age 52

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	Director and President of Accounting Sub-Committee, Federation of Accounting Profession Under the Royal Patronage of His Majesty the King
Since 2006	Vice President 5 and Auditing Supervision Committee, Association of Provident Fund
Since 2008	Director, Thai Accounting Standard Committee, Federation of Accounting Profession Under the Royal Patronage of His Majesty the King

6. Election of Directors and Executives

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. The authority to select 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/she 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 2009 ordinary general meeting of the shareholders, the four Board members who due to retire by rotation were 1) Mr. Snoh Unakul 2) Mr. Panas Simasathien 3) Mr. Arsa Sarasin and 4) Mr. Chumpol NaLamlieng. According to the company's Articles of Association, one-third of the directors must retire from the office and the director who has longest serving shall retire. In nomination process, each director has proposed appropriate persons to the Governance and Nomination Committee. The Committee, which excluded Mr. Snoh Unakul, Mr. Panas Simasathien, and Mr. Arsa Sarasin who have a conflict of interests as they have to retire by rotation in 2009, has selected five qualified persons, four of which were former directors and the other is the outsider. The Governance and Nomination Committee nominated four qualified nominees namely, 1) Mr. Snoh Unakul 2) Mr. Panas Simasathien 3) Mr. Arsa Sarasin and 4) Mr. Chumpol NaLamlieng, all of which were elected by the majority votes as per the resolution passed in the ordinary general meeting of shareholders held on March 25, 2009.

Selecting Top Executive Replacement

The top executive nomination process for SCG starts with selecting talented and ethical people. The Group seeks young talent with the potential to develop into senior management through the high potential employee assessment. Each employee will have an individual 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 high potential and have the appropriate credentials for the placement in top executive positions.

7. Director and Executive Remuneration

Director Remuneration

In the 11th ordinary general meeting of shareholders held on March 24, 2004, a resolution passed concerning the remuneration and bonus of directors. Monthly remuneration for all directors was set at 1,800,000 Baht 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% of total dividends paid to shareholders and shall be distributed amongst the directors in such manner they may themselves consider appropriately. This would 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 216,000 Baht per month, and the other 11 board members one portion, or 144,000 Baht 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 11 board members bonuses of one portion of total bonuses as approved in the shareholders' meeting.

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:

The Remuneration for the Committees

	Fixed Remuneration (Baht / Person / Year)	Attendance to the Meetings (Baht / Person / Time)
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 one portion.

The remuneration for the Board of Directors and the Committees paid in 2009

	Directors	Remuneration (Baht)					
		The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	Directors' bonus paid in 2009	Total (Baht)
1	Mr. Chirayu Isarangkun Na Ayuthaya [1]	2,592,000	–	–	–	5,160,000	7,752,000
2	ACM Kamthon Sindhvananda [2]	1,728,000	312,000	–	–	3,440,000	5,480,000
3	Mr. Snoh Unakul	1,728,000	–	96,000	–	3,440,000	5,264,000
4	Mr. Sumet Tantivejkul [3]	1,728,000	192,000	144,000	–	3,440,000	5,504,000
5	Mr. Pricha Attavipach	1,728,000	208,000	–	–	3,440,000	5,376,000
6	Mr. Panas Simasathien	1,728,000	–	96,000	–	3,440,000	5,264,000
7	Mr. Yos Euarchukiati	1,728,000	–	–	120,000	3,440,000	5,288,000
8	Mr. Arsa Sarasin	1,728,000	–	84,000	–	3,440,000	5,252,000
9	Mr. Chumpol NaLamlieng [4]	1,728,000	–	–	158,323	3,440,000	5,326,323
10	Mr. Tarrin Nimmanahaeminda	1,728,000	192,000	72,000	–	3,440,000	5,432,000
11	Mr. Pramon Sutivong [5]	1,161,600	–	–	80,267	584,752	1,826,619
12	Mr. Kan Trakulhoon	1,728,000	–	–	–	3,440,000	5,168,000
	Total	**21,033,600**	**904,000**	**492,000**	**358,590**	**40,144,752**	**62,932,942**
	Director vacated office during the year						
1	Mr. Sivavong Changkasiri [6]	325,162	–	–	31,549	2,381,879	2,738,590
	Total	**21,358,762**	**904,000**	**492,000**	**390,139**	**42,526,631**	**65,671,532**

Notes:
No. 1 Chairman of the Board of Directors
No. 2 Chairman of the Audit Committee
No. 3 Chairman of the Governance and Nomination Committee
No. 4 Chairman of the Remuneration Committee
No. 5 Mr. Pramon Sutivong has been elected as the company's director since April 29, 2009 in replacement of Mr. Sivavong Changkasiri.
No. 6 Mr. Sivavong Changkasiri passed away since March 8, 2009.
* The directors' bonus paid in 2009 consisted of the bonus payment based on the final dividend of the year 2008 paid to shareholders on April 22, 2009 and the interim dividend of the year 2009 paid on August 27, 2009 as represented in the item of "Directors' remuneration" on the consolidated statements of income, page 77.

Executive Remuneration

The total remuneration for eight executives in the form of salaries, bonuses, variable pay and others amounted to 135,470,800 Baht. For 2009, the company made the contributions of 7,305,100 Baht 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, 2009)**

   1.1 Director remuneration listed according to the core business

   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.
Mr. Kan Trakulhoon*
Mr. Pramote Techasupatkul
Mr. Roongrote Rangsiyopash
Mr. Cholanat Yanaranop**

SCG Paper Public Company Limited
Mr. Kan Trakulhoon*
Mr. Kajohndet Sangsuban
Mr. Pramote Techasupatkul
Mr. Damri Tunshevavong
Mr. Pichit Maipoom
Mr. Cholanat Yanaranop
Mr. Roongrote Rangsiyopash
Mr. Chaovalit Ekabut**

SCG Cement Co., Ltd.
Mr. Kan Trakulhoon*
Mr. Kajohndet Sangsuban
Mr. Pichit Maipoom
Mr. Damri Tunshevavong
Mr. Roongrote Rangsiyopash
Mr. Pramote Techasupatkul**

SCG Building Materials Co., Ltd.
Mr. Kan Trakulhoon*
Mr. Kajohndet Sangsuban
Mr. Pramote Techasupatkul
Mr. Roongrote Rangsiyopash
Mr. Pichit Maipoom**

SCG Distribution Co., Ltd.
Mr. Kan Trakulhoon*
Mr. Pramote Techasupatkul
Mr. Damri Tunshevavong
Mr. Cholanat Yanaranop
Mr. Pichit Maipoom
Mr. Roongrote Rangsiyopash
Mr. Kajohndet Sangsuban**

Remark: * Chairman
** President

1.2 The total remuneration for executives of subsidiaries which are SCG's core businesses

1) Remuneration paid as money such as monthly salary, bonus and variable pay.
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)
1. SCG Chemicals Co., Ltd.	8	25,425,719	1,733,640
2. SCG Paper Public Company Limited	8	25,753,700	1,890,240
3. SCG Cement Co., Ltd.	6	31,324,200	2,029,800
4. SCG Building Materials Co., Ltd.	7	19,433,325	1,386,000
5. SCG Distribution Co., Ltd.	7	18,759,900	1,371,960

Note: Number of executives and remuneration for the above-mentioned executives, excluding the presidents of subsidiaries that are SCG's core businesses, included the number and remuneration of the top executives of the Siam Cement Public Company Limited, as appeared on page 62 of the annual report 2009.

8. 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 conflict of interests. In this regard, 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 condition 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. 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 conflict of interests 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 Board of Directors or at the shareholders' meetings and shall disclose the information to investors in a transparent manner. Under no circumstance shall directors or management concerned be allowed to participate in the process of approval consideration. In any case, 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 benefit will accrue either to companies or individuals from connected transactions.

Report of Connected Transactions in 2009

1. Transaction Regarding to Financial Assistance: One loan between subsidiaries amounted to 152.3 Million Baht.
    - The installation project of solid waste pretreatment plant of SCI Eco Services Co., Ltd. at Kaeng Khoi cement plant.

The above one transaction in 2009, although connected, was exempted from disclosure according to the rules on Disclosure of Information and Other Acts of listed company of SET for the following reasons:

1. It is a transaction between the company and a subsidiary that has other connected person that holds no more than 10% of total shares of a subsidiary.
2. It is a transaction between subsidiaries that has other connected person that holds no more than 10% of total shares of a subsidiary.
3. The value of the transaction does not exceed 0.03% of the value of the company's net tangible assets.
4. It is a transaction between the company/ subsidiary and other connected person which is a juristic person. An authorized person of the company/subsidiary, as the shareholder of the juristic person, has assigned that person to take care of the juristic person which the company/ subsidiary is a shareholder.
5. It is a fair transaction that will not lead to the transfer of business interests.

The Audit Committee has approved the review of the information disclosure and the connected transaction in compliance with the notification of SEC and SET. The transaction was a normal business practice, reasonable, and comparable to the market value. It has been approved and complied with the law pertaining to SEC, rules, notices, orders, or the regulations of the SET.

Details of connected transactions 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 (Million Baht) SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	Pricing policy
1. Transactions with associates										
1.1 SCG Chemicals										
Service expenses and others			-	662	-	59	-	4	3	Market price applied with third party transactions
	Long Son Petrochemicals Co., Ltd.	61								
	Siam Mitsui PTA Co., Ltd.	50								
	Siam Polyethylene Co., Ltd.	50								
	Rayong Terminal Co., Ltd.	50								
	Thai MMA Co., Ltd.	47								
	Grand Siam Composites Co., Ltd.	46								
	Thai MFC Co., Ltd.	45								
	Bangkok Synthetics Co., Ltd.	22								
	Thai PET Resin Co., Ltd.	20								
Sales			-	16,350	-	-	-	170	-	Market price applied with third party transactions
	Siam Polyethylene Co., Ltd.	50								
	Mehr Petrochemical Company	41								
	Bangkok Synthetics Co., Ltd.	22								
	PTT Chemical Public Company Limited	22								
	Thai PET Resin Co., Ltd.	20								
Purchases			-	18,916	3	-	-	31	-	Market price applied with third party transactions
	Siam Styrene Monomer Co., Ltd.	50								
	Siam Polyethylene Co., Ltd.	50								
	SCG Plastics (China) Co., Limited	49								
	Thai MMA Co., Ltd.	47								
	Grand Siam Composites Co., Ltd.	46								
	Bangkok Synthetics Co., Ltd.	22								
	PTT Chemical Public Company Limited	22								
	Nawacam Co., Ltd.	18								
	Riken (Thailand) Co., Ltd.	16								
	Inter Plastic Co., Ltd.	11								
Guarantees			2,074	62	-	-	-	-	-	Contract Rate
	Mehr Petrochemical Company	41								
	Thai PET Resin Co., Ltd.	20								
1.2 SCG Paper										
Purchases			-	-	173	-	-	-	-	Market price applied with third party transactions
	Siam Toppan Packaging Co., Ltd.	48								
1.3 SCG Building Materials										
Service expenses and others			-	-	-	-	105	122	40	Market price applied with third party transactions
	Mariwasa Siam Ceramic, Inc.	46								
	The Siam Sanitary Fittings Co., Ltd.	45								
	TOTO Manufacturing Thailand 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								
Sales			-	1	-	-	2	1,945	-	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								
	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								

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht) SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	Pricing policy
Purchases			–	77	389	25	3	103	–	Market price applied with third party transactions
	Mariwasa Siam Ceramic, Inc.	46								
	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								
Loans from			436	–	–	–	114	–	–	Agreed interest rate
	Mariwasa Siam Ceramic, Inc.	46								
	PT. M Class Industry	28								
1.4 SCG Distribution										
Service income			–	–	–	–	–	1,009	–	Market price applied with third party transactions
	Jumbo Barges and Tugs Co., Ltd.	27								
Service expenses and others			–	–	–	–	–	49	–	Market price applied with third party transactions
	Thai Prosperity Terminal Co., Ltd.	50								
Sales			–	–	–	–	–	20	–	Market price applied with third party transactions
	Green Siam Resources Corporation	40								
1.5 SCG Investment and Others										
Service income			59	142	104	89	67	172	48	Market price applied with third party transactions
	IT One Co., Ltd.	20								
Service expenses and others			–	–	–	2	–	–	269	Market price applied with third party transactions
	The Siam Kubota Industry Co., Ltd.	40								
	Siam Lemmerz Co., Ltd.	30								
	The Siam Nawaloha Foundry Co., Ltd.	25								
Sales			–	–	–	–	–	301	–	Market price applied with third party transactions
	The Siam Kubota Industry Co., Ltd.	40								
Purchases			–	–	21	5	–	69	–	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								
	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 director										
2.1 SCG Investment and others										
Service expenses and others			–	4	–	288	–	43	276	Market price applied with third party transactions
	Siam Yamato Steel Co., Ltd.	10								
	Mr. Kitti Sinsataporpong / Managing Director									
	Mr. Damri Tunshevavong / Director									
	Mr. Chaovalit Ekabut / Director									
	Siam Furukawa Co., Ltd.	5								
	Mr. Athithorn Chitranondh / Managing Director									
	Mr. Damri Tunshevavong / Director									
	Siam Toyota Manufacturing Co., Ltd.	4								
	Mr. Damri Tunshevavong / Director									
	Mr. Pichart Angchanpen Deputy Managing Director									

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht) SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	Pricing policy
Sales			-	-	-	-	-	1,089	-	Market price applied with third party transactions
	Siam Yamato Steel Co., Ltd.	10								
	Mr. Kitti Sinsatapornpong / Managing Director									
	Mr. Damri Tunshevavong / Director									
	Mr. Chaovalit Ekabut / Director									
Purchases			-	2	15	207	-	230	-	Market price applied with third party transactions
	Siam Yamato Steel Co., Ltd.	10								
	Mr. Kitti Sinsatapornpong / Managing Director									
	Mr. Damri Tunshevavong / Director									
	Mr. Chaovalit Ekabut / Director									
	Siam Furukawa Co., Ltd.	5								
	Mr. Athithorn Chitranondh / Managing Director									
	Mr. Damri Tunshevavong / Director									
	The Siam United Steel (1995) Co., Ltd.	5								
	Mr. Payungsak Chartsutipol Deputy Managing Director									
	Siam Toyota Manufacturing Co., Ltd.	4								
	Mr. Damri Tunshevavong / Vice-President									
	Mr. Pichart Angchanpen Deputy Managing Director									
Loans to			627	-	-	-	-	-	-	Contract Rate
	The Siam Cement Foundation									
	Mr. Kan Trakulhoon / Chairman									
	Mr. Kajohndet Sangsuban / Director									
	Mr. Pramote Techasupatkul / Director									
	Mr. Roongrote Rangsiyopash / Director									
	Mr. Manoon Sunkunakorn / Director									
	Mr. Anuwat Jongyindee / Director									
	Mr. Kitti Tangjitrmaneesakda / Director									
	Mr. Lucksananoi Punkrasamee / Director and Treasurer									

9. 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 investors.
- Press conferences on a quarterly basis to announce operating results and press briefing regularly to announce significant investment projects and activities.
- Conference to announce quarterly operating result to investors and analysts.
- Activities to disseminate the policy and operational guideline to its employees
- Activities to meet both local and international investors and other stakeholders.
- Speaking opportunities to share knowledge in national and international forums.
- Company and plant visits for shareholders, investors, analysts, NGO, communities, the media, and other stakeholders.
- Systematic distribution to the media of press releases, captioned photographs, news scoop, and advertisement.
- Periodical publications and media, such as annual report, sustainability report, debenture holder journals, customer journals, dealer journals, and employee journals.
- Information dissemination to employees via electronics media such as intranet, webboard, and e-mail.
- Website: www.scg.co.th

10. Audit fees

For the fiscal year 2009, the Siam Cement Public Company Limited and its subsidiaries paid the audit fee of 30.54 Million Baht to KPMG Phoomchai Audit Ltd. which the auditors have worked for, including the persons or the businesses related to the auditors and the audit firm. This audit fee amount excluded the remuneration paid by associates.

In this regard, KPMG Phoomchai Audit Ltd. and its auditors have no any relationship or interests with the company, management, and major shareholders including their related persons.

Audit fees for the Year 2009		
1.	Annual audit fee for SCC's financial statements.	240,000 Baht
2.	The quarterly review fee and annual audit fee of 120 subsidiaries and consolidated financial statements.	30.30 Million Baht
	Totaling audit fees	30.54 Million Baht

Non-audit Fee

For this fiscal year, the subsidiaries paid the non-audit fee of 920,000 Baht, which was the charge for reviewing the compliance with the condition of the BOI Promotion Certificate to the audit firm and the persons or the businesses related to the auditors and the audit firm.

References

Registrars	**Thailand Securities Depository Company Limited**
Address	The Stock Exchange of Thailand Building 1st Floor, 62 Ratchadapisek 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 Ltd.** Mr. Supot Singhasaneh (Certified Public Accountant No. 2826) and/or Mr. Charoen Phosamritlert (Certified Public Accountant No. 4068)
Address	Empire Tower 50th – 51st Floors, 195 South Sathorn Road Yannawa, Sathorn, Bangkok 10120
Tel.	66-2677-2000
Fax.	66-2677-2222
Website	www.kpmg.co.th

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 Debenture Holders	**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

Financial Statements

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of The Siam Cement Public Company Limited is responsible for the financial statements of the company and its subsidiaries which have been prepared in accordance with generally accepted accounting standards in Thailand under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The accounting policies pursued are deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements. The external auditor has audited the financial statements and expressed an opinion in the auditor's report.

The Board oversees and reviews corporate governance as well as establishes and maintains proactive risk management system and the internal control system to ensure that accounting records are accurate, complete and timely, and the company's assets are properly safeguarded, including prevent fraud and significant irregular operations. The Board has appointed an Audit Committee consisting of independent directors to provide effective and efficient oversight of financial statements, the internal control system and the internal audit, including prepare for mandated International Financial Reporting Standards adoption. 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 and the internal audit 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 as assigned by the Board of Directors in accordance with the Charter of the Audit Committee. These duties included reviewing the financial statements and good governance practices, monitoring risk management, internal control, internal audit and corruption investigations as well as proposing the appointment of external auditors for the year 2010. In 2009, the committee held 9 meetings and the attendance of the Audit Committee members was 94%. The duties are summarized as follows:

1. **Review of financial statements:** The Audit Committee reviewed significant information of the company's quarterly and annual financial statements for the year 2009 as well as consolidated financial statements of the company and its subsidiaries with SCG management, the director of the audit office, and the external auditors. There were thorough discussions and clarifications on the financial statements information in compliance with laws and accounting standards as well as the adequacy of disclosures in the notes to financial statements in compliance with accounting standards to ensure satisfactory results prior to approving the financial statements.

Besides, the committee held a meeting with the external auditors without the presence of SCG management so as to freely discuss important issues in the preparation of the financial statements and the disclosure of information beneficial to users of these financial statements as well as to hear whether there was any suspicious information which indicated corruptions following the Securities and Exchange Act B.E. 2535. No such incidents were identified in 2009 and as a result, the company's financial statements and the consolidated financial statements were prepared with efficiency and effectiveness and they are transparent and auditable. Moreover, the Audit Committee reviewed the readiness of the company for preparing the financial statements in accordance with the International Financial Reporting Standards (IFRS) and found that SCG is ready to comply with the IFRS in all aspects.

2. **Review of corporate governance:** The Audit Committee reviewed compliance with the SCG Code of Conduct and SCG Corporate Governance and found that directors and employees carried out business operations with integrity and effectiveness. There were a total of 7,665 times of employees logging in to study and request for consultancy with regards to the code of conduct via the SCG website without any material ethical problems during the year. Additionally, SCG strictly complies with the laws relating to securities and stock exchange, regulations of the Stock Exchange of Thailand as well as the laws relating to other businesses, especially in terms of connected transactions and those which may result in conflict of interest. In this regard, proper reviews were conducted and information of related directors was disclosed to the Stock Exchange of Thailand in a timely manner.

In 2009, the Audit Committee also conducted an annual assessment on the performance of the collective membership (as a whole) as well as that of each individual member (self assessment) with a satisfactory result close to that of last year. Topics of assessment included the committee's preparedness, risk management, financial reports, committee meetings and the performance of the secretary and the audit office.

3. **Review of risk management:** The Audit Committee reviewed the principles of the risk management guidelines relating to work procedures and methods as well as duties of business units involved in the preparation of risk analysis document, which acts as the reference for determination of risk factors, possibilities, impact, risk management and warning signals. Furthermore, the Audit Committee reviewed the quarterly risk management assessment as per the guidelines. Risk factors and significant risk management strategies are mentioned in the annual report. With regards to the risk management under the concept of sustainable development, SCG was evaluated "Gold Class" by Dow Jones Sustainability Indexes (DJSI) for the second consecutive year.

4. Review of the internal control and internal audit: The Audit Committee conducted a review on the internal control system as per the quarterly report submitted by the Audit Office and agreed that the system was sufficient and effective. This year, improvement has been made to create the same standard of internal control regulations and guidelines for all business units. Moreover, the Total Quality Management principles are adapted to the SCG's internal control system to raise the level of financial stability and growth. Top executives present the report on the result of control system assessment which has impact toward the financial statements to the Audit Committee and external auditors for review annually, both of which concurred that there were no significant issues or weaknesses that may affect the financial statements of the company.

In respect of the internal audit review, the Audit Committee reviewed the performance of the audit office as per the approved annual and medium-term audit plan with satisfactory results. Furthermore, the appropriateness of the management workflow, manpower and investment and management budget is reviewed on an annual basis.

5. Review of corruption investigations: The Audit Committee reviewed the result of corruption investigations on a quarterly basis. There were a total of 12 corruptions, but none of them incurred serious damages to the company and the Committee already gave recommendations for adjustments. In addition, the Audit Committee reviewed the preventive measures, risk assessment of corruption actions, and the investigation protocols to ensure fair treatments to all employees and enable continuous compliance. With regard to the Whistleblower policy, there were a total of 11 issues filed during the year, seven of which were proven true; however, the impact was immaterial, two of which were misunderstandings and the other two were under investigation. Also, the Audit Committee was assigned to consider a case where a former employee committed theft (relating to ordinary share form of the company) and forged share certificates of a shareholder. The company shall disclose the facts to the Stock Exchange of Thailand to ensure that the violated shareholder is treated fairly while protecting the benefit of the majority of shareholders. The matter is now under court's trial and therefore, the conclusion should be drawn once the case is finalized.

6. Appointment of the external auditor for 2010: Out of 5 leading audit firms, KPMG Poomchai Audit Ltd. was selected as the external auditor of SCG for a period of 3 years from 2009 – 2011. Based on the review of the auditor's performance and qualifications, the Audit Committee recommended that the Board of Directors seek approval at the ordinary general shareholders' meeting for the appointment of Mr. Supot Singhasaneh, Certified Public Accountant Registration No. 2826, and/or Mr. Charoen Phosamritlert, Certified Public Accountant Registration No. 4068, and /or Ms. Siripen Sukchareonyingyong, Certified Public Accountant Registration No. 3636 of KPMG Phoomchai Audit Ltd., as the company's auditors for the year 2010.

On behalf of the Audit Committee

Air Chief Marshal

Kamthon Sindhavananda
Chairman of the Audit Committee

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying consolidated balance sheet of The Siam Cement Public Company Limited and its subsidiaries as at 31 December 2009, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year 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 audit. The consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries for the year ended 31 December 2008 were audited by another auditor whose report dated 25 February 2009 expressed an unqualified opinion on those statements.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Siam Cement Public Company Limited and its subsidiaries as at 31 December 2009, and the consolidated results of their operations and their cash flows for the year then ended in accordance with generally accepted accounting principles.

Supot Singhasaneh
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2010

The Siam Cement Public Company Limited and its Subsidiaries
Consolidated balance sheets
As at 31 December 2009 and 2008

in Thousand Baht

Assets	Note	2009	2008
Current assets			
Cash and cash equivalents	6	28,937,114	26,713,731
Trade accounts and notes receivable			
- Related parties	5, 7	3,406,356	1,259,077
- Other companies	7	19,651,879	18,054,022
Receivables from and short-term loans to related parties	5	1,019,229	1,108,765
Inventories	8	30,985,603	30,106,621
Other current assets		5,987,814	6,583,465
Total current assets		**89,987,995**	**83,825,681**
Non-current assets			
Investments in associates	9	57,618,240	49,503,601
Investments in jointly-controlled entity	9	1,071,782	94,514
Other long-term investments	10	3,227,938	3,228,915
Long-term loans to related party	5	436,129	444,439
Long-term loans to other companies	31	1,569,430	1,371,061
Property, plant and equipment	11	151,803,693	136,854,055
Intangible assets	12	3,282,493	3,150,557
Deferred tax assets	13	3,211,563	3,159,746
Other non-current assets	14	3,782,607	4,143,503
Total non-current assets		**226,003,875**	**201,950,391**
Total assets		**315,991,870**	**285,776,072**

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.

The Siam Cement Public Company Limited and its Subsidiaries
Consolidated balance sheets
As at 31 December 2009 and 2008

in Thousand Baht

Liabilities and shareholders' equity	Note	2009	2008
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	15	2,165,542	9,007,180
Trade accounts payable			
- Related parties	5	2,014,047	1,195,965
- Other companies		15,174,640	10,841,569
Current portion of long-term debts	16	2,611,636	4,097,966
Current portion of debentures	17	14,959,863	24,664,819
Payables to and short-term loans from related parties	5	774,275	928,312
Accrued expenses		6,981,964	4,808,432
Income tax payable		2,713,815	1,634,539
Other current liabilities		4,846,832	6,887,334
Total current liabilities		**52,242,614**	**64,066,116**
Non-current liabilities			
Provident funds	27	415,503	401,172
Long-term debts	16	35,695,519	28,751,711
Debentures	17	94,749,874	79,785,170
Deferred tax liabilities	13	387,726	188,188
Other non-current liabilities	18	1,079,180	1,235,356
Total non-current liabilities		**132,327,802**	**110,361,597**
Total liabilities		**184,570,416**	**174,427,713**

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

The Siam Cement Public Company Limited and its Subsidiaries
Consolidated balance sheets
As at 31 December 2009 and 2008

in Thousand Baht

Liabilities and shareholders' equity	Note	2009	2008
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
Unrealised deficits			
Fair value changes on investments	20	(895)	(1,059)
Currency translation differences		(1,246,238)	(648,846)
Equity in associates		(143,637)	(270,823)
Convertible right of the subsidiary's			
subordinated debentures - minority interest	17	3,946	3,946
Retained earnings			
Appropriated			
Legal reserve	20	160,000	120,000
General reserve		10,516,000	10,516,000
Unappropriated			
From operations of the Company, subsidiaries and associates		94,020,811	76,300,529
Total equity attributable to the Company's shareholders		**104,509,987**	**87,219,747**
Minority interest			
From capital, operations and others		26,911,467	24,128,612
Total shareholders' equity		**131,421,454**	**111,348,359**
Total liabilities and shareholders' equity		**315,991,870**	**285,776,072**

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

The Siam Cement Public Company Limited and its Subsidiaries
Consolidated statements of income
For the years ended 31 December 2009 and 2008

in Thousand Baht

	Note	2009	2008
Net sales	5	238,664,319	293,230,345
Cost of sales	5	185,456,338	248,095,557
Gross profit		**53,207,981**	**45,134,788**
Other income	26	4,291,776	4,156,097
Profit before expenses		**57,499,757**	**49,290,885**
Selling expenses	23	11,193,985	14,304,066
Administrative expenses	24	14,401,614	12,893,871
Directors' remuneration	25	65,672	74,660
Total expenses		**25,661,271**	**27,272,597**
Profit from operations		**31,838,486**	**22,018,288**
Gain (loss) on sales of investments and assets for restructuring,			
allowance for impairment of investments and others		(51,905)	369,381
Share of profit of associates and jointly-controlled entity		7,200,025	4,668,536
Profit before finance costs and income tax expense		**38,986,606**	**27,056,205**
Finance costs	28	5,649,136	6,088,646
Profit before income tax expense		**33,337,470**	**20,967,559**
Income tax expense	29	5,168,476	4,561,582
Net profit		**28,168,994**	**16,405,977**
Profit (loss) attributable to:			
Equity holders of the parent		**24,345,502**	**16,770,606**
Minority interest		3,823,492	(364,629)
		28,168,994	16,405,977
Basic earnings per share (in Baht)			
Attributable to equity holders of the parent	30	**20.29**	**13.98**

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.

The Siam Cement Public Company Limited and its Subsidiaries
Consolidated statements of changes in shareholders' equity
For the years ended 31 December 2009 and 2008

	Note	Issued and paid-up share capital	Unrealised surpluses (deficits): Fair value changes	Unrealised surpluses (deficits): Currency translation differences	Unrealised surpluses (deficits): Equity in associates
Balance at 1 January 2008		**1,200,000**	**(754)**	**(697,674)**	**200,344**
Unrealised losses					
Available for sale investments		-	(305)	-	(476,194)
Translation of financial statement differences		-	-	48,828	5,027
Convertible right of the subsidiary's subordinated debentures - minority interest	17	-	-	-	-
Net income (expense) recognised directly in shareholders' equity		-	(305)	48,828	(471,167)
Net profit (loss)		-	-	-	-
Total recognised income and expense		-	(305)	48,828	(471,167)
Dividends	32	-	-	-	-
Increase in minority interest		-	-	-	-
Balance at 31 December 2008		**1,200,000**	**(1,059)**	**(648,846)**	**(270,823)**
Balance at 1 January 2009		**1,200,000**	**(1,059)**	**(648,846)**	**(270,823)**
Unrealised gains					
Available for sale investments		-	164	-	202,634
Translation of financial statement differences		-	-	(597,392)	(75,448)
Net income (expense) recognised directly in shareholders' equity		-	164	(597,392)	127,186
Net profit		-	-	-	-
Total recognised income and expense		-	164	(597,392)	127,186
Transfer to legal reserve	20	-	-	-	-
Dividends	32	-	-	-	-
Increase in minority interest		-	-	-	-
Balance at 31 December 2009		**1,200,000**	**(895)**	**(1,246,238)**	**(143,637)**

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

in Thousand Baht

Convertible right of the subsidiary's subordinated debentures - minority interest	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**	**10,516,000**	**75,033,343**	**86,371,259**	**22,467,809**	**108,839,068**
-	-	-	-	(476,499)	-	(476,499)
-	-	-	-	53,855	128,360	182,215
3,946	-	-	-	3,946	-	3,946
3,946	-	-	-	(418,698)	128,360	(290,338)
-	-	-	16,770,606	16,770,606	(364,629)	16,405,977
3,946	-	-	16,770,606	16,351,908	(236,269)	16,115,639
-	-	-	(15,503,420)	(15,503,420)	(1,265,502)	(16,768,922)
-	-	-	-	-	3,162,574	3,162,574
3,946	**120,000**	**10,516,000**	**76,300,529**	**87,219,747**	**24,128,612**	**111,348,359**
3,946	**120,000**	**10,516,000**	**76,300,529**	**87,219,747**	**24,128,612**	**111,348,359**
-	-	-	-	202,798	-	202,798
-	-	-	-	(672,840)	(221,402)	(894,242)
-	-	-	-	(470,042)	(221,402)	(691,444)
-	-	-	24,345,502	24,345,502	3,823,492	28,168,994
-	-	-	24,345,502	23,875,460	3,602,090	27,477,550
-	40,000	-	(40,000)	-	-	-
-	-	-	(6,585,220)	(6,585,220)	(1,044,126)	(7,629,346)
-	-	-	-	-	224,891	224,891
3,946	**160,000**	**10,516,000**	**94,020,811**	**104,509,987**	**26,911,467**	**131,421,454**

The Siam Cement Public Company Limited and its Subsidiaries
Consolidated statements of cash flows
For the years ended 31 December 2009 and 2008

	in Thousand Baht	
	2009	**2008**
Cash flows from operating activities		
Net profit	28,168,994	16,405,977
Adjustments for		
Depreciation and amortisation	12,207,604	12,188,057
Interest income	(432,462)	(393,107)
Interest expense	5,939,723	5,984,790
Unrealised loss on foreign currency exchange	256,006	518,201
Allowance for doubtful accounts	57,669	28,028
Allowance for decline in value, obsolete and slow moving of inventories (reversal)	(128,535)	473,762
Allowance for impairment of other non-current assets	52,882	-
Loss (gain) on sales of investments and assets for restructuring, allowance for impairment of investments and others	51,905	(369,381)
Negative goodwill	-	(87,431)
Loss (gain) on sales of property, plant and equipment	(39,487)	3,426
Dividend income	(1,083,679)	(1,442,529)
Share of profit of associates and jointly-controlled entity	(7,200,025)	(4,668,536)
Income tax expense	5,168,476	4,561,582
Profit provided by operating activities before changes in operating assets and liabilities	**43,019,071**	**33,202,839**
Decrease (increase) in operating assets		
Trade accounts and notes receivable	(3,442,477)	7,090,258
Receivables from related parties	84,956	(267,628)
Inventories	(265,944)	7,368,387
Other current assets	1,011,655	190,536
Other non-current assets	(65,771)	(621,458)
Net decrease (increase) in operating assets	**(2,677,581)**	**13,760,095**

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

The Siam Cement Public Company Limited and its Subsidiaries
Consolidated statements of cash flows
For the years ended 31 December 2009 and 2008

in Thousand Baht

	Note	2009	2008
Increase (decrease) in operating liabilities			
Trade accounts payable		4,697,602	(11,993,646)
Payables to related parties		(84,810)	8,952
Accrued expenses and other current liabilities		2,130,457	685,359
Provision for provident funds		14,331	32,530
Other non-current liabilities		47,355	151,709
Net increase (decrease) in operating liabilities		**6,804,935**	**(11,115,096)**
Cash generated from the operations		**47,146,425**	**35,847,838**
Income tax paid		(4,180,058)	(5,040,648)
Net cash provided by operating activities		**42,966,367**	**30,807,190**
Cash flows from investing activities			
Interest received		382,908	356,222
Dividends received		4,232,156	7,568,814
Investments in associates, jointly-controlled entity and other companies		(5,423,273)	(3,630,899)
Investments in subsidiaries			
Net cash inflow (outflow) on acquisition of subsidiaries	4	34,161	(774,665)
Excess of cost over equity of subsidiaries		(39,383)	(9,282)
Minority interest		(155,276)	(101,361)
Net increase in investments in subsidiaries		**(160,498)**	**(885,308)**
Proceeds from sales of investments and assets for restructuring		147,624	640,002
Purchases of property, plant and equipment		(28,829,172)	(35,509,546)
Proceeds from sales of property, plant and equipment		275,790	695,341
Purchases of intangible assets		(188,563)	(188,076)
Payment received from loans to related parties		-	2,265,197
Currency translation differences		(354,510)	477,715
Net cash used in investing activities		**(29,917,538)**	**(28,210,538)**

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

The Siam Cement Public Company Limited and its Subsidiaries
Consolidated statements of cash flows
For the years ended 31 December 2009 and 2008

	in Thousand Baht	
	2009	**2008**
Cash flows from financing activities		
Borrowings		
Interest paid	(7,198,877)	(5,905,604)
Bank overdrafts and short-term loans from financial institutions	(7,477,262)	5,773,848
Proceeds from (repayment of) short-term loans from related parties	(69,227)	580,465
Proceeds from long-term debts	13,294,920	24,805,554
Repayments of long-term debts	(7,129,929)	(5,979,991)
Payment of finance lease	(66,505)	(294,583)
Proceeds from issuance of debentures	29,929,000	39,977,593
Redemption of debentures	(24,789,320)	(24,762,385)
Proceeds from (payment of) debentures held by subsidiary	119,501	(192,900)
Net increase (decrease) in borrowings	**(3,387,699)**	**34,001,997**
Dividends paid		
Dividends paid to equity holders of the parent	(6,585,220)	(15,503,420)
Dividends paid to minority interest of subsidiaries	(931,889)	(1,299,270)
Total dividends paid	**(7,517,109)**	**(16,802,690)**
Increase in minority interest from increase in share capital	79,362	2,771,900
Net cash provided by (used in) financing activities	**(10,825,446)**	**19,971,207**
Net increase in cash and cash equivalents	**2,223,383**	**22,567,859**
Cash and cash equivalents at beginning of the year	26,713,731	4,145,872
Cash and cash equivalents at end of the year	**28,937,114**	**26,713,731**
Supplementary information for cash flows		
Non-cash transactions		
Outstanding payable from purchases of property	2,139,065	4,437,222

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

The Siam Cement Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2009 and 2008

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 24 February 2010.

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 including 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 Polypropylene Co., Ltd.	100
SCG Plastics Co., Ltd.	100
SCG Performance Chemicals 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
Hexagon International, Inc. (Incorporated in U.S.A.)	100
Rayong Pipeline Co., Ltd.	91
Map Ta Phut Tank Terminal Co., Ltd.	81
PT. TPC Indo Plastic & Chemicals (Incorporated in Indonesia)	78
Alliance Petrochemical Investment (Singapore) Pte. Ltd. (Incorporated in Singapore)	68
Map Ta Phut Olefins Co., Ltd.	67
Rayong Olefins Co., Ltd.	64
Rayong Olefins (Singapore) Pte. Ltd. (Incorporated in Singapore)	64
Flowlab & Service Co., Ltd.	51
Thai Plastic and Chemicals Public Company Limited	46
TPC Paste Resin Co., Ltd.	46
The Nawaplastic Industries (Saraburi) Co., Ltd.	46
Nawa Plastic Industries Co., Ltd.	46
Nawa Intertech Co., Ltd.	46
Chemtech Co., Ltd. (Incorporated in Vietnam)	46
Total Plant Service Co., Ltd.	46
Minh Thai House Component Co., Ltd. (Incorporated in Vietnam)	37
Viet-Thai Plastchem Co., Ltd. (Incorporated in Vietnam)	33
TPC Vina Plastic and Chemicals Corporation Co., Ltd. (Incorporated in Vietnam)	32
Siam Stabilizers and Chemicals Co., Ltd.	27
SCG Paper	
SCG 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

SCG Paper	Direct/Indirect Holding (%)
Siam Cellulose Co., Ltd.	98
InfoZafe Co., Ltd.	98
The Siam Pulp and Paper Holding Co., Ltd.	98
The 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	98
Phoenix Utilities Co., Ltd.	98
Thai Cane Paper Public Company Limited	85
Thai Containers Group Co., Ltd.	69
Thai Containers Songkhla (1994) Co., Ltd.	69
Thai Containers Khonkaen Co., Ltd.	69
Thai Containers Rayong Co., Ltd.	69
Thai Containers Saraburi Co., Ltd.	69
Thai Containers (TCC) 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	Direct/Indirect Holding (%)
SCG Cement 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
Siam Research and Innovation Co., Ltd.	100
SCI Eco Services Co., Ltd.	100
CPAC Concrete Products (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100
Cementhai Building Materials (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
PT. Semen Jawa (Incorporated in Indonesia)	95
Kampot Cement Co., Ltd. (Incorporated in Cambodia)	93
CPAC Lao Co., Ltd. (Incorporated in Laos)	70
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	Direct/Indirect Holding (%)
SCG Building Materials Co., Ltd.	100
The Siam Fibre-Cement Co., Ltd.	100
The Fibre-Cement Products (Lampang) Co., Ltd.	100
Tip Fibre-Cement Co., Ltd.	100
SCG Landscape Co., Ltd. (Formerly: 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

	Direct/Indirect Holding (%)
SCG Building Materials	
Cementhai Roof Holdings Philippines, Inc. (Incorporated in Philippines)	100
Cementhai Ceramic (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
Cementhai Ceramics Philippines Holdings, Inc. (Incorporated in Philippines)	100
Sosuco and Group (2008) Co., Ltd.	90
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
Thai Ceramic Holding Co., Ltd.	75
SCG Distribution	
SCG Distribution Co., Ltd.	100
SCT Co., Ltd.	100
SCG Network Management Co., Ltd.	100
SCG Logistics Management Co., Ltd.	100
SCT Services Co., Ltd.	100
Homemart Home Solutions Co., Ltd.	100
SCG Retail Co., Ltd.	100
SCG Experience Co., Ltd.	100
Cementhai SCT (Australia) Pty. Ltd. (Incorporated in Australia)	100
Cementhai SCT (Guangzhou) Ltd. (Incorporated in China)	100
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
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	100

	Direct/Indirect Holding (%)
SCG Building Materials	
CPAC Monier (Cambodia) Co., Ltd. (Incorporated in Cambodia)	75
CPAC Monier Vietnam Co., Ltd. (Incorporated in Vietnam)	75
Thai-German Ceramic Industry Public Company Limited	62
Sosuco Ceramic Co., Ltd.	54
SCG-Sekisui Sales Co., Ltd.	51
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 (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
PT. Cementhai SCT Indonesia (Incorporated in Indonesia)	100
SCT Logistics (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100
SCT (Vientiane) Co., Ltd. (Incorporated in Laos)	100
Cementhai SCT (Cambodia) Co., Ltd. (Incorporated in Cambodia)	75
Cementhai SCT (Malaysia) Sdn. Bhd. (Incorporated in Malaysia)	69
Siam Cement Myanmar Trading Ltd. (Incorporated in Myanmar)	60
Cementhai SCT Emirates (L.L.C.) (Incorporated in United Arab Emirates)	49
SCG investment and others	
Bangsue Management Co., Ltd.	100
Cementhai Captive Insurance 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 insignificant operations or in the process of liquidation and were included in the consolidated financial statements are as follows:

	Direct/Indirect Holding (%)		Direct/Indirect Holding (%)
The CPAC Ready Mixed Concrete (South) Co., Ltd.	100	Cementhai Roof Products (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
Cementhai Steel Co., Ltd.	100	Cementhai Ceramics Singapore Holdings Pte. Ltd. (Incorporated in Singapore)	100
SCG Holding Co., Ltd.	100	Cementhai Sanitary Ware (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
The Nawaloha Foundry Bangpakong Co., Ltd.	100	Cementhai Concrete Products (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
Bangsue Industry Co., Ltd.	100	Cementhai Paper (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
The Siam Iron and Steel Co., Ltd.	100	Siam TPC Co., Ltd.	78
Dhara Pipe Co., Ltd.	100	Siam TPC (Singapore) Pte. Ltd. (Incorporated in Singapore)	78
CMT Services Co., Ltd.	100	Myanmar CPAC Trading Co., Ltd. (Incorporated in Myanmar)	70
Cementhai Management Services Co., Ltd.	100	Thai Containers Trading Co., Ltd.	69
Siam Nawaphan Co., Ltd.	100	ROC Holding Co., Ltd.	64
Siam Parafins Co., Ltd.	100		
SCG Corporation S.A. (Incorporated in Panama)	100		
Cementhai Resources, Inc. (Incorporated in Philippines)	100		
Tuban LDPE Pte. Ltd. (Incorporated in Singapore)	100		

Most of the above subsidiaries are established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2008. In the first quarter of 2009, the financial statements of Sosuco Ceramic Co., Ltd. have been included in the Group's consolidated financial statements as a result of the Group attaining significant management control over its financial and operating policies since 1 January 2009. In the second quarter of 2008, the Group acquired shares in Thai-German Ceramic Industry Public Company Limited and included its financial statements in the Group's consolidated financial statements since the third quarter of 2008 as discussed in note 4.

2 Basis of preparation of the financial statements

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

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Group has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Accounting Guidance about Leasehold Right (effective on 26 June 2009)

Accounting Guidance about Business Combination under Common Control

The adoption of these revised TAS/TFRS and accounting guidance does not have any material impact on the consolidated financial statements.

The FAP has issued during 2009 a number of new and revised TAS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 38.

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 and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 4	Acquisition of business
Note 7, 8, 9, 10, 11 and 12	Measurement of the recoverable amounts of each asset and cash-generating units containing goodwill
Note 13	Utilisation of tax losses
Note 34	Provisions and contingencies

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Group and the Group's interests in associates and jointly-controlled entities.

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

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity 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. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates and jointly-controlled entities

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and jointly-controlled entities 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 and jointly-controlled entity, 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 and jointly-controlled entity.

Business combinations

Business combinations that are not under common control are accounted for under 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 in the statements of cash flows 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 and net realisable value, whichever is lower. Cost is calculated 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 and jointly-controlled entity

Investments in associates and jointly-controlled entity 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 has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortised cost less any 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 available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

Equity securities which are not marketable are stated at cost less any 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 reporting 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

The Group 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 Group 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 - 25	years
- SCG Paper	20 - 30	years
- SCG Cement	5 - 20	years
Plant, machinery and equipment		
- SCG Chemicals	5 - 25	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 Limited

			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

			Depreciation method
Land improvements	5 - 20	years	Straight-line
Buildings and structures	20	years	Straight-line
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 - 15	years	Straight-line
Furniture and fixtures	5	years	Straight-line
Transportation equipment	5	years	Straight-line

The effect of using 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. The Group has changed its accounting policy for goodwill with effect from 1 January 2008 as follows:

Acquisitions prior to 1 January 2008

Goodwill and negative goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 5 - 20 years. On 1 January 2008, the Group discontinued amortisation of goodwill. The remaining balance is subject to testing for impairment, as described in note 3 (i). Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

Acquisitions on or after 1 January 2008

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3 (i). Negative goodwill is recognised immediately in the statement of income.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Licence fees	term of agreements
Software licences	3 - 10 years
Others	2 - 20 years

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if 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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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 a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. 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 financial asset 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 in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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.

(j) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(k) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

(l) 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.

(m) 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.

(n) 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.

(o) 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 except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) 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 reporting 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 reporting 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.

(q) 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, investments, borrowings and debentures.

The Group operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Group 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 Change of status to subsidiary and acquisitions of business and disposals of investments

Change of status to subsidiary

In the first quarter of 2009, the financial statements of Sosuco Ceramic Co., Ltd. (SSC) (the principal activities of which are the manufacture and distribution of ceramic tiles) have been included in the Group's consolidated financial statements as a result of the Group attaining significant management control over its financial and operating policies since 1 January 2009.

In the fourth quarter of 2008, the Group acquired an additional 9% of SSC's shares of Baht 156 million from other shareholders, resulting in an aggregate 54% interest. The Group accounted for such acquisition by the purchase method.

The subsidiary's net assets and liabilities at 1 January 2009 comprised the following:

	in Million Baht
Cash and cash equivalents	34
Trade accounts receivable	369
Accounts receivable - related parties	102
Inventories	475
Other current assets	20
Property, plant and equipment	824
Other non-current assets	33
Interest-bearing loans and borrowings	(690)
Trade accounts payable	(326)
Other liabilities	(205)
Net carrying amounts of identifiable assets and liabilities	**636**
Add fair value adjustments	73
Less minority interest	(295)
Add pre-acquisition loss	186
Recognised net assets' value on acquisition	**600**
Goodwill on acquisition	25
Cash consideration	**625**
Less cash paid for investment	(625)
Add cash acquired	34
Net cash inflow	**34**

Acquisitions

In the second quarter of 2008, the Group acquired 39.9% of the shares in Thai-German Ceramic Industry Public Company Limited (TGCI) for Baht 515 million. TGCI's principal activities are the manufacture and distribution of ceramic floor and wall tiles and property development.

During the period from 22 May 2008 to 25 June 2008, the Group acquired an additional 22% of TGCI's shares resulting in an aggregate 61.9% interest, for which it had paid a total consideration of Baht 830 million by cash. Effective 1 July 2008, the Group obtained control over TGCI and the assets, liabilities and operating results of TGCI have been included in the Group's consolidated financial statements as of and for the year ended 31 December 2008.

TGCI's net assets and liabilities at 1 July 2008 comprised the following:

	in Million Baht
Cash and cash equivalents	55
Trade accounts receivable	208
Inventories	589
Developed land available for sales	381
Other current assets	149
Other long-term investments	47
Property, plant and equipment	2,809
Other non-current assets	785
Interest-bearing loans and borrowings	(3,334)
Trade accounts payable	(288)
Other liabilities	(203)
Net carrying amounts of identifiable assets and liabilities	**1,198**
Add fair value adjustments	150
Less minority interest	(457)
Add pre-acquisition loss	19
Recognised net assets' value on acquisition	**910**
Negative goodwill on acquisition	(80)
Cash consideration	**830**
Cash acquired	(55)
Net cash outflow	**775**

Pre-acquisition carrying amounts were determined based on applicable TFRS 3 (revised 2007) Business Combinations (formerly TAS 43). On the acquisition of the business, the estimated fair values of assets, liabilities and contingent liabilities are attributed to the Group's share of the separable net assets acquired. Fair value adjustments arose mainly from restructured loans and borrowings. Intangible assets acquired in this business combination have not been recognised separately at the acquisition date as its fair value is not material. The negative goodwill of Baht 80 million is included in "Other income" in the consolidated statement of income for the year ended 31 December 2008.

Disposals

The Group sold all its 48% interest in the shares of Pacific Plastics (Thailand) Co., Ltd. to The Dow Chemical Company. As a result, the Group recorded a gain on sales of such investments before tax amounting to approximately Baht 295 million which presented 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 for the year ended 31 December 2008.

5 Related party transactions and balances

Related parties are those parties linked to the Group 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.

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

	in Million Baht		
	2009	**2008**	**Pricing policies**
Associates			
Purchases	18,789	21,776	Market price
Service fee	1,690	2,023	Market price
Sales	19,815	30,014	Market price
Service income and others	555	699	Market price
Management fee and others	760	546	Mainly based on percentage of net sales
Dividend income	3,070	4,577	Upon declaration
Others			
Purchases	1,089	1,420	Market price
Sales	454	345	Market price
Service income and others	352	1,723	Market price
Management fee and others	259	346	Mainly based on percentage of net sales
Dividend income	1,084	1,443	Upon declaration

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

Trade accounts receivable

	in Million Baht	
	2009	**2008**
Associates		
Bangkok Synthetics Co., Ltd.	1,359	199
Siam Polyethylene Co., Ltd.	994	200
Siam Styrene Monomer Co., Ltd.	411	135
Grand Siam Composites Co., Ltd.	136	153
TOTO Manufacturing (Thailand) Co., Ltd.	94	-
The Siam Gypsum Industry (Saraburi) Co., Ltd.	82	73
SCG Plastics (China) Co., Limited	43	68
Siam Toppan Packaging Co., Ltd.	39	21
Thai MMA Co., Ltd.	30	34
Mariwasa Siam Ceramic, Inc.	25	2
Riken (Thailand) Co., Ltd.	23	16
Nawacam Co., Ltd.	22	15
Siam Mitsui PTA Co., Ltd.	19	21
Siam Sanitary Ware Industry Co., Ltd.	18	10
Sosuco Ceramic Co., Ltd.	-	216
Other companies	45	37
	3,340	1,200
Others		
Siam Yamato Steel Co., Ltd.	35	27
Michelin Siam Co., Ltd.	20	20
Other companies	11	12
	66	59
Total	**3,406**	**1,259**

Receivables from and short-term loans to related parties

	in Million Baht	
	2009	**2008**
Current accounts		
Associates		
The Siam Kubota Industry Co., Ltd.	257	211
Siam Lemmerz Co., Ltd.	90	175
Thai MMA Co., Ltd.	38	40
Siam Mitsui PTA Co., Ltd.	37	34
Grand Siam Composites Co., Ltd.	28	22
Mariwasa Siam Ceramic, Inc.	27	77
Sekisui-SCG Industry Co., Ltd.	23	-
Thai MFC Co., Ltd.	16	15
Siam Sanitary Ware Industry Co., Ltd.	15	16
Thai PET Resin Co., Ltd.	13	17
Long Son Petrochemicals Co., Ltd.	13	2
P&S Holdings Corporation	12	12
Mehr Petrochemical Company	9	44
Other companies	67	60
	645	725
Others		
Michelin Siam Group Co., Ltd.	205	205
Siam Yamato Steel Co., Ltd.	19	16
Other companies	31	33
	255	254
	900	**979**
Short-term loans and notes receivable		
Associates		
PT. M Class Industry	114	119
Other companies	5	11
	119	**130**
Total	**1,019**	**1,109**

Long-term loans to related party

	in Million Baht	
	2009	**2008**
Associate		
Mariwasa Siam Ceramic, Inc.	**436**	**444**

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

	in Million Baht	
	2009	**2008**
Short-term		
At 1 January	130	2,185
Increase	2,000	1,869
Decrease	(2,011)	(3,924)
At 31 December	**119**	**130**
Long-term		
At 1 January	444	495
Increase	6	10
Decrease	(14)	(61)
At 31 December	**436**	**444**

Trade accounts payable

	in Million Baht 2009	2008
Associates		
PTT Chemical Public Company Limited	722	413
Bangkok Synthetics Co., Ltd.	394	64
Mehr Petrochemical Company	368	-
Siam Polyethylene Co., Ltd.	150	339
Jumbo Barges and Tugs Co., Ltd.	106	131
The Siam Kubota Industry Co., Ltd.	69	45
The Siam Gypsum Industry (Saraburi) Co., Ltd.	62	68
IT One Co., Ltd.	31	50
Thai PET Resin Co., Ltd.	24	10
The Siam Gypsum Industry (Songkhla) Co., Ltd.	12	9
Siam Styrene Monomer Co., Ltd.	11	4
Siam Toppan Packaging Co., Ltd.	10	16
Other companies	21	20
	1,980	1,169
Others		
Siam Yamato Steel Co., Ltd.	34	27
Total	**2,014**	**1,196**

Payables to and short-term loans from related parties

	in Million Baht 2009	2008
Current accounts		
Associates		
PTT Chemical Public Company Limited	12	9
IT One Co., Ltd.	11	12
Sosuco Ceramic Co., Ltd.	-	102
Other companies	37	21
	60	**144**
Notes payable		
Others		
The Siam Cement Foundation	627	657
PT. Trans-Pacific Polyethylene Indonesia	78	82
Other companies	9	45
	714	**784**
Total	**774**	**928**

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

	in Million Baht 2009	2008
At 1 January	784	162
Increase	65	710
Decrease	(135)	(88)
At 31 December	**714**	**784**

6 Cash and cash equivalents

	in Million Baht	
	2009	**2008**
Cash at banks and on hand	6,350	19,698
Time deposits and promissory notes with original maturities of less than 3 months	22,587	7,016
Total	**28,937**	**26,714**

7 Trade accounts and notes receivable

	in Million Baht	
	2009	**2008**
Related parties	**3,406**	**1,259**
Other companies	19,583	18,047
Notes receivable	1,096	1,016
	20,679	19,063
Less allowance for doubtful accounts	1,027	1,009
Net	**19,652**	**18,054**
Total	**23,058**	**19,313**
Doubtful debts expenses for the year	**58**	**28**

	in Million Baht	
	2009	**2008**
Related parties		
Within credit terms	3,327	1,180
Overdue:		
Less than 3 months	20	58
3 - 6 months	-	2
6 - 12 months	-	1
Over 12 months	59	18
Total	**3,406**	**1,259**
Other companies		
Within credit terms	17,563	15,212
Overdue:		
Less than 3 months	1,896	2,455
3 - 6 months	129	248
6 - 12 months	66	148
Over 12 months	1,025	1,000
	20,679	19,063
Less allowance for doubtful accounts	1,027	1,009
Net	**19,652**	**18,054**
Total	**23,058**	**19,313**

The normal credit term granted by the Group is 30 - 90 days.

As at 31 December 2009, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 402 million *(2008: Baht 408 million)*.

8 Inventories

	in Million Baht	
	2009	2008
Finished goods	13,718	13,191
Goods in process	1,596	1,588
Raw materials	6,152	5,906
Spare parts	4,922	5,565
Stores, supplies and others	2,867	2,657
Raw materials and spare parts in transit	2,472	2,053
Total	**31,727**	**30,960**
Less allowance for decline in value, obsolete and slow-moving of inventories	741	853
Net	**30,986**	**30,107**
Changes in inventories of finished goods and goods in process	(759)	2,856
Raw materials used	79,346	124,598

The cost of inventories which is recognised as an expense and included in "cost of sales" for the year ended 31 December 2009 amounted to Baht 180,595 million *(2008: Baht 240,065 million)*.

9 Investments in associates and jointly-controlled entity

Movements for the years ended 31 December on investments in associates and jointly-controlled entity accounted for using the equity method were as follows:

	in Million Baht	
	2009	2008
At 1 January	49,598	46,217
Share of net profits of investments - equity method	7,200	4,669
Acquisitions	5,536	4,740
Dividend income	(3,070)	(4,577)
Disposals	(68)	(247)
Change of the status to subsidiaries	(439)	(811)
Others	(67)	(393)
At 31 December	**58,690**	**49,598**

Investments in associates and jointly-controlled entity 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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Associates										
SCG Chemicals										
PTT Chemical Plc.	22	21	15,010	14,968	14,821	13,452	23,702	21,264	511	2,187
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	7,189	7,069	898	-
Bangkok Synthetics Co., Ltd.	22	22	1,173	1,173	954	954	3,346	3,043	380	761
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,148	2,995	360	14
Siam Mitsui PTA Co., Ltd.	50	50	4,800	2,800	2,372	1,372	2,801	783	-	-
Siam Styrene Monomer Co., Ltd.	50	50	4,050	3,430	2,022	1,712	2,267	1,904	-	-
Siam Synthetic Latex Co., Ltd.	50	50	3,337	2,331	1,562	1,059	1,714	1,175	-	-
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	792	704	281	405
Mehr Petrochemical Company	41	40	1,203	803	722	482	576	458	-	-
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	553	464	-	-
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	472	468	86	84
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	596	596	119	119	211	177	25	38
Thai PET Resin Co., Ltd.	20	20	900	900	180	180	173	162	-	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	162	154	9	23
GTC Technology US, LLC	25	-	642	-	160	-	160	-	-	-
GTC Technology International, LP	25	-	429	-	107	-	107	-	-	-
PT. Siam Maspion Terminal	50	50	327	327	163	163	98	85	10	6
SD Group Service Co., Ltd.	50	50	78	78	38	38	91	78	-	-
Other companies			80	80	47	47	88	78	5	2
			44,049	**38,910**	**28,810**	**25,121**	**47,650**	**41,061**	**2,565**	**3,520**
SCG Paper										
Siam Toppan Packaging Co., Ltd.	48	48	500	500	245	245	357	347	10	9
P&S Holdings Corporation	39	39	263	263	105	105	-	-	-	-
Other companies			5	5	1	1	-	1	-	-
			768	**768**	**351**	**351**	**357**	**348**	**10**	**9**
SCG Building Materials										
Siam Sanitary Ware Co., Ltd.	36	36	60	60	50	50	561	517	47	136
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	464	405	55	62
TOTO Manufacturing (Thailand) Co., Ltd.	40	-	550	-	220	-	220	-	-	-
The Siam Sanitary Fittings Co., Ltd.	45	45	200	200	66	66	219	192	32	65
Sekisui-SCG Industry Co., Ltd.	49	-	200	-	98	-	94	-	-	-
The Siam Moulding Plaster Co., Ltd.	40	40	125	125	23	23	76	74	-	-
CMPI Holding, Inc.	20	20	87	87	22	22	41	40	-	-
Mariwasa Siam Holdings, Inc.	46	46	1,093	1,093	590	590	18	-	-	-
PT. M Class Industry	28	28	222	222	106	106	-	30	-	-
Mariwasa Holding, Inc.	40	40	267	267	94	94	-	-	-	-
Sosuco Ceramic Co., Ltd.	-	54	-	800	-	625	-	439	-	36
Other companies			292	300	81	85	20	20	-	1
			3,246	**3,304**	**1,396**	**1,707**	**1,713**	**1,717**	**134**	**300**

in Million Baht

	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Dividends	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
SCG Distribution										
Jumbo Barges and Tugs Co., Ltd.	27	27	365	365	108	108	136	130	-	-
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	63	60	3	5
Green Siam Resources Corporation	40	40	95	95	38	38	46	42	-	-
Siam Phulsawat Lighter Co., Ltd.	29	29	34	34	10	10	32	31	-	-
Survey Marine Service Co., Ltd.	48	48	37	37	18	18	17	17	-	-
Other companies			22	22	6	6	8	8	-	1
			616	**616**	**211**	**211**	**302**	**288**	**3**	**6**
SCG Investment										
The Siam Kubota Industry Co., Ltd.	40	40	333	208	158	108	3,094	2,124	58	83
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	1,028	968	55	74
Siam Kubota Tractor Co., Ltd.	40	40	2,110	1,100	844	440	929	369	-	-
Musashi Auto Parts Co., Ltd.	21	21	200	200	42	42	761	773	98	128
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	494	457	53	55
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	330	321	18	27
Aisin Takaoka Foundry Bangpakong Co., Ltd.	30	30	475	475	142	142	293	253	29	19
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	282	274	18	26
Siam Lemmerz Co., Ltd.	30	30	107	107	293	293	148	149	-	239
Other companies			-	24	-	7	-	-	-	-
			4,158	**3,047**	**1,791**	**1,344**	**7,359**	**5,688**	**329**	**651**
Others										
Nava 84 Co., Ltd.	25	25	1,203	1,203	301	301	160	294	-	-
IT One Co., Ltd.	20	39	80	80	16	31	77	107	29	91
			1,283	**1,283**	**317**	**332**	**237**	**401**	**29**	**91**
Jointly-controlled entity										
SCG Chemicals										
Long Son Petrochemicals Co., Ltd.	71	71	1,646	133	1,170	95	1,072	95	-	-
Total			**55,766**	**48,061**	**34,046**	**29,161**	**58,690**	**49,598**	**3,070**	**4,577**

In the first quarter of 2009, the status of Sosuco Ceramic Co., Ltd. has been changed to subsidiary due to the Group's attaining control over its policy and operation, as discussed in note 4.

The following summarised financial information on interest in jointly-controlled entity which have been included in the consolidated financial statements represents the Group's share for the year ended 31 December are as follows:

in Million Baht

	Owner-ship (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Share-holder's equity	Total revenues	Total expenses	Net loss
2009										
Long Son Petrochemicals Co., Ltd.	71	1,401	131	1,532	23	-	1,509	3	(52)	(49)
2008										
Long Son Petrochemicals Co., Ltd.	71	85	71	156	41	-	115	-	(20)	(20)

10 Other long-term investments

	Ownership interest (%)		in Million Baht Investment		Dividends	
	2009	2008	2009	2008	2009	2008
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	2	2
			2,403	**2,403**	**2**	**2**
* No existence of significant influence						
SCG Paper			**31**	**31**	**-**	**-**
SCG Cement						
Asia Cement Public Company Limited	10	10	942	942	39	55
Holcim (Bangladesh) Co., Ltd.	10	10	361	361	-	-
			1,303	**1,303**	**39**	**55**
SCG Building Materials			**396**	**396**	**-**	**7**
SCG Distribution			**5**	**5**	**-**	**-**
SCG Investment and others						
Toyota Motor Thailand Co., Ltd.	10	10	881	881	801	481
Siam Yamato Steel Co., Ltd.	10	10	484	484	-	-
Michelin Siam Group Co., Ltd.						
- Cumulative preferred shares	10	10	267	267	206	832
Siam Toyota Manufacturing Co., Ltd.	4	4	98	98	35	66
Other companies			27	27	1	-
			1,757	**1,757**	**1,043**	**1,379**
Total			**5,895**	**5,895**	**1,084**	**1,443**
Less allowance for impairment of investments			2,667	2,666	-	-
Net			**3,228**	**3,229**	**1,084**	**1,443**

In 2009, the Group recognised an additional allowance for impairment loss on its investment in shares of PT. Trans-Pacific Petrochemical Indotama amounting to Baht 129 million and a reversal of impairment loss on its investment in shares of Holcim (Bangladesh) Co., Ltd. amounting to Baht 128 million, which are presented 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 for the year ended 31 December 2009.

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 2008	15,039	32,133	194,460	3,830	4,273	403	23,348	5,822	279,308
Acquisitions through									
business combinations	235	1,033	3,363	50	86	-	-	-	4,767
Purchases	150	294	2,114	205	130	-	34,280	1,220	38,393
Disposals / written off	(224)	(82)	(1,572)	(146)	(160)	-	(4)	-	(2,188)
Transfers in / (out)	708	1,382	11,705	69	156	(3)	(8,569)	(5,534)	(86)
Translation differences	6	12	69	2	(2)	-	(277)	16	(174)
At 31 December 2008	**15,914**	**34,772**	**210,139**	**4,010**	**4,483**	**400**	**48,778**	**1,524**	**320,020**
Acquisitions through									
business combinations	132	575	2,002	10	40	-	1	-	2,760
Purchases	90	140	1,075	54	92	-	25,691	370	27,512
Disposals / written off	(99)	(196)	(1,025)	(98)	(99)	(149)	(31)	-	(1,697)
Transfers in / (out)	1,009	2,252	10,800	51	289	-	(13,064)	(1,498)	(161)
Translation differences	(7)	(125)	(985)	(15)	1	-	(140)	(10)	(1,281)
At 31 December 2009	**17,039**	**37,418**	**222,006**	**4,012**	**4,806**	**251**	**61,235**	**386**	**347,153**
Accumulated depreciation and impairment losses									
At 1 January 2008	4,933	17,446	140,660	3,408	3,653	399	86	-	170,585
Acquisitions through									
business combinations	2	179	1,667	38	94	-	-	-	1,980
Depreciation charge									
for the year	341	1,407	9,875	162	236	-	-	-	12,021
Disposals / written off	(104)	(41)	(983)	(126)	(157)	-	-	-	(1,411)
Transfers in / (out)	9	(10)	143	(3)	-	1	-	-	140
Translation differences	(2)	6	(150)	-	(3)	-	-	-	(149)
At 31 December 2008	**5,179**	**18,987**	**151,212**	**3,479**	**3,823**	**400**	**86**	**-**	**183,166**
Acquisitions through									
business combinations	-	250	1,581	5	29	-	-	-	1,865
Depreciation charge									
for the year	372	1,554	9,588	166	277	-	-	-	11,957
Disposals / written off	(36)	(133)	(936)	(81)	(91)	(149)	-	-	(1,426)
Transfers in / (out)	1	-	(29)	(3)	(3)	-	-	-	(34)
Translation differences	(5)	(30)	(138)	(4)	(2)	-	-	-	(179)
At 31 December 2009	**5,511**	**20,628**	**161,278**	**3,562**	**4,033**	**251**	**86**	**-**	**195,349**
Net book value									
At 31 December 2008	**10,735**	**15,785**	**58,927**	**531**	**660**	**-**	**48,692**	**1,524**	**136,854**
At 31 December 2009	**11,528**	**16,790**	**60,728**	**450**	**773**	**-**	**61,149**	**386**	**151,804**

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to Baht 116,409 million as at 31 December 2009 *(2008: Baht 91,864 million)*.

As at 31 December 2009, land and land improvements, buildings and building improvements and machinery and equipment with net book value of subsidiaries of Baht 3,292 million *(2008: Baht 4,593 million)* were mortgaged as collateral for long-term debts from financial institutions as discussed in note 16.

Finance costs incurred in the year ended 31 December 2009, amounting to Baht 650 million *(2008: Baht 188 million)*, rates of interest capitalised at 2.670 % to 6.025 % per annum *(2008: 2.930 % to 6.088 % per annum)*, were capitalised as part of the cost of constructing new plant facilities.

The cost of machinery and equipment held under finance leases was Baht 1,191 million as at 31 December 2009 *(2008: Baht 866 million)* and has a net book value of Baht 972 million as at 31 December 2009 *(2008: Baht 712 million)*.

During the year ended 31 December 2009, the Group prospectively increased the estimated useful life of plant, machinery and equipment of various subsidiaries, as follows:

(a) Plant - from 5 - 20 years to 10 - 30 years.
(b) Machinery and equipment - from 5 - 15 years to 10 - 25 years.

This extension resulted in a decrease in depreciation expense for the year ended 31 December 2009 amounting to approximately Baht 977 million.

12 Intangible assets

					in Million Baht
	Goodwill	**Software licenses & license fees**	**Development cost**	**Others**	**Total**
At 1 January 2008	819	1,784	138	982	3,723
Additions	-	82	100	6	188
Amortisation charge for the year	-	(285)	-	(16)	(301)
Transfers, net	(10)	244	(113)	(580)	(459)
At 31 December 2008	**809**	**1,825**	**125**	**392**	**3,151**
Additions	63	57	127	4	251
Amortisation charge for the year	-	(311)	-	(30)	(341)
Transfers, net	-	123	(187)	285	221
At 31 December 2009	**872**	**1,694**	**65**	**651**	**3,282**

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
	2009	**2008**
Deferred tax assets	3,212	3,160
Deferred tax liabilities	(388)	(188)
Net	**2,824**	**2,972**

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

							in Million Baht
	At 1 January 2008	**Credited (charged) to statement of income (note 29)**	**Exchange differences**	**At 31 December 2008**	**Credited (charged) to statement of income (note 29)**	**Exchange differences**	**At 31 December 2009**
Deferred tax assets							
Investments	938	(36)	-	902	214	-	1,116
Property, plant and equipment	1,084	(203)	(1)	880	(139)	2	743
Loss carry forward	1,034	(144)	-	890	(121)	(2)	767
Others	352	135	1	488	98	-	586
Total	**3,408**	**(248)**	**-**	**3,160**	**52**	**-**	**3,212**
Deferred tax liabilities	**(94)**	**(80)**	**(14)**	**(188)**	**(204)**	**4**	**(388)**
Net	**3,314**	**(328)**	**(14)**	**2,972**	**(152)**	**4**	**2,824**

No liability has been recognised in respect of temporary differences amounting to Baht 205 million associated with investments in two subsidiaries, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

14 Other non-current assets

	in Million Baht	
	2009	**2008**
Land and assets not used in operation	1,757	1,695
Land prepayments	812	850
Recoverable tax	328	395
Cash in banks for Mehr Petrochemical Project in Iran	6	384
Others	1,615	1,478
Total	**4,518**	**4,802**
Less allowance for impairment	735	658
Net	**3,783**	**4,144**

15 Bank overdrafts and short-term loans from financial institutions

	in Million Baht	
	2009	**2008**
Bank overdrafts	99	119
Loans	1,421	877
Promissory notes	646	8,011
Total	**2,166**	**9,007**

The Group has overdraft lines with several banks amounting to approximately Baht 5,600 million in 2009 *(2008: Baht 4,800 million)*.

16 Long-term debts

	in Million Baht	
	2009	**2008**
Current		
– Secured		
Current portion of long-term debts from financial institutions	162	401
– Unsecured		
Current portion of deferred payment plans for acquisition of machinery	-	104
Current portion of long-term debts	2,330	3,251
Current portion of finance lease liabilities	119	342
	2,611	**4,098**
Non-current		
– Secured		
Long-term debts from financial institutions	-	1,693
– Unsecured		
Long-term debts	35,390	27,056
Finance lease liabilities	306	3
	35,696	**28,752**
Total	**38,307**	**32,850**

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

	in Million Baht	
	2009	**2008**
Thai Baht	19,414	17,495
US Dollar	16,982	14,379
Euro	1,816	623
Peso	81	338
Yen	14	15
Total	**38,307**	**32,850**

During the year ended 31 December 2009, the Group has already drawn down partially or in full amounts under the loan agreements made equivalent to Baht 13,295 million *(2008: Baht 24,806 million)*, which mainly used in subsidiaries' investment projects. The average interest rate is approximately 1.32% to 4.65% per annum *(2008: 3.08% to 5.75% per annum)* and scheduled repayment quarterly to semi-annually, starting in September 2009. Many of the above long-term loans are guaranteed by the Company.

The average interest rate of long-term debts in foreign currency is approximately 3.30% per annum in 2009 *(2008: 4.96% per annum)*. The Group has mainly entered into various forward foreign exchange contracts and interest rate swap agreements to hedge the foreign exchange rate and interest rate risks as discussed in note 34.

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

	in Million Baht	
	2009	**2008**
Within 1 year	2,493	3,756
After 1 year but within 5 years	19,936	18,904
After 5 years	15,453	9,845
Total	**37,882**	**32,505**

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

	in Million Baht	
	2009	**2008**
Land and land improvements	186	144
Buildings and building improvements	349	350
Machinery and equipment	2,757	4,099
Total	**3,292**	**4,593**

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
	Principal	**Interest**	**Payments**
Year 2009			
Within 1 year	119	1	120
After 1 year but within 5 years	306	9	315
Total	**425**	**10**	**435**
Year 2008			
Within 1 year	342	12	354
After 1 year but within 5 years	3	-	3
Total	**345**	**12**	**357**

17 Debentures

As at 31 December 2009, the Company had issued unsubordinated and unsecured debentures and the subsidiary had issued subordinated and unsecured convertible debentures totalling Baht 110,929 million *(2008: Baht 105,911 million)* as follows:

	in Million Baht		Interest Rate			Fair Value *	
Debentures No.	**2009**	**2008**	**(% p.a.)**	**Term**	**Maturity Date**	**2009**	**2008**
Debentures - The Siam Cement Public Company Limited							
1/2005	-	10,000	4.75	4 years	1 April 2009	-	1,004
2/2005	-	10,000	5.25	4 years	1 October 2009	-	1,014
2/2006	-	5,000	5.75	3 years	1 April 2009	-	1,013
3/2006	10,000	10,000	6.00	4 years	1 April 2010	1,009	1,033
4/2006	5,000	5,000	6.25	4 years	1 October 2010	1,038	1,041
1/2007	15,000	15,000	5.75	4 years	1 April 2011	1,049	1,024
2/2007	10,000	10,000	4.50	4 years	1 November 2011	1,041	1,013
1/2008	20,000	20,000	4.25	4 years	1 April 2012	1,044	975
2/2008	20,000	20,000	5.35	4 years	1 November 2012	1,059	1,054
1/2009	20,000	-	5.15	4 years	1 April 2013	1,059	-
2/2009	10,000	-	4.15	4 years	1 October 2013	1,025	-
Total	110,000	105,000					
**Convertible Debentures - Thai-German Ceramic Industry Public Company Limited ** **							
1/2008	929	911	1st - 2nd year MLR - 3.50 3rd - 5th year MLR - 3.00	5 years	1 August 2013	922	943
Total	110,929	105,911					
Less: Debentures held by subsidiaries	1,219	1,461					
Net	**109,710**	**104,450**					
Less: Current portion	14,960	24,665					
Net	**94,750**	**79,785**					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2009 and 2008.

** Debenture holders have the option to convert the debentures into TGCI shares at the rate of Baht 1.45 per 1 share of TGCI, subject to the adjustment of which is specified in the agreement. The holders can exercise the option after 2 years from the issuance date of the debentures.

18 Other non-current liabilities

	in Million Baht	
	2009	2008
Deferred revenue	596	509
Payable to Department of Mineral Resources for concessions	124	178
Accrued dividend	72	77
Retention	1	140
Others	286	331
Total	**1,079**	**1,235**

19 Share capital

		in Million Shares / Million Baht			
	Par	2009		2008	
	Value (in Baht)	Number of shares	Value	Number of shares	Value
Authorised					
At 1 January					
- ordinary shares	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 shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary share	1	**1,200**	**1,200**	**1,200**	**1,200**

20 Reserves

Fair value changes

Fair value changes recognised in equity relate to cumulative net changes in the fair value of available-for-sale investments.

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.

At the Annual General Meeting of the Shareholders of the Company held on 25 March 2009, the shareholders agreed to the appropriation of legal reserve of Baht 40 million.

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	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components, steel and property.

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 were as follows:

in Million Baht

	Total assets		**Net sales**		**EBITDA (1)**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Consolidated	315,992	285,776	238,664	293,230	47,116	38,783
Business Group						
SCG Chemicals	165,964	138,504	101,115	136,527	19,482	12,598
SCG Paper	47,942	51,089	42,729	47,110	7,901	6,660
SCG Cement	60,681	60,770	46,661	49,999	11,616	11,272
SCG Building Materials	22,991	22,654	26,873	23,351	4,907	4,085
SCG Distribution	10,110	10,903	86,641	102,672	1,581	1,739
SCG Investment	12,099	10,663	307	401	1,927	2,717

	Net profit (2)		**Depreciation and amortisation**	
	2009	**2008**	**2009**	**2008**
Consolidated	24,346	16,771	12,208	12,188
Business Group				
SCG Chemicals	12,556	6,136	3,016	3,800
SCG Paper	2,286	1,658	3,716	3,339
SCG Cement	6,214	6,006	2,924	2,716
SCG Building Materials	1,617	778	2,149	2,022
SCG Distribution	1,077	1,211	254	189
SCG Investment	2,972	3,109	32	31

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

(2) Represents net profit attributable to equity holders of the parent.

22 Operating results of business groups

in Million Baht

	Business Groups							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2009	2008	2009	2008	2009	2008	2009	2008
Information from Balance sheets								
Current assets	31,339	28,039	13,121	14,010	9,013	9,886	8,677	8,326
Investments in shares and long-term loans	48,744	41,305	374	366	1,255	972	2,059	2,063
Property, plant and equipment	83,201	66,377	32,653	35,330	48,678	47,773	10,612	10,670
Other non-current assets	2,680	2,783	1,794	1,383	1,735	2,139	1,643	1,595
Total assets	**165,964**	**138,504**	**47,942**	**51,089**	**60,681**	**60,770**	**22,991**	**22,654**
Short-term loans	30,963	24,468	13,981	18,780	5,158	4,070	8,741	11,411
Other current liabilities	15,686	11,563	3,876	2,907	5,715	5,585	3,439	2,101
Long-term debts	49,395	41,550	1,853	1,949	1,237	1,992	1,402	1,528
Other non-current liabilities	954	774	70	47	314	285	334	395
Total liabilities	96,998	78,355	19,780	23,683	12,424	11,932	13,916	15,435
Total equity attributable to the Company's shareholders and minority interest	68,966	60,149	28,162	27,406	48,257	48,838	9,075	7,219
Total liabilities and shareholders' equity	**165,964**	**138,504**	**47,942**	**51,089**	**60,681**	**60,770**	**22,991**	**22,654**

	Business Groups					
	SCG Distribution		SCG Investment		Consolidated	
	2009	2008	2009	2008	2009	2008
Information from Balance sheets						
Current assets	6,941	7,807	2,080	2,290	89,988	83,826
Investments in shares and long-term loans	308	293	9,102	7,432	63,923	54,642
Property, plant and equipment	2,064	1,938	900	922	151,804	136,854
Other non-current assets	797	865	17	19	10,277	10,454
Total assets	**10,110**	**10,903**	**12,099**	**10,663**	**315,992**	**285,776**
Short-term loans	81	1,165	2,035	1,867	20,452	38,554
Other current liabilities	7,177	6,327	229	302	31,791	25,512
Long-term debts	-	-	-	-	130,445	108,537
Other non-current liabilities	75	65	15	12	1,883	1,825
Total liabilities	7,333	7,557	2,279	2,181	184,571	174,428
Total equity attributable to the Company's shareholders and minority interest	2,777	3,346	9,820	8,482	131,421	111,348
Total liabilities and shareholders' equity	**10,110**	**10,903**	**12,099**	**10,663**	**315,992**	**285,776**

in Million Baht

	Business Groups							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2009	2008	2009	2008	2009	2008	2009	2008
Information from Statements of Income								
Net sales	101,115	136,527	42,729	47,110	46,661	49,999	26,873	23,351
Cost of sales	(82,757)	(126,618)	(34,538)	(39,560)	(34,851)	(37,784)	(19,400)	(17,951)
Gross profit	18,358	9,909	8,191	7,550	11,810	12,215	7,473	5,400
Other income	756	531	263	241	610	420	293	365
Profit before expenses	19,114	10,440	8,454	7,791	12,420	12,635	7,766	5,765
Operating expenses	(5,213)	(5,162)	(4,279)	(4,479)	(3,728)	(4,079)	(5,142)	(4,002)
Profit from operations	13,901	5,278	4,175	3,312	8,692	8,556	2,624	1,763
Gain (loss) on sales of investments, allowance for impairment and others	(125)	372	-	-	128	3	79	(5)
Profit before finance costs and income tax expense	13,776	5,650	4,175	3,312	8,820	8,559	2,703	1,758
Finance costs	(1,437)	(1,914)	(923)	(870)	(115)	(261)	(593)	(786)
Profit before income tax expense	12,339	3,736	3,252	2,442	8,705	8,298	2,110	972
Income tax expense	(1,520)	(1,140)	(888)	(676)	(2,496)	(2,307)	(635)	(347)
Profit after income tax expense	10,819	2,596	2,364	1,766	6,209	5,991	1,475	625
Share of profit of associates and jointly-controlled entity	5,234	2,963	19	19	-	-	320	212
Net profit	**16,053**	**5,559**	**2,383**	**1,785**	**6,209**	**5,991**	**1,795**	**837**
Profit (loss) attributable to:								
Equity holders of the parent	**12,556**	**6,136**	**2,286**	**1,658**	**6,214**	**6,006**	**1,617**	**778**
Minority interest	3,497	(577)	97	127	(5)	(15)	178	59
	16,053	5,559	2,383	1,785	6,209	5,991	1,795	837

	in Million Baht					
	Business Groups					
	SCG Distribution		SCG Investment		Consolidated	
	2009	2008	2009	2008	2009	2008
Information from						
Statements of Income						
Net sales	86,641	102,672	307	401	238,664	293,230
Cost of sales	(79,586)	(93,002)	(153)	(192)	(185,456)	(248,095)
Gross profit	7,055	9,670	154	209	53,208	45,135
Other income	566	487	1,576	1,957	4,292	4,156
Profit before expenses	7,621	10,157	1,730	2,166	57,500	49,291
Operating expenses	(6,298)	(8,613)	(164)	(131)	(25,662)	(27,273)
Profit from operations	1,323	1,544	1,566	2,035	31,838	22,018
Gain (loss) on sales of investments, allowance for impairment and others	-	-	-	-	(52)	369
Profit before finance costs and income tax expense	1,323	1,544	1,566	2,035	31,786	22,387
Finance costs	63	33	(77)	(110)	(5,649)	(6,089)
Profit before income tax expense	1,386	1,577	1,489	1,925	26,137	16,298
Income tax expense	(321)	(397)	(47)	(178)	(5,168)	(4,561)
Profit after income tax expense	1,065	1,180	1,442	1,747	20,969	11,737
Share of profit of associates and jointly-controlled entity	19	39	1,545	1,369	7,200	4,669
Net profit	**1,084**	**1,219**	**2,987**	**3,116**	**28,169**	**16,406**
Profit (loss) attributable to:						
Equity holders of the parent	**1,077**	**1,211**	**2,972**	**3,109**	**24,346**	**16,771**
Minority interest	7	8	15	7	3,823	(365)
	1,084	1,219	2,987	3,116	28,169	16,406

23 Selling expenses

	in Million Baht	
	2009	2008
Freight, sales promotion and advertising expenses	10,161	13,098
Others	1,033	1,206
Total	**11,194**	**14,304**

24 Administrative expenses

	in Million Baht	
	2009	2008
Salary, welfare and personnel expenses	9,335	8,433
Professional fees	1,349	1,272
Depreciation and amortisation expense	686	541
Supplies, repair and maintenance	660	676
Tax, license fees and others	465	562
Publication	408	498
Outside wages	373	361
Allowance for impairment of assets	353	65
Communication and transportation	218	280
Others	555	206
Total	**14,402**	**12,894**

Management benefit expense of the Group comprises of salary, bonus, others and contribution to defined contribution plans which paid for management as staffs expenses, which include in administrative expenses totalling Baht 143 million (*2008: Baht 109 million*).

25 Directors' remuneration

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

26 Other income

	in Million Baht	
	2009	**2008**
Dividend income from other companies	1,084	1,443
Management fee income	995	877
Gain from financial instruments	415	17
Interest income from financial institutions	393	296
Gain on disposals of scrap and others	259	389
Income from penalty/delay payment	159	84
Rental and royalty fee income	146	139
Gain on fixed assets sold	39	19
Income from electricity usage refund	-	150
Negative goodwill	-	87
Others	802	655
Total	**4,292**	**4,156**

27 Personnel expenses

	in Million Baht	
	2009	**2008**
Salaries and others	17,792	16,029
Contribution to defined contribution plans	764	777
Early retirement expense	347	204
Total	**18,903**	**17,010**

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.

28 Finance costs

		in Million Baht	
	Note	**2009**	**2008**
Interest - Thai Baht loans		6,265	5,920
Interest - Foreign loans		661	399
Interest - Provident funds		37	41
Gain on exchange rate		(664)	(83)
		6,299	**6,277**
Capitalised as cost of construction in progress	11	(650)	(188)
Net		**5,649**	**6,089**

29 Income tax expense

	Note	2009	2008
		in Million Baht	
Current tax		5,016	4,234
Deferred tax	13	152	328
Total		**5,168**	**4,562**

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 listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax rate reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

30 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December were based on the net profit attributable to equity holders of the parent and the number of ordinary shares outstanding during the years as follow:

	2009	2008
	in Million Baht / Million Shares	
Net profit attributable to equity holders of the parent	24,346	16,771
Number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	**20.29**	**13.98**

31 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 2009, 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) Certain subsidiaries have entered into various different long-term agreements with local and foreign companies in order to purchase raw materials, receive services, lease assets, acquire assets, and construct plants and other assets. Additionally, two subsidiaries 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 2009 and 2008, the Company complied with the agreement by providing financial support to the company totalling US Dollars 31.5 million. The above loan is presented as loans under the caption of "Long-term loans to other companies" in the accompanying consolidated financial statements. Classification between current and non-current is based on the management's expectation for when such loan will be realised at the reporting date, after giving consideration to the financial status of the borrower and the repayment schedule.

32 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 26 March 2008, the shareholders resolved to declare total dividends for the year 2007 at Baht 15 per share, totalling approximately Baht 18,000 million. The payment of dividends is divided into 2 installments. The interim dividend was paid at the amount of Baht 7.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 8,927 million, and was paid on 22 August 2007. The final dividend was paid at the amount of Baht 7.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 8,946 million, and was paid on 23 April 2008.

At the Annual General Meeting of the Shareholders of the Company held on 25 March 2009, the shareholders resolved to declare total dividends for the year 2008 at Baht 7.50 per share, totalling approximately Baht 9,000 million. The payment of dividends is divided into 2 installments. The interim dividend was paid at the amount of Baht 5.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 6,557 million, and was paid on 21 August 2008. The final dividend was paid at the amount of Baht 2.00 per share to the shareholders entitled to receiving the dividends, totalling Baht 2,395 million, and was paid on 22 April 2009.

At the Board of Directors' Meeting of the Company held on 29 July 2009, the directors resolved to declare interim dividend for the year 2009 at Baht 3.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 4,190 million, which was paid on 27 August 2009.

33 Financial instruments

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate 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 and the periods in which the loans receivables mature were as follows:

Loans receivable

in Million Baht

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2009					
Current					
Short-term loans to related parties	10.00	119	-	-	119
	SIBOR plus 6.50				
Non-current					
Long-term loans to related party	2.00 - 5.00	-	48	388	436
Long-term loans to other companies	MLR minus 2.00	-	1,570	-	1,570
Total		**119**	**1,618**	**388**	**2,125**

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
					in Million Baht
Year 2008					
Current					
Short-term loans to related parties	5.00 - 10.00	130	-	-	130
Non-current					
Long-term loans to related party	2.00 - 5.00	-	43	401	444
Long-term loan to other company	MLR minus 2.00	-	1,371	-	1,371
Total		**130**	**1,414**	**401**	**1,945**

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

Financial liabilities

	Effective Interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
					in Million Baht
Year 2009					
Current					
Bank overdrafts and short-term loans from financial institutions	1.50 - 10.00 / MOR / MMR MLR minus 2.00 Cost of fund plus (0.50 - 0.75)	2,166	-	-	2,166
Short-term loans from related parties	0.50 - 5.75	714	-	-	714
Long-term loans from financial institutions	5.10 - 5.25 FDR3M plus (2.00 - 2.55) MLR minus (1.25 - 2.00) LIBOR plus (0.30 - 0.325) TIBOR plus 0.80 Cost of fund plus 0.30	2,493	-	-	2,493
Finance lease liabilities	1.23 - 7.75	119	-	-	119
Debentures	6.00 - 6.25	14,960	-	-	14,960
Non-current					
Long-term loans from financial institutions	MLR minus (1.00 - 2.00) EURIBOR plus (0.65 - 0.75) LIBOR plus (0.30 - 1.00) SIBOR plus (0.375 - 1.00) FDR3M plus 2.00 Cost of fund plus 0.30	-	19,936	15,453	35,389
Finance lease liabilities	1.23 - 7.75	-	306	-	306
Debentures	4.15 - 5.75 MLR minus (3.00 - 3.50)	-	94,750	-	94,750
Total		**20,452**	**114,992**	**15,453**	**150,897**

	Effective Interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
					in Million Baht
Year 2008					
Current					
Bank overdrafts and short-term loans from financial institutions	3.48 - 9.99 / MOR	9,007	-	-	9,007
Short-term loans from related parties	4.37 - 5.35	784	-	-	784
Long-term loans from financial institutions	4.05 - 5.50 MLR minus (1.25 - 2.00) SIBOR plus 0.375 TIBOR plus 0.80 FDR plus 0.20	3,652	-	-	3,652
Deferred payment plans for acquisition of machinery	6.03	104	-	-	104
Finance lease liabilities	7.75 - 9.70	342	-	-	342
Debentures	4.75 - 5.75	24,665	-	-	24,665
Non-current					
Long-term loans from financial institutions	3.75 - 5.00 THBFIX plus (0.75 - 1.20) FDR plus 2.25 MLR minus (0.50 - 2.00) LIBOR plus (0.1775 - 3.95) SIBOR plus (0.375 - 1.00) EURIBOR plus (0.65 - 0.75) Cost of fund plus 0.30	-	18,904	9,845	28,749
Finance lease liabilities	7.75 - 9.70	-	3	-	3
Debentures	4.25 - 6.25 MLR minus (3.00 - 3.50)	-	79,785	-	79,785
Total		**38,554**	**98,692**	**9,845**	**147,091**

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:

	Short-term and current portion of long-term		Long-term		Total	
	in Million Baht					
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
US Dollar	1,313	1,383	16,457	13,683	17,770	15,066
Euro	-	104	1,816	519	1,816	623
Peso	282	640	78	-	360	640
Dong	353	-	-	-	353	-
Yen	30	15	-	-	30	15
Others	-	24	-	-	-	24
Total	**1,978**	**2,166**	**18,351**	**14,202**	**20,329**	**16,368**

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 to hedge the interest rate and foreign exchange rate risks of short-term and long-term loans as discussed in note 34. 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 2009 and 2008, 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 had:

		in Million Baht	
		2009	**2008**
a)	Guarantees on loans of non-consolidated related parties	2,136	2,089
b)	Bank guarantees issued by banks to government, state enterprises and private sectors	1,375	677
c)	Unused letters of credit	1,448	2,075
d)	Commitments		
	– for purchase of raw material contracts	46,292	35,733
	– for rental and service agreements	793	1,683
	– for construction of Olefins Cracker No. 2 and Downstream projects	1,648	11,672
	– for construction and installation of machinery	2,663	5,553
e)	Contingent liability for the assessment from the Revenue Department and others (Since the cases are under the consideration of the Courts and Appeal Committee and the outcome is uncertain, the Group has not yet recorded such contingent liability in the consolidated financial statements)	206	-

f) In the first quarter of 2009, the Company lodged a complaint with the police officers against an ex-employee for the theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation of Baht 223 million. Since the court hearing will start in the year 2010 and the outcome is uncertain, the Company has not yet recorded such claimed compensation in the financial statements for the year ended 31 December 2009.

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

in Million / Million Baht

	Contract amount							
	Forward Loan				Swap Loan			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
US Dollar	-	4	-	132	37	14	1,301	561
Euro	-	2	-	104	-	-	-	-
Total			**-**	**236**			**1,301**	**561**

The above contracts will be gradually due within June 2014 *(2008: due within December 2010)*.

in Million / Million Baht

	Contract amount							
	Forward Receivable				Forward Payable			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	2009	2008	2009	2008	2009	2008	2009	2008
US Dollar	439	104	14,693	3,675	114	311	3,875	10,641
Euro	11	6	567	274	13	12	643	577
Yen	-	194	-	73	351	3,010	131	1,005
Others	69	7	413	201	1	-	20	10
Total			**15,673**	**4,223**			**4,669**	**12,233**

The above contracts will be gradually due within December 2010 *(2008: due within November 2009)*.

h) The Group had entered into interest rate swap contracts with various foreign banks to hedge the risk of interest on foreign loans of US Dollars 414 million *(2008: US Dollars 236 million)*, whereby exchanging floating interest rates based on LIBOR with fixed interest rates from 2.67% to 4.98% per annum. *(2008: from 4% to 5% per annum)*.

i) The Group had entered into commodity swap contracts with a local bank and various foreign banks to hedge the risk of price changes amounting to US Dollars 54 million, equivalent to Baht 1,819 million *(2008: US Dollars 11 million, equivalent to Baht 393 million)*.

j) The Company entered into the interest rate swap agreements with some local banks in order to hedge the interest rate risk of its debentures totalling Baht 7,000 million whereby the fixed interest rates are swapped to the floating interest rates. Due to subsequent changes in the market interest rate, the Company thereafter amended the condition of the contract whereby the floating interest rates are swapped back to the fixed interest rates. The floating interest rates are based on the average of fixed deposit rates of various local banks plus margin at 2% to 4% per annum.

35 Capital management

The management of the Group has the capital management policy for which to maintain a strong capital base by emphasis in planning and determining the operating strategies resulting in good business's performance and sustain good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustain future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

36 Other

On 29 September 2009, the Central Administrative Court ordered 8 governments authorities to order the temporary suspension of the projects or activities representing a total of 76 projects in the Map Ta Phut Industrial Estate and vicinity of Rayong Province. Thereafter, the Supreme Administrative Court ordered the 12 projects to resume construction. However, the 64 projects were still suspended according to the order of the Central Administrative Court, including 18 projects totalling approximately Baht 57,500 million which mainly are joint ventures projects of SCG Chemicals.

At the end of 2009, the Government issued new laws and regulations to follow the objective of Article 67 tier 2 of the Constitution B.E. 2550. At the same time, some private sector entities and the Group appealed against the injunction. The Group has estimated the approximately 8 - 12 months time frame required to comply with new laws and regulations. The Group is confident that all of its projects will in compliance with the Constitution. The Group's projects which will complete in the mid-year 2010, will certainly be delay in start-up. However, for the projects with an original mid-year 2011 start up, the delay will depend upon when the construction can be resumed.

37 Events after the reporting period

1) At the Board of Directors' Meeting held on 27 January 2010, the directors approved the following matters:

   a) Submitting for approval at the Annual General Meeting of the Shareholders, a full year 2009 dividend payment at the rate of Baht 8.50 per share, of which Baht 3.50 per share was paid as an interim dividend on 27 August 2009 as discussed in note 32. Thus, the final dividend will be at the rate of Baht 5.00 per share to the shareholders entitled to receive dividends, totalling approximately Baht 6,000 million, scheduled for payment on 28 April 2010. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 31 March 2010.

   b) Issuance of new lots of debentures No. 1/2010 on 1 April 2010, named, unsubordinated and unsecured not exceeding Baht 10,000 million. Term of the new debenture is 4 years, maturing on 1 April 2014. Interest rate will be fixed at market rate upon the issue date and payable quarterly. Subscription of debentures will replace the debentures No. 3/2006 amounting to Baht 10,000 million, retiring on 1 April 2010.

2) On 1 December 2009, The Group noticed to The Stock Exchange of Thailand for Thai Containers Group Co., Ltd., a subsidiary of SCG Paper, signed an agreement to acquire the entire 100% shares in New Asia Industries Company Limited (manufacturer and distributor of corrugated containers in Vietnam), with an investment cost of Baht 770 million. On 11 February 2010, the subsidiary paid for the initial payment totalling Baht 459 million.

3) On 8 February 2010, The Group noticed to The Stock Exchange of Thailand that SCG Building Materials Co., Ltd., which is a subsidiary of the Group, has signed a Memorandum of Understanding (MOU) to acquire 204 million shares, or a 51% interest of Quality Construction Products Public Company Limited or "Q-CON" (manufacturer and distributor of autoclaved lightweight concrete) from its major shareholders at Baht 4 per share. The MOU may be terminated if conditions are not met within 1 month from the date of the MOU. Moreover, if the above conditions are met and the share transfer is completed, the subsidiary will proceed with mandatory tender offer according to the relevant laws and regulations.

38 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following new and revised TAS that has been issued as of the reporting date but are not yet effective. The new and revised TAS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2012
TAS 24 (revised 2007)	Related Party Disclosures	2011
TAS 40	Investment Property	2011

39 Reclassification of accounts

Certain accounts in 2008 consolidated financial statements have been reclassified to conform to the presentation in the 2009 consolidated financial statements as follows:

	in Million Baht		
	Before reclassification	Reclassification	After reclassification
Balance sheet			
Investments in associates and jointly-controlled entity	49,598	(49,598)	-
Investments in associates	-	49,504	49,504
Investments in jointly-controlled entity	-	94	94
Property, plant and equipment	137,261	(407)	136,854
Other non-current assets	3,737	407	4,144

The reclassifications have been made for proper presentations and to comply with the classification set-out in the Pronouncement of the Department of Business Development Re: Determination of items in the financial statements B.E. 2552 dated 30 January 2009.

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying balance sheet of The Siam Cement Public Company Limited as at 31 December 2009, and the related statements of income, changes in shareholders' equity and cash flows for the year 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 audit. The financial statements of The Siam Cement Public Company Limited for the year ended 31 December 2008 were audited by another auditor whose report dated 25 February 2009 expressed an unqualified opinion on those statements.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Siam Cement Public Company Limited as at 31 December 2009, the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

S. Singhasaneh.

Supot Singhasaneh
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2010

The Siam Cement Public Company Limited

Balance sheets

As at 31 December 2009 and 2008

			in Thousand Baht
Assets	**Note**	**2009**	**2008**
Current assets			
Cash and cash equivalents		22,989,626	17,450,194
Trade accounts receivable	5	-	-
Receivables from and short-term loans to related parties	4	61,663,875	58,929,534
Other current assets		911,249	758,632
Total current assets		**85,564,750**	**77,138,360**
Non-current assets			
Investments in subsidiaries	6	43,527,001	46,374,980
Investments in associates	6	18,184,381	16,963,240
Other long-term investments	7	3,512,915	3,512,880
Long-term loans to related party	4	436,129	444,439
Long-term loan to other company	23	1,413,912	1,371,061
Property, plant and equipment	8	2,037,071	2,199,059
Intangible assets	9	166,071	77,073
Deferred tax assets	10	409,918	258,563
Other non-current assets		52,983	48,888
Total non-current assets		**69,740,381**	**71,250,183**
Total assets		**155,305,131**	**148,388,543**

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.

The Siam Cement Public Company Limited
Balance sheets
As at 31 December 2009 and 2008

			in Thousand Baht
Liabilities and shareholders' equity	**Note**	**2009**	**2008**
Current liabilities			
Short-term loans from financial institutions	11	-	4,500,000
Trade accounts payable		64,983	68,648
Current portion of long-term debts	12	-	103,553
Current portion of debentures	13	15,000,000	25,000,000
Payables to and short-term loans from related parties	4	2,544,859	3,367,527
Accrued interest expense		1,275,867	1,232,851
Accrued expenses		26,135	62,833
Other current liabilities		139,405	114,162
Total current liabilities		**19,051,249**	**34,449,574**
Non-current liabilities			
Debentures	13	95,000,000	80,000,000
Other non-current liabilities		117,392	146,306
Total non-current liabilities		**95,117,392**	**80,146,306**
Total liabilities		**114,168,641**	**114,595,880**

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

The Siam Cement Public Company Limited
Balance sheets
As at 31 December 2009 and 2008

			in Thousand Baht
Liabilities and shareholders' equity	**Note**	**2009**	**2008**
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
Unrealised deficits			
Fair value changes on investments	15	(15)	(39)
Retained earnings			
Appropriated			
Legal reserve	15	160,000	120,000
General reserve		10,516,000	10,516,000
Unappropriated		29,260,505	21,956,702
Total shareholders' equity		**41,136,490**	**33,792,663**
Total liabilities and shareholders' equity		**155,305,131**	**148,388,543**

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

The Siam Cement Public Company Limited
Statements of income
For the years ended 31 December 2009 and 2008

	Note	2009	2008
		in Thousand Baht	
Revenues			
Dividend income	4	14,053,188	13,656,926
Intellectual property income	4	1,615,949	1,926,408
Management fees for administration	4	1,329,811	1,626,408
Other income	18	591,100	336,131
Total revenues		**17,590,048**	**17,545,873**
Expenses			
Administrative expenses	16	958,922	838,970
Directors' remuneration	17	65,672	74,660
Total expenses		**1,024,594**	**913,630**
Profit from operations		**16,565,454**	**16,632,243**
Loss on sales of investments and assets for restructuring, allowance for impairment of investments and others	6	(22,555)	(1,631)
Profit before finance costs and income tax expense (benefit)		**16,542,899**	**16,630,612**
Finance costs	4, 20	2,765,241	2,263,093
Profit before income tax expense (benefit)		**13,777,658**	**14,367,519**
Income tax expense (benefit)	21	(151,365)	244,421
Net profit		**13,929,023**	**14,123,098**
Basic earnings per share (in Baht)	22	**11.61**	**11.77**

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.

The Siam Cement Public Company Limited
Statements of changes in shareholders' equity
For the years ended 31 December 2009 and 2008

	Note	Issued and paid-up share capital	Fair value changes
Balance at 1 January 2008		**1,200,000**	**23**
Unrealised losses			
Available for sale investments		-	(62)
Net profit		-	-
Total recognised income and expense		-	(62)
Dividends	24	-	-
Balance at 31 December 2008		**1,200,000**	**(39)**
Balance at 1 January 2009		**1,200,000**	**(39)**
Unrealised gains			
Available for sale investments		-	24
Net profit		-	-
Total recognised income		-	24
Transfer to legal reserve	15	-	-
Dividends	24	-	-
Balance at 31 December 2009		**1,200,000**	**(15)**

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

in Thousand Baht

Retained earnings			Total shareholders' equity
Appropriated		Unappropriated	
Legal reserve	General reserve		
120,000	**10,516,000**	**23,337,024**	**35,173,047**
-	-	-	(62)
-	-	14,123,098	14,123,098
-	-	14,123,098	14,123,036
-	-	(15,503,420)	(15,503,420)
120,000	**10,516,000**	**21,956,702**	**33,792,663**
120,000	**10,516,000**	**21,956,702**	**33,792,663**
-	-	-	24
-	-	13,929,023	13,929,023
-	-	13,929,023	13,929,047
40,000	-	(40,000)	-
-	-	(6,585,220)	(6,585,220)
160,000	**10,516,000**	**29,260,505**	**41,136,490**

The Siam Cement Public Company Limited
Statements of cash flows
For the years ended 31 December 2009 and 2008

		in Thousand Baht
	2009	**2008**
Cash flows from operating activities		
Net profit	13,929,023	14,123,098
Adjustments for		
Depreciation and amortisation	120,074	96,400
Interest income	(3,329,299)	(3,139,410)
Interest expense	5,728,374	5,042,039
Unrealised loss on foreign currency exchange	16,696	69,163
Loss on sales of investments and assets for restructuring, allowance for impairment of investments and others	22,555	1,631
Gain on sales of property, plant and equipment	(20,414)	(996)
Gain on sales of intangible assets	(68)	(8,550)
Dividend income	(14,053,188)	(13,656,926)
Income tax expense (benefit)	(151,365)	244,421
Profit provided by operating activities before changes in operating assets and liabilities	**2,262,388**	**2,770,870**
Decrease (increase) in operating assets		
Receivables from related parties	(260,172)	235,226
Other current assets	850	43,681
Other non-current assets	(4,095)	(3,251)
Net decrease (increase) in operating assets	**(263,417)**	**275,656**
Increase (decrease) in operating liabilities		
Trade accounts payable	(3,665)	(28,919)
Payables to related parties	97,191	(88,915)
Accrued expenses and other current liabilities	(10,932)	(280,045)
Other non-current liabilities	(28,914)	(14,274)
Net increase (decrease) in operating liabilities	**53,680**	**(412,153)**
Cash generated from the operations	**2,052,651**	**2,634,373**
Income tax paid	(151,073)	(175,408)
Net cash provided by operating activities	**1,901,578**	**2,458,965**

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

The Siam Cement Public Company Limited
Statements of cash flows
For the years ended 31 December 2009 and 2008

	2009	2008
	in Thousand Baht	
Cash flows from investing activities		
Interest received	3,271,499	3,115,457
Dividends received	14,053,029	14,865,236
Purchases of investments in subsidiaries, associates and other company	(1,515,326)	(936,290)
Proceeds from sales and return of investments	3,119,608	1,035,300
Purchases of property, plant and equipment	(42,642)	(102,815)
Proceeds from sales of property, plant and equipment	29,739	391
Purchases of intangible assets	(14,784)	(24,277)
Proceeds from sales of intangible assets	100	79,494
Loans to related parties	(2,485,887)	(3,046,182)
Payments received on loan to other company	-	159,807
Net cash provided by investing activities	**16,415,336**	**15,146,121**
Cash flows from financing activities		
Borrowings		
Interest paid	(5,697,487)	(4,898,320)
Short-term loans from financial institutions	(4,500,000)	4,500,000
Repayments of long-term debts	(103,553)	(273,908)
Repayments of short-term loans from related parties	(891,222)	(178,911)
Proceeds from issuance of debentures	30,000,000	40,000,000
Redemption of debentures	(25,000,000)	(25,000,000)
Net increase (decrease) in borrowings	**(6,192,262)**	**14,148,861**
Dividends paid	(6,585,220)	(15,503,420)
Net cash used in financing activities	**(12,777,482)**	**(1,354,559)**
Net increase in cash and cash equivalents	**5,539,432**	**16,250,527**
Cash and cash equivalents at beginning of the year	17,450,194	1,199,667
Cash and cash equivalents at end of the year	**22,989,626**	**17,450,194**

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

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 24 February 2010.

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: SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, SCG 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") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Company has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

The adoption of these revised TAS/TFRS and accounting guidance does not have any material impact on the Company's financial statements.

The FAP has issued during 2009 a number of new and revised TAS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 30.

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 and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 5, 6, 7, 8, and 9	Measurement of the recoverable amounts of each asset and cash-generating units
Note 10	Utilisation of tax losses
Note 26	Provisions and contingencies

3 Significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows 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.

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 has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less any 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 available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

Equity securities which are not marketable are stated at cost less any 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 reporting 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, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Software license	3 - 10 years
Others	3, 5 years

(f) Impairment

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

An impairment loss is recognised if 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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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 a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. 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 financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses recognised in prior periods in respect of other non-financial assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

(i) 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.

(j) Revenue

Revenue excludes value added taxes.

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 is recognised in the statement 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.

(k) 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.

(l) 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 except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) 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 reporting 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.

(n) 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, investments, borrowings 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.

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

	in Million Baht		
	2009	**2008**	**Pricing policies**
Subsidiaries			
Intellectual property income, management income, services and others	2,918	3,317	Mainly based on percentage of net sales
Dividend income	12,150	9,629	Upon declaration
Gain on sales of assets	20	1	Market price
Interest income	2,979	2,876	Contract rate
Interest expense	18	39	Contract rate
Associates			
Intellectual property income, management income, services and others	34	38	Mainly based on percentage of net sales
Dividend income	823	2,588	Upon declaration
Interest income	27	52	Contract rate
Others			
Intellectual property income, management income, services and others	205	299	Mainly based on percentage of net sales
Dividend income	1,080	1,440	Upon declaration
Interest expense	35	35	Contract rate

In the statement of income for the year ended 31 December 2009, the Company presents finance costs of Baht 2,765 million *(2008: Baht 2,263 million)*, which is comprised of interest expense and financial charges of Baht 5,771 million *(2008: Baht 5,191 million)* and interest income from related parties of Baht 3,006 million *(2008: Baht 2,928 million)*.

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

Receivables from and short-term loans to related parties

	in Million Baht	
	2009	**2008**
Current accounts		
Subsidiaries		
Thai Polyethylene Co., Ltd.		
(New registered on 1 April 2009)	156	-
Thai Polyethylene Co., Ltd.	-	138
Map Ta Phut Olefins Co., Ltd.	151	25
The Siam Cement (Kaeng Khoi) Co., Ltd.	104	98
The Siam Cement (Ta Luang) Co., Ltd.	102	69
The Siam Cement (Thung Song) Co., Ltd.	95	83
The Concrete Products and Aggregate Co., Ltd.	66	72
Thai Polypropylene Co., Ltd.		
(New registered on 1 April 2009)	65	-
Thai Polypropylene Co., Ltd.	-	26
SCG Chemicals Co., Ltd.	46	34
The Siam Fibre - Cement Co., Ltd.	44	41
SCT Co., Ltd.	42	51
Thai Ceramic Co., Ltd.	37	37
SCG Logistics Management Co., Ltd.	29	28
SCG Cement Co., Ltd.	23	13
Thai Kraft Paper Industry Co., Ltd.	23	8
The Siam Cement (Lampang) Co., Ltd.	21	31
SCG Paper Public Company Limited	19	26
SCG Network Management Co., Ltd.	16	20
The Siam Refractory Industry Co., Ltd.	16	18
Thai Polypropylene (1994) Co., Ltd.	-	30
Thai Polyethylene (1993) Co., Ltd.	-	18
Other companies	162	82
	1,217	948

	2009	2008
	in Million Baht	
Associates		
Mariwasa Siam Ceramic, Inc.	15	10
Other companies	22	38
	37	48
Others		
Michelin Siam Group Co., Ltd.	205	205
Siam Yamato Steel Co., Ltd.	17	13
Other companies	10	18
	232	236
	1,486	**1,232**
Notes receivable		
Subsidiaries		
SCG Chemicals Co., Ltd.	27,589	18,379
SCG Paper Public Company Limited	12,502	17,216
Cementhai Holding Co., Ltd.	8,471	8,262
The Siam Fibre - Cement Co., Ltd.	5,983	7,002
Cementhai Ceramics Co., Ltd.	2,448	3,743
The Concrete Products and Aggregate Co., Ltd.	2,308	1,688
Kampot Cement Co., Ltd.	727	-
Bangsue Management Co., Ltd.	150	280
SCG Distribution Co., Ltd.	-	1,087
SCG Accounting Services Co., Ltd.	-	36
	60,178	**57,693**
Short-term loans		
Associates		
Mariwasa Siam Ceramic, Inc.	-	5
Total	**61,664**	**58,930**

Long-term loans to related party

	2009	2008
	in Million Baht	
Associates		
Mariwasa Siam Ceramic, Inc.	**436**	**444**

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

	in Million Baht	
	2009	**2008**
Short-term		
At 1 January	57,698	54,647
Increase	26,733	36,063
Decrease	(24,253)	(33,012)
At 31 December	**60,178**	**57,698**
Long-term		
At 1 January	444	495
Increase	5	35
Decrease	(13)	(86)
At 31 December	**436**	**444**

Payables to and short-term loans from related parties

	in Million Baht	
	2009	**2008**
Current accounts	**188**	**103**
Notes payable		
Subsidiaries		
The Siam Iron and Steel Co., Ltd.	1,069	1,369
Cementhai Ceramic (Singapore) Pte. Ltd.	196	423
Property Value Plus Co., Ltd.	78	37
SCG Distribution Co., Ltd.	60	-
SCG Accounting Services Co., Ltd.	26	-
Cementhai Gypsum (Singapore) Pte. Ltd.	4	81
Cementhai Roof Products (Singapore) Pte. Ltd.	-	63
Cementhai Concrete Products (Singapore) Pte. Ltd.	-	40
Other companies	29	34
	1,462	2,047
Others		
The Siam Cement Foundation	627	657
	2,089	**2,704**

	in Million Baht	
	2009	**2008**
Short-term loans		
Subsidiaries		
Tuban Petrochemicals Pte. Ltd.	235	526
Cementhai Gypsum (Singapore) Pte. Ltd.	33	35
	268	**561**
Total	**2,545**	**3,368**

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

	in Million Baht	
	2009	**2008**
At 1 January	3,265	3,412
Increase	3,557	1,475
Decrease	(4,465)	(1,622)
At 31 December	**2,357**	**3,265**

5 Trade accounts receivable

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

	in Million Baht	
	2009	**2008**
Over 1 year	65	65
Less allowance for doubtful accounts	65	65
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	
	2009	**2008**
At 1 January	63,338	63,439
Acquisitions and additional investments	1,515	936
Disposals and return from capital reduction	(2,898)	(1,037)
Allowance for impairment, net of reversal	(244)	-
At 31 December	**61,711**	**63,338**

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

	Ownership interest (%)									in Million Baht
			At Cost		Impairment		Net		Dividends	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
SCG Chemicals Co., Ltd.										
and its subsidiaries and associates	100	100	36,396	36,471	-	-	36,396	36,471	5,553	9,285
SCG Paper Public Company Limited										
and its subsidiaries	98	98	7,433	7,431	-	-	7,433	7,431	468	572
SCG Cement Co., Ltd.										
and its subsidiaries	100	100	9,518	9,518	-	-	9,518	9,518	6,215	1,828
SCG Building Materials Co., Ltd.										
and its subsidiaries and associates	100	100	5,106	5,106	526	346	4,580	4,760	55	63
SCG Distribution Co., Ltd.										
and its subsidiaries	100	100	1,714	2,800	-	-	1,714	2,800	370	-
Companies in SCG Investment	100	100	2,211	2,435	141	77	2,070	2,358	312	469
Total			**62,378**	**63,761**	**667**	**423**	**61,711**	**63,338**	**12,973**	**12,217**

In 2009, the Company provided for an additional allowance for impairment loss on its investment in shares of Mariwasa Siam Holdings, Inc., Cementhai Ceramic Philippines Holding, Inc. and Bangsue Industry Co., Ltd. amounting to Baht 320 million. Also, the Company sold a 19% interest in its investment in shares of IT One Co., Ltd. to the existing co-investor, resulting in a remaining 20% interest, and sold all of its investment in shares of a subsidiary to a related party. As a result, the Company had a net gain on sales of such investments before tax amounting to Baht 299 million. The provision and the gain on sales were included under “Loss on sales of investments and assets for restructuring, allowance for impairment of investments and others” in the statement of income for the year ended 31 December 2009.

7 Other long-term investments

	Ownership interest (%)		in Million Baht Investment	
	2009	2008	2009	2008
At Cost				
Asia Cement Public Company Limited	10	10	1,119	1,119
Toyota Motor Thailand Co., Ltd.	10	10	881	881
Siam Yamato Steel Co., Ltd.	10	10	401	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**	**3,522**
Less allowance for impairment of investments			9	9
Net			**3,513**	**3,513**

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 2008	1,816	1,363	1,064	37	303	197	4,780
Addition	-	-	-	12	14	76	102
Disposals / written-off	(11)	-	-	-	(4)	-	(15)
Transfers in / (out)	1	21	17	11	5	(55)	-
At 31 December 2008	**1,806**	**1,384**	**1,081**	**60**	**318**	**218**	**4,867**
Addition	-	3	-	7	9	24	43
Disposals / written-off	(9)	(6)	(1)	-	(1)	-	(17)
Transfers in / (out)	-	12	4	-	33	(139)	(90)
At 31 December 2009	**1,797**	**1,393**	**1,084**	**67**	**359**	**103**	**4,803**
Accumulated depreciation and impairment losses							
At 1 January 2008	168	1,003	1,035	35	254	86	2,581
Depreciation charge for the year	6	55	9	2	19	-	91
Disposals / written-off	-	-	-	-	(4)	-	(4)
At 31 December 2008	**174**	**1,058**	**1,044**	**37**	**269**	**86**	**2,668**
Depreciation charge for the year	4	57	10	7	27	-	105
Disposals / written-off	-	(6)	-	-	(1)	-	(7)
At 31 December 2009	**178**	**1,109**	**1,054**	**44**	**295**	**86**	**2,766**
Net book value							
At 31 December 2008	**1,632**	**326**	**37**	**23**	**49**	**132**	**2,199**
At 31 December 2009	**1,619**	**284**	**30**	**23**	**64**	**17**	**2,037**

The gross carrying amounts of fully depreciated property, plant and equipment that is still in use amounted to Baht 2,114 million as of 31 December 2009 *(2008: Baht 2,066 million)*.

9 Intangible assets

	Software license	Other	Total
			in Million Baht
Cost			
At 1 January 2008	153	32	185
Addition	25	-	25
Disposals / written-off	(114)	-	(114)
At 31 December 2008	**64**	**32**	**96**
Addition	11	4	15
Disposals / written-off	(1)	-	(1)
Transfers in	90	-	90
At 31 December 2009	**164**	**36**	**200**
Accumulated amortisation			
At 1 January 2008	21	-	21
Amortisation charge for the year	6	-	6
Disposals / written-off	(8)	-	(8)
At 31 December 2008	**19**	**-**	**19**
Amortisation charge for the year	15	-	15
At 31 December 2009	**34**	**-**	**34**
Net book value			
At 31 December 2008	**45**	**32**	**77**
At 31 December 2009	**130**	**36**	**166**

10 Deferred tax assets

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

	2009	2008
	in Million Baht	
Deferred tax assets	410	260
Deferred tax liabilities	-	(1)
Net	**410**	**259**

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

in Million Baht

	At 1 January 2008	Credited (charged) to statement of income (note 21)	At 31 December 2008	Credited (charged) to statement of income (note 21)	At 31 December 2009
Deferred tax assets					
Investments in subsidiaries and associates	74	(48)	26	177	203
Loss carry forward	408	(196)	212	(32)	180
Others	23	(1)	22	5	27
Total	**505**	**(245)**	**260**	**150**	**410**
Deferred tax liabilities	**(2)**	**1**	**(1)**	**1**	**-**
Net	**503**	**(244)**	**259**	**151**	**410**

11 Short-term loans from financial institutions

Short-term loans from financial institutions (denominated in Thai Baht) as at 31 December 2008 bear interest at 3.85% to 3.88% per annum.

In 2009, the Company has overdraft lines with several local banks amounting to approximately Baht 740 million, bearing interest at the minimum overdraft rate *(2008: Baht 585 million)*.

12 Long-term debts

Long-term debts in foreign currency are hedged by financial derivatives to decrease exchange rate risk. The average interest rate is approximately 6.03% per annum in 2008.

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 2009, the Company had outstanding unsubordinated and unsecured debentures totalling Baht 110,000 million *(2008: Baht 105,000 million)* as follows:

	in Million Baht		Interest Rate			Fair Value *	
Debentures No.	**2009**	**2008**	**(% p.a.)**	**Term**	**Maturity Date**	**2009**	**2008**
1/2005	-	10,000	4.75	4 years	1 April 2009	-	1,004
2/2005	-	10,000	5.25	4 years	1 October 2009	-	1,014
2/2006	-	5,000	5.75	3 years	1 April 2009	-	1,013
3/2006	10,000	10,000	6.00	4 years	1 April 2010	1,009	1,033
4/2006	5,000	5,000	6.25	4 years	1 October 2010	1,038	1,041
1/2007	15,000	15,000	5.75	4 years	1 April 2011	1,049	1,024
2/2007	10,000	10,000	4.50	4 years	1 November 2011	1,041	1,013
1/2008	20,000	20,000	4.25	4 years	1 April 2012	1,044	975
2/2008	20,000	20,000	5.35	4 years	1 November 2012	1,059	1,054
1/2009	20,000	-	5.15	4 years	1 April 2013	1,059	-
2/2009	10,000	-	4.15	4 years	1 October 2013	1,025	-
Total	110,000	105,000					
Less: Current							
portion	15,000	25,000					
Net	**95,000**	**80,000**					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2009 and 2008.

14 Share capital

		in Million Shares / Million Baht			
	Par	**2009**		**2008**	
	Value (in Baht)	**Number of shares**	**Value**	**Number of shares**	**Value**
Authorised					
At 1 January					
- ordinary shares	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 shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary share	1	**1,200**	**1,200**	**1,200**	**1,200**

15 Reserves

Fair value changes

Fair value changes recognised in equity relate to cumulative net changes in the fair value of available-for-sale investments.

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.

At the Annual General Meeting of the Shareholders of the Company held on 25 March 2009, the shareholders agreed to the appropriation of legal reserve of Baht 40 million.

16 Administrative expenses

	in Million Baht	
	2009	**2008**
Salary, welfares and personnel expenses	927	838
Professional fees	233	121
Publication	157	258
Depreciation	104	79
Rent	101	112
Outside wages	68	58
Utility expense	66	63
Repair and maintenance	44	54
License fees and others	22	28
Communication and transportation	18	24
Reimbursed amounts	(836)	(873)
Others	55	77
Total	**959**	**839**

Management benefit expense of the Company comprises of salary, bonus, others and contribution to defined contribution plans which paid for management as staffs expenses, which include in administrative expenses totalling Baht 71 million (*2008: Baht 50 million*).

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	
	2009	2008
Interest income from banks and financial institutions	281	158
Guarantee fee income	132	47
Gain on stores sold and others	86	50
Interest income from other companies	43	54
Gain on sales of fixed assets	20	1
Others	29	26
Total	**591**	**336**

19 Personnel expenses

	in Million Baht	
	2009	2008
Salaries, early retirement expense and others	644	498
Contribution to defined contribution plans	36	34
Others	98	98
Total	**778**	**630**

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 Finance costs

	in Million Baht	
	2009	2008
Interest expense - Thai Baht loans	5,719	5,013
Interest expense (income) - Affiliated companies		
Interest expense - Affiliated companies	53	74
Interest income - Affiliated companies	(3,006)	(2,928)
Interest expense - Foreign loans	3	18
Interest expense - Provident funds	2	5
Loss (gain) on exchange rate	(6)	81
Total	**2,765**	**2,263**

21 Income tax expense (benefit)

	Note	in Million Baht 2009	2008
Deferred tax	10	**(151)**	**244**

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 listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax rate reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

22 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December were based on the net profit attributable to ordinary shareholders and the number of ordinary shares outstanding during the year as follow:

	in Million Baht / Million Shares 2009	2008
Net profit attributable to ordinary shareholders	13,929	14,123
Number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	**11.61**	**11.77**

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 2009 and 2008, the Company complied with the agreement by providing financial support to the company totalling US Dollars 31.5 million. The above loan is presented as loans under the caption of "Long-term loan to other company" in the accompanying financial statements. Classification between current and non-current is based on the management's expectation for when such loan will be realised at the reporting date, after giving consideration to the financial status of the borrower and the repayment schedule.

24 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 26 March 2008, the shareholders resolved to declare total dividends for the year 2007 at Baht 15 per share, totalling approximately Baht 18,000 million. The payment of dividends is divided into 2 installments. The interim dividend was paid at the amount of Baht 7.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 8,927 million, and was paid on 22 August 2007. The final dividend was paid at the amount of Baht 7.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 8,946 million, and was paid on 23 April 2008.

At the Annual General Meeting of the Shareholders of the Company held on 25 March 2009, the shareholders resolved to declare total dividends for the year 2008 at Baht 7.50 per share, totalling approximately Baht 9,000 million. The payment of dividends is divided into 2 installments. The interim dividend was paid at the amount of Baht 5.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 6,557 million, and was paid on 21 August 2008. The final dividend was paid at the amount of Baht 2.00 per share to the shareholders entitled to receiving the dividends, totalling Baht 2,395 million, and was paid on 22 April 2009.

At the Board of Directors' Meeting of the Company held on 29 July 2009, the directors resolved to declare interim dividend for the year 2009 at Baht 3.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 4,190 million, which was paid on 27 August 2009.

25 Financial instruments

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate 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 were as follows:

Loans receivable

	Effective interest rates (% p.a.)	in Million Baht			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2009					
Current					
Short-term loans to related parties	5.70	60,178	-	-	60,178
Non-current					
Long-term loans to related parties	2.00 - 5.00	-	48	388	436
Long-term loan to other company	MLR minus 2.00	-	1,414	-	1,414
Total		**60,178**	**1,462**	**388**	**62,028**
Year 2008					
Current					
Short-term loans to related parties	5.35	57,698	-	-	57,698
Non-current					
Long-term loans to related parties	2.00 - 5.00	-	43	401	444
Long-term loan to other company	MLR minus 2.00	-	1,371	-	1,371
Total		**57,698**	**1,414**	**401**	**59,513**

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

Financial liabilities

	Effective interest Rates (% p.a.)	in Million Baht			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2009					
Current					
Short-term loans from related parties	1.90	2,357	-	-	2,357
Debentures	6.00 - 6.25	15,000	-	-	15,000
Non-current					
Debentures	4.15 - 5.75	-	95,000	-	95,000
Total		**17,357**	**95,000**	**-**	**112,357**
Year 2008					
Current					
Short-term loans from financial institutions	3.85 - 3.88	4,500	-	-	4,500
Short-term loans from related parties	1.68	3,265	-	-	3,265
Long-term debts	6.03	104	-	-	104
Debentures	4.75 - 5.75	25,000	-	-	25,000
Non-current					
Debentures	4.25 - 6.25	-	80,000	-	80,000
Total		**32,869**	**80,000**	**-**	**112,869**

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	
	2009	**2008**
US Dollars	468	1,029
Euro	-	104
Total	**468**	**1,133**

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 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 2009 and 2008, 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).

26 Commitments and contingent liabilities

As at 31 December, the Company had:

	in Million Baht	
	2009	**2008**
a) Guarantees on loans of related parties	20,450	17,382
b) Bank guarantees issued by banks to government, state enterprises and private sectors	56	56

c) In the first quarter of 2009, the Company lodged a complaint with the police officers against an ex-employee for the theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation of Baht 223 million. Since the court hearing will start in the year 2010 and the outcome is uncertain, the Company has not yet recorded such claimed compensation in the financial statements for the year ended 31 December 2009.

d) The Company entered into the interest rate swap agreements with some local banks in order to hedge the interest rate risk of its debentures totalling Baht 7,000 million whereby the fixed interest rates are swapped to the floating interest rates. Due to subsequent changes in the market interest rate, the Company thereafter amended the condition of the contract whereby the floating interest rates are swapped back to the fixed interest rates. The floating interest rates are based on the average of fixed deposit rates of various local banks plus margin at 2% to 4% per annum.

e) The Company entered into forward contracts with several local banks amounting to US Dollars 345 million, equivalent to Baht 11,563 million, to hedge against the risk in exchange rates from its cash flows of commercial transactions to the Group of SCG. The contracts will be gradually due within December 2010.

27 Capital management

The management of the Company has the capital management policy for which to maintain a strong capital base by emphasis in planning and determining the operating strategies resulting in good business's performance and sustain good cash flows management. In addition, the Company considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustain future operations of the business and to maintain shareholders, investors, creditors and other interest's confidence.

28 Other

On 29 September 2009, the Central Administrative Court ordered 8 governments authorities to order the temporary suspension of the projects or activities representing a total of 76 projects in the Map Ta Phut Industrial Estate and vicinity of Rayong Province. Thereafter, the Supreme Administrative Court ordered the 12 projects to resume construction. However, the 64 projects were still suspended according to the order of the Central Administrative Court, including 18 projects totalling approximately Baht 57,500 million which mainly are joint ventures projects of SCG Chemicals.

At the end of 2009, the Government issued new laws and regulations to follow the objective of Article 67 tier 2 of the Constitution B.E. 2550. At the same time, some private sector entities and the Group appealed against the injunction. The Group has estimated the approximately 8-12 months time frame required to comply with new laws and regulations. The Group is confident that all of its projects will in compliance with the Constitution. The Group's projects which will complete in the mid-year 2010, will certainly be delay in start-up. However, for the projects with an original mid-year 2011 start up, the delay will depend upon when the construction can be resumed.

29 Events after the reporting period

At the Board of Directors' Meeting held on 27 January 2010, the directors approved the following matters:

a) Submitting for approval at the Annual General Meeting of the Shareholders, a full year 2009 dividend payment at the rate of Baht 8.50 per share, of which Baht 3.50 per share was paid as an interim dividend on 27 August 2009 as discussed in note 24. Thus, the final dividend will be at the rate of Baht 5.00 per share to the shareholders entitled to receive dividends, totalling approximately Baht 6,000 million, scheduled for payment on 28 April 2010. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 31 March 2010.

b) Issuance of new lots of debentures No. 1/2010 on 1 April 2010, named, unsubordinated and unsecured not exceeding Baht 10,000 million. Term of the new debenture is 4 years, maturing on 1 April 2014. Interest rate will be fixed at market rate upon the issue date and payable quarterly. Subscription of debentures will replace the debentures No. 3/2006 amounting to Baht 10,000 million, retiring on 1 April 2010.

30 Thai Accounting Standards (TAS) not yet adopted

The Company has not adopted the following new and revised TAS that has been issued as of the financial statement date but are not yet effective. The new and revised TAS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2012
TAS 24 (revised 2007)	Related Party Disclosures	2011
TAS 40	Investment Property	2011

31 Reclassification of accounts

Certain accounts in 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements.

	in Million Baht		
	Before reclassification	Reclassification	After reclassification
Balance sheet			
Investments in subsidiaries and associates	63,338	(63,338)	-
Investments in subsidiaries	-	46,375	46,375
Investments in associates	-	16,963	16,963
Statements of income			
Administrative expenses	792	47	839
Other income	289	47	336

The reclassifications have been made for proper presentations and to comply with the classification set-out in the Pronouncement of the Department of Business Development Re: Determination of items in the financial statements B.E. 2552 dated 30 January 2009.

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